

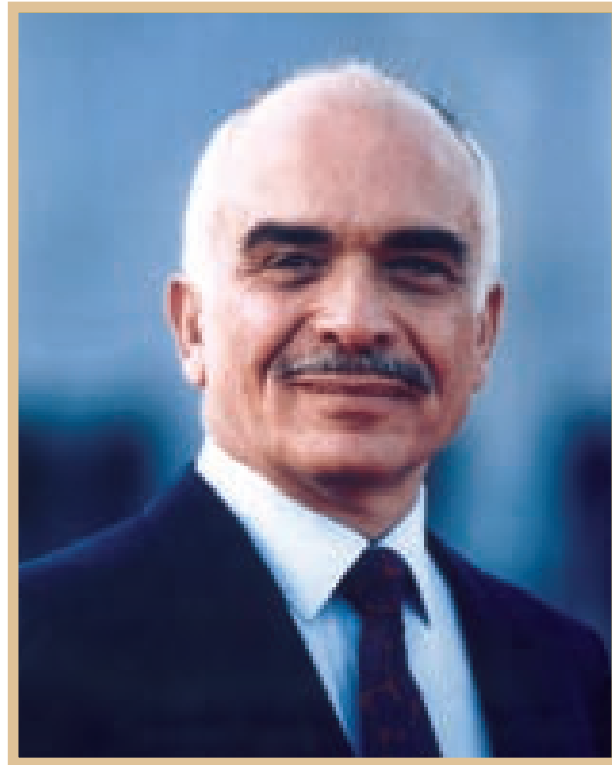


**His Majesty King  
Abdullah Bin Al-Hussein**

البنك الأهلي الأردني ش.م.ع.  
JORDAN NATIONAL BANK ج.م.ع.  
50 YEARS OF BANKING EXCELLENCE







**The Late King  
Hussein Bin Talal**  
*(May He Rest in Peace)*

البنك الأهلي الأردني ش.م.ع.  
JORDAN NATIONAL BANK ج.م.ع.  
50 YEARS OF BANKING EXCELLENCE





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## Our Strategic Objectives

**\* Towards Shareholders :**

Guarantee continuously increasing high returns.

**\* Towards Customers :**

Develop high quality banking products with competitive prices.

**\* Towards Management and Employees :**

Ensure a prosperous and professional career for JNB staff, and guarantee competitive and growing salaries for them.

**\* Towards Society :**

Develop banking products that contributes to the enhancement of the national development and the firm commitment towards the social , and national cultural needs of the kingdom.

**\* Towards Regulatory Authorities :**

Firm, transparent, dynamic and cooperative commitment towards regulatory bodies of the countries in which the Bank operates.





## Our Vision

Jordan National Bank's strategic objectives stem from a firm will to restructure the Bank and upgrade it to match with the internationally adopted banking principles.

These principles are included in the "Project Jubilee", the program that we are committed to implement through three phases:

**Phase I :** The most profitable bank in Jordan in two years.

**Phase II :** A recognized leading banking institution on the regional level in five years.

**Phase III :** A global and key banking player on the international level in seven years.



## Board of Directors

<b>H.E. Dr. Rajai S. Muasher</b>	Chairman
<b>Mr. Nadim Y. Muasher</b>	Deputy Chairman
<b>Jordan Investor Center</b>	Member (Rep. By H.E. Mr. Wasef Azar)
<b>Kuwait Investment Authority</b> (Government of Kuwait)	Member (Rep. By Mr. Ali Y. Bin-Ali) (till 24.4.2005) Member (Rep. By Mr. Ahmad Tahous Al Rashed) (Since 25.4.2005)
<b>The Social Security Corporation</b>	Member (Rep. By Mr. Thabet Al-Werr) (till 31.1.2006) Member (Rep. By H.E. Dr. Muhammad Abu Hammour (Since 1.2.2006)
<b>Muasher Investment &amp; Trading Co.</b>	Member (Rep. By Mr. Emad Y. Muasher)
<b>Mr. Anton Dababneh</b>	Member (Passed away on 8.1.2006)
<b>Arabia S.A.L. (Holding)</b>	Member (Rep. By Mr. Hani Fraij)
<b>Mr. Mahmoud Z. Malhas</b>	Member
<b>Mr. Tawfik A. Kwar</b>	Member
<b>Rajai Muasher &amp; Brothers Co.</b>	Member (Rep. By Mr. Rafiq S. Muasher)
<b>Mr. Rajai S. Sukkar</b>	Member
<b>ZI &amp; IME Co. (Saudi Arabia)</b>	Member (Rep. By Mr. Alaeddin Sami)



## Executive Management

<b>H.E. Dr. Rajai S. Muasher</b>	Chairman
<b>Mr. Rasheed Dawoudi</b>	Deputy CEO/ Acting General Manager
<b>Mr. Chris Batt</b>	Chief Operating Officer
<b>Mr. Khalil Nasr</b>	Deputy CEO/ Head of Group International Banking Services (GM-Branches Abroad)
<b>Mr. Hani Farraj</b>	Deputy CEO/Administration/ Head of Group Logistics
<b>Mr. Fuad Werr</b>	Deputy CEO/ Head of Group Marketing & Sales Support
<b>Mr. Kayed Farah Kayed</b>	Deputy CEO/ Head of Group Risk
<b>Mr. Ibrahim Ghawi</b>	Deputy CEO/ Head of Group Finance
<b>Miss. Lina Bakhit</b>	Deputy CEO/ Head of Group Ahli Capital Markets
<b>Mrs. Hadeel Kayyali</b>	Deputy CEO/ Head of Group Operations
<b>Mr. Samer Sunnuqrot</b>	Deputy CEO/ Head of Group Investment Banking
<b>Mr. Waqar Khan</b>	Deputy CEO/ Head of Group Personal & Premium Banking Services
<b>Mr. Firas Suhaimat</b>	Deputy CEO/ Head of Corporate Banking Services
<b>Mr. Faleh Al Najjar</b>	Deputy CEO/ Head of SME Banking Services
<b>Mr. Sa'ad Muasher</b>	Assistant GM/ Head of Group Strategy
<b>Mr. Zahi Fakhoury</b>	Assistant GM/Facilities
<b>Mr. Suleiman Dababneh</b>	Assistant GM/Accounting & Finance
<b>Mr. Saleem Ghandour</b>	Assistant GM/Branches Abroad
<b>Mrs. Dima Aqel</b>	Assistant GM/Risk Management systems.
<b>Mr. Farouq Amawi</b>	Assistant GM/ Head of Group Internal Auditing
<b>Mr. Bashar Bakri</b>	Head of Group Human Resources

## Advisors

<b>Mr. Issa Khoury</b>	Chairman's Advisor
<b>Mr. Nahid Hattar</b>	Chairman's Advisor for Media & Culture Affairs



## Chairman's Letter

Dear Shareholders,

Jordan National Bank folded the last page of its fifth decade in 2005, only to embark on its sixth decade with renewed strength. The Bank's celebration of its golden jubilee came hand in hand with several remarkable achievements on all fronts, where, JNB was able to realize unprecedented and outstanding profits, which reached their highest levels since the Bank's inception fifty years ago. JNB has also enhanced its capital base and increased owners' equity. Furthermore, JNB has launched its Project Jubilee and established the pillars needed for developing, upgrading, improving and restructuring the Bank's operations.

It is my pleasure to present to you, on this exceptional occasion, Jordan National Bank's fiftieth annual report, which exhibits the Bank's main accomplishments and the financial statements for 2005, along with the Bank's future plan for 2006, an overview of Jordan's economic performance and the major financial indicators for the Bank, which have achieved a notable growth and a robust positive progress in different items, particularly the ongoing sharp reduction in the ratio of non-performing accounts.

In 2005, JNB celebrated the passage of fifty years on its inception and procession as an economic and national edifice that contributed and is still participating in building the Jordanian economy and the economies of the other countries in which it operates, namely, Lebanon, Palestine and Cyprus. Throughout its long journey, for half a century, Jordan National Bank went through many of the hardships, economic, and political crises that stormed across the region. However, these circumstances enabled this glorious and pioneering national institution to maintain its firm foundations and principles, and assured its prestigious standing and prudent banking traditions, which have helped the Bank enhance its capability to endure against all these adverse circumstances. Moreover, JNB proved the success of its strategies and its ability to maintain owners' equity and client relations, due to the existence of mutual trust

and confidence between the Bank, its clients and its successive employees, generation after generation. JNB was also able to build an extraordinary banking landmark that is praised for its status and financial fortitude. During this period, Jordan National Bank concentrated on playing a pivotal role in the economic development and the commitment towards the local communities of the countries where JNB operates. The wise management of the Bank's successive leaders was one of the main reasons behind JNB's resilience, immunity and success.

Jordan National Bank added another successful achievement in early 2005 through buying Philadelphia Investment Bank, and then merging it within JNB. This achievement follows a string of previous successes for JNB in the area of mergers and acquisitions, where the Bank was able to complete all the procedures regarding the merger, which aims at strengthening the Bank's position amongst the operating banks in the Kingdom, besides attaining a strong banking institution with a solid financial foundation and a high capital adequacy that allow qualitative and quantitative expansion. This in turn enhances efficient productivity, increases control over financial risks, facilitates strategic expansion into regional markets and keeps operating expenses at their lowest level possible.

It is worth mentioning that during 2005, Jordan National Bank completed its capital increase procedures, which raised the capital from JD60 million to JD85 million, through distributing 10% as stock dividends, allocating another 10% for private placement and allotting 500 thousand shares to the Bank's employees at JD1.00/share, thus, lifting the Bank's paid-up capital to JD72.5 million. Another 50 thousand shares were later allocated to the shareholders of Philadelphia Investment Bank, which was merged into JNB, whilst 2.2 million shares were allotted to specific strategic partners at JD 4.00/share, boosting the capital to JD74.75 million. Towards the end of 2005, 10.25 million shares were allocated for private placement at JD4.00/share. These steps brought the Bank's capital up to JD 85 million by the end of the first quarter of 2006. Furthermore, and before the end of the first half of 2006, the Bank will see its capital increasing to JD102 million through the distribution of 20% as stock dividends. These successive capital increases come on the back of the need for enhancing the Bank's funds



employment capability and meeting the requirements for regional expansion, in addition to meeting the Basel Committee (II) requirements for capital adequacy, and to support JNB's development and restructuring project.

The Project Jubilee aims to propel the Bank into a leading and pioneering position, locally, regionally and internationally through the application of international best practices and banking standards. Furthermore, the project aims at adapting a strategy, which concentrates on high sales, profitability, upgrading operations and minimizing operating expenses, alongside reengineering the Bank's processes to further enhance efficiency, productivity and improve customer service.

The Bank realized net profits after tax of JD26 million in 2005 against JD6.6 million reported during 2004, achieving a significantly high growth rate of 294%. Moreover, total deposits and cash margins reached JD1.4 billion, while net credit facilities rose by 31.7% to JD560.1 million. Similarly, owners' equity prospered to JD177.7 million, a growth of 76.5%. Total assets grew by 6.4% to JD1.7 billion and recorded a Return on Average Assets (ROaA) of 1.6% and a Return on Average Equity (ROaE) of 18.6%, where, these returns are considered above the prevailing international standards.

In spite of the fierce competition challenges, the group efforts, coupled with the prowess and high professionalism of Jordan National Bank's employees, positively impacted most of the financial indicators, ensuring that the Bank is moving in the right direction. Finally, I would like to take this opportunity to present my sincerest thanks to all those who participated in creating this prosperous and luminous image for our pioneering institution with fifty years of distinction and giving.

I would like to especially thank the senior management team and all employees for their great team spirit, collective work and true loyalty. I would also like to appreciate the regulatory authorities, represented by the Central Bank of Jordan, the Jordan Securities Commission and

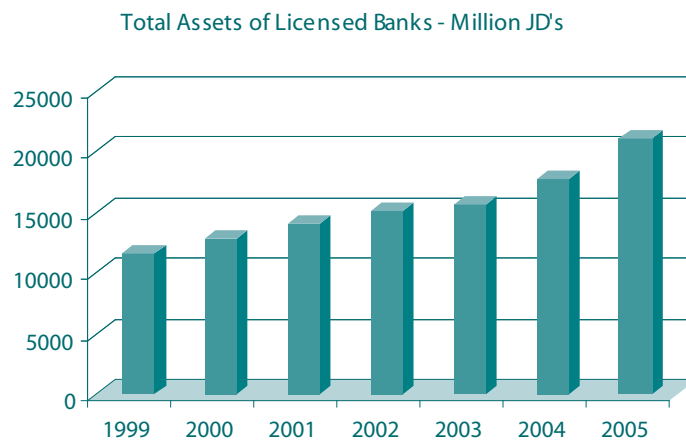
the Companies' Control Department, for their persistent efforts and commitment to apply the laws and regulations needed to maintain a healthy supervision environment for the safety and prosperity of the banking system in Jordan. I also hope that our persistent and untiring efforts will help reinforce the trust of our clients, shareholders, and correspondent banks of this leading institution, which is always keen to apply fair corporate governance standards that organize the relationships between all parties inside and outside the organization.

Dr. Rajai Muahser  
Chairman

## The Jordanian Economic Performance

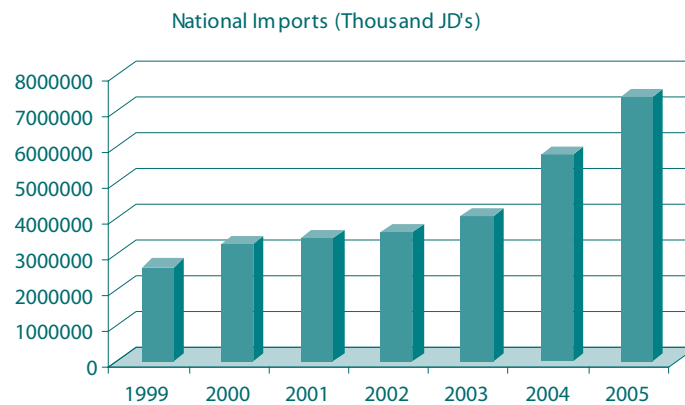
The Jordanian economy illustrated during FY2005 its high capability in benefiting from the surrounding regional conditions in the midst of the political and economic stability that the country is currently enjoying. Jordan witnessed a growth rate of 7.5% in Gross Domestic Product (GDP) at constant prices during FY2005, upon the government's success in following through its fiscal reform program, which aims at maintaining and enhancing sustainable growth and containing inflation rate within acceptable levels, alongside building investors confidence in the kingdom's economy, further improving the investment environment and facilitating the governmental bureaucracy to streamline business procedures and attract foreign investments.

Despite the high growth achieved on all fronts throughout FY2005, the Jordanian economy still faces several challenges, most prominently, the continuous sharp hike in international crude oil prices, the considerable drop in foreign aids and grants, in addition to the persistent mismatch between domestic revenues and general expenditures, which negatively affects the general budget deficit. The total value of subsidies directed towards oil, goods and institutions reached around JD833 million in FY2005, accounting for about 24% of general expenditures.

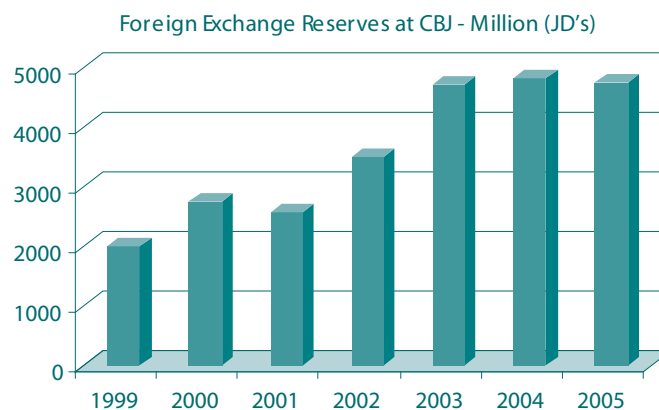


The visible boost in the aggregate domestic demand, in terms of consumption and investment, pushed forward the pace of economic growth during FY2005 coupled with a reasonable inflation growth rate of 3.5%. However, the huge deficit in the current account of the balance

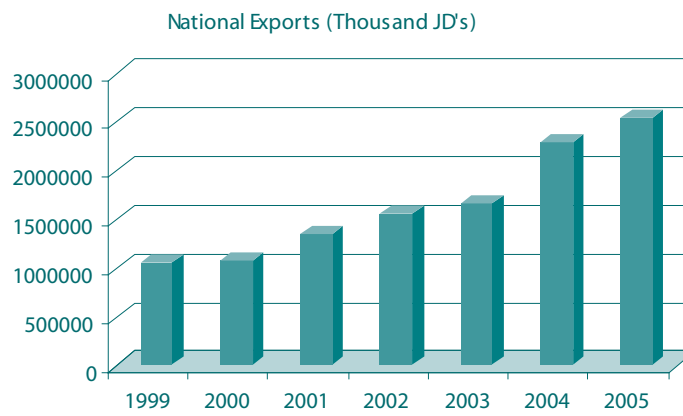
of payments has had a depressing effect on the economic activity. On that basis, the Central Bank of Jordan gradually raised interest rates on its monetary instruments during FY2005 while preserving suitable liquidity levels in line with financing the requirements of economic growth, where, the domestic liquidity as measured by the broad money supply (M2) increased by 17% during FY2005. Moreover, the Central Bank was able to attain satisfactory foreign currency reserves valued at US\$4.8 billion, which is enough to cover the kingdom's imports for six months.



The current account of the balance of payments recorded a historic deficit that accounted for approximately 15% of the GDP during FY2005, in comparison with a meager deficit of 0.2% reported in FY2004 and considerable surpluses recorded over the course of the past a couple of years. This notable backslide in the current account balance was mainly due to a drop worth more than JD300 million in foreign aids compared to FY2004, and a huge increase in the trade balance deficit, on the back of a sharp rise in the bill of oil derivatives imports. In contrast, the huge surplus recorded in the capital account ensuing from the large private investment inflows helped cover the gap in the current account deficit.



The nation's capital market maintained its strong upswing during FY2005, achieving clearly positive economic indicators on all fronts, which demonstrated the unshakable confidence in the kingdom's investment environment and its impressive ability to overcome any threatening situations. Amman Stock Exchange (ASE) performed exceptionally well in FY2005, where trading value jumped by a considerable rate to JD16.8 billion, four times its previous level in FY2004. The market capitalization skyrocketed to JD26.7 billion, approximately 104.6% higher than FY2004 figures and more than triple the GDP in FY2005. Further, share prices of traded stocks appreciated by 93% as compared with FY2004.



The actual fiscal shortfall, after aids in the general budget touched JD476.8 million (5.3% of the estimated GDP) in FY2005 against a fiscal deficit of JD222 million (2.7% of the GDP) in FY2004. This shortfall was greater than the original target in the General Budget Law.

The outstanding balance of the external public debt reached around JD5,057 million (56.5% of estimated GDP) by year-end 2005, versus JD5,349 million (65.5 %of estimated GDP) recorded by the end of FY2004, translating into a decrease of around JD292 million. As for the domestic public debt, it went up by approximately JD604 million to JD2,437 million during FY2005 and contributed around 27.2% to the estimated GDP for FY2005, in comparison with JD1,834 million, i.e. 22.5% of GDP reported by year-end 2004.

National exports improved by 10.9% during FY2005 to JD2.56 billion whilst the value of re-exports increased by 7.3%, against imports rising steeply by 27.8% to JD7.4 billion due to imports of oil derivatives. Consequently, the trade deficit climbed 43.6% to JD4.3 billion. Finally, the area of land licensed for building expanded by 22.6% during FY2005.

## Board of Directors Report for 2005:

The achievements and activities of the different groups and departments were focused during 2005 on upgrading operations and restructuring processes. These efforts were in line with the objectives of the Jubilee Project as well as the best international banking industry standards. The Bank's operations witnessed a notable growth in the various fields, whereby the growth was based on diversifying the income sources and activities, distributing risks and increasing attention towards customers. The Bank's major achievements during 2005 were as follows:-

### **I. Income-Producing Functions:-**

This function includes all profit centers in the Bank, which include the following groups/ departments:-

#### **(1) Credit Facilities Group:**

##### **(A) Group Corporate Banking Services:**

This newly-organized group continued its distinguished activities during 2005. The group has continued to grow the credit facilities portfolio through increasing and activating the facilities accounts for existing customers as well as attracting quite a few new clients of local corporations and institutions. The growth rate of the direct facilities managed by this group reached about 36%, while the indirect facilities increased by 5.5%. The size of deposits and cash collaterals for the customers of this group jumped substantially to amount approximately JD200 million at the end of 2005.

The corporate banking services group has continued to play its leading role in marketing the different products and services of the Bank. This group is still working towards the ongoing development of the Bank's credit policy in order to make it the only reference with regards to the banking facilities. The group will concentrate its efforts upon increasing JNB's share of the credit facilities extended to the companies operating in the local market. This strategy will be implemented through utilizing effective marketing tools and applying a proactive approach to visit customers and attract targeted accounts. The group has greatly succeeded in growing its size of business during the last couple of years, while it should be noted that the group cooperates with other groups in the Bank in the field of managing and developing credit facilities in the branches abroad as well as participating in the remedy and settlement of classified accounts.

### **(B) Group Small and Medium Enterprises Banking Services:-**

Jordan National Bank always aims at improving the quality of its assets and funds investments via distributing risks among many small size sectors, thus diversifying the Bank's sources of income and intensifying the cross-selling efforts for other banking services. As the small and medium enterprises are considered the main drivers of economic growth, and they represent the majority of the national economy, JNB has given its utmost attention to these enterprises. This focus stemmed from the importance of these entities in enhancing productive capacity, and their effective capability in participating in the gross domestic product, and achieving the social objectives of their growth in addition to their positive effect in increasing job opportunities and reducing poverty and unemployment.

The Bank has drawn and set up new strategies to deal with the nature of these enterprises in order to increase JNB's market share and achieve a pioneering position to this field. JNB will also introduce new products that will satisfy the needs of the Jordanian market and enhance the selling, marketing and customer service efficiency.

### **( C ) Group Personal and Premium Banking Services: -**

Jordan National Bank has given a great attention to personal banking services, which attract the largest number of the bank's deposits and contribute to reducing the concentration degree on both sides of assets and liabilities, and hence reducing risks to minimum levels. The Bank is currently working on adopting a new strategy to implement a comprehensive project to segment the Bank's customers into specific categories classified according to the sectors to which they belong. This segmentation aims at dedicating specific staff to serve and satisfy the needs of each sector or category separately.

JNB successfully established the direct sales center during 2005. The center commenced its operations with a great success, and the number of its staff will be increased to meet the Bank's expansion strategy into the retail market and the direct customer service. The purpose of this step is to save the customers' time and effort, and serve them in a satisfactory manner. At the same time, the direct customer service concept will contribute to the building of a profitable banking relationship with customers.

The credit cards department managed during 2005 to increase the number of revolving MasterCard Cardholders. The MasterCard Secure Code program was implemented in cooperation

with Arcot Co., which made JNB the first bank in Jordan to apply this service. The said service will provide customers with the best tools and techniques for protection against fraud risks as well as helping customers avoid the loss of any potential amounts that could arise from any misuse transaction of the card via the internet.

The Bank has launched a new product for prepaid cards, which is considered to be the first of its kind in Jordan. This product serves all age categories and various segments. The customer can use this card locally and internationally through the automated teller machines (ATM's), points of sale (P.O.S) and the internet. This service is being presented in cooperation with the MasterCard International. The department also accomplished the installment of prepaid terminals in the branches, whereby the department provides branches with cards inventory, and the branches charge these cards electronically and activate the customer's card spontaneously.

#### **(D) Credit Remedial and Follow Up:**

The Bank managed during 2005 to achieve a clear advancement in the field of collecting, rescheduling and settlement of bad debts and converting them into performing accounts. The actual income for the remedial department achieved during 2005 has surpassed the targeted income previously set in the budget. The non-performing debts portfolio was reduced by more than JD56 million, while more than JD21 million were released from provisions and interest-in-suspense accounts to the profit account.

#### **(2) Group Capital Markets and Treasury Operations:**

The treasury and financial markets department has accomplished the implementation of the new international treasury system SUNGARD at the beginning of October 2005. This system has contributed to raising the management level of all operations pertaining to treasury instruments and services. The reports related to controlling risks, managing liquidity and presenting quick solutions and future plans were all automated electronically. The treasury department continued to supply the Bank's overall income with distinguished and continuously growing profits.

The wealth management department is a new department that was established within the group treasury and capital markets. This department recorded a good achievement during 2005 and managed, in a short period of time, to attract a new customer base through introducing distinguished investment products, which were competitive to the products available in the local market.



The group treasury and capital markets has completed its administrative restructuring process to encompass the wealth management department, the risk management services section, the financial institutions and foreign relations, and the treasury departments in the branches abroad. The new organization will contribute to increase the efficiency of presenting services and developing all operations, which will be reflected positively on the quality of services rendered to customers, departments and other branches in the Bank.

### **(3) Group Investment Banking:-**

In 2005, the Bank successfully managed a corporate bond issue on the basis of full-underwriting. The issue which was on behalf of a pioneering public shareholding company amounted to JD 5 million and was fully covered by a number of companies, institutions and individuals. The Bank focused during 2005 on presenting the services related to the new issues management and initial public offerings management in the capital market for public shareholding companies. JNB is officially licensed by the Jordan Securities Commission to present these services.

The investment banking group has managed to increase the number of portfolios managed on behalf of individual and institutional investors, such as savings and investment funds of corporations and institutions. The asset management unit presents portfolio management services for the securities listed on the Amman Stock Exchange. The unit will launch during 2006 "Al-Ahli Balanced Fund". This fund is an open-ended investment fund that meets the needs of small investors who wish to employ their savings in the Amman Stock Exchange. The investment through this instrument is carried out via a specialized asset management team, which base their investment decisions on scientific methods and techniques. It should also be mentioned that the studies and research unit of the investment banking group prepares reports and sectoral analyses as well as technical and specialized reports that are furnished to investors and JNB customers at the Amman Bourse.

The brokerage department excelled in 2005 through attracting increased number of customers, which reached more than 10000 customers. The trading volume of the brokerage department jumped to more than JD 2 billion for 2005 versus JD 515 million in 2004. JNB occupied the fourth place in terms of the trading volume for the second consecutive year among 60 brokerage offices operating at the Amman Stock Exchange.

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#### **(4) Group International Banking Services (Branches Abroad).**

##### **(A) Al Ahli-International Bank S.A.L (A Lebanese Subsidiary of Jordan National Bank):**

Due to the top management's interest in strengthening and expanding JNB's presence in the Lebanese market, Al-Ahli International Bank has accomplished during 2005 the largest number of objectives that were set in the business plan. AIB achieved a distinguished leap that was concluded by increasing net profits by 245%, to reach \$2.1 million while shareholders' equity rose by 22% to attain \$ 23.4 million. AIB has completed the required studies for increasing its capital by new investors. Total customers' deposits and certificates of deposits rose by approximately 9%, while the performing facilities grew by 65% against a drop in net doubtful debts by 35%.

During August 2005, AIB established a subsidiary under the name "Ahli Investment Group" with capital amounting to \$ 1 million, and AIB's share amounting to 90% of the capital. The purpose of this company is to perform all the financial, investment, real estate studies and advisory services, and project management for investment and real estate projects and their related activities. The company was supported with high caliber human resources from the Lebanese market.

Al-Ahli International Bank issued certificates of deposits valued at \$ 20 million, and the issue was fully covered by Lebanese and Arab banks. AIB has also continued its successful program for car purchase financing. This program has continued to realize outstanding results with increased number of beneficiaries, and expanded value of loans provided.

##### **(B) The International Banking Unit (Cyprus Branch):-**

Despite the negative developments in the region, the Cyprus branch managed to accomplish yet another year of success, and was able to increase its profits compared with 2004 by 45%. As of the beginning of 2006, the Cyprus branch would have obtained the Cypriote Central Bank's approval to operate in the local Cypriote market and present various banking services to Cypriote individuals and companies in the Cypriote currency as well as the major foreign currencies. After the accession of Cyprus to join the European union, all licenses related to the

offshore umbrella were cancelled, and all offshore companies will be subject to the Cypriote laws and legislations, especially the income tax law.

The Cyprus branch continued to render its international services and meet its customers' requirements for all kinds of banking operations related to their international business, which include credit facilities with different maturities, trade finance services related to imports and exports, financial transfers and international payments, dealing in money markets and deposits in different international major currencies, in addition to trading in foreign currencies and commodities (spot and forward dealing, options contracts and futures contracts).

The Cyprus branch accomplished the Disaster Recovery and Business continuity Plan. Moreover, the branch has improved and upgraded the banking policies and procedures besides the full adherence to the new requirements of the regulatory authorities.

### **(C) Branches in Palestine:-**

The branches in Palestine managed to maintain their achievements during 2005 in spite of all impediments, challenges and the prevailing unstable conditions. Total assets grew by 6%, while the growth rate in direct facilities amounted to 5.5%, taking into consideration the amounts that were collected from the non-performing loans, which decreased substantially by 14% versus an increase in customer deposits by 8%.

The Bank has introduced and activated all programs for retail loans in all branches. The growth of these loan programs will be positively reflected on the results of operations for 2006. The branches in Palestine will also provide automated and electronic services for customers, such as ATM's as well as updating, developing and automating all banking systems.

## **II . Support Functions:**

This function includes all cost centers that perform their duties and present their services to the profit centers in the Bank in order to improve the performance quality and customer service.

### **(1) Group Logistics and Administrative Affairs:-**

The Bank has accomplished refurbishing and renovating a number of branches in Amman and other governorates. A new branch was opened in Mafraq, while the direct sales service center was also established. The Bank aims at establishing pilot branches in three areas that are

distinctive in their geographic location. The group logistics is also working on updating and upgrading all branches and departments, which their work nature requires these refurbishments, renovations, and decorations. A number of executive departments in the Bank will be grouped and relocated in one building (The headquarters building of the previous Philadelphia Investment Bank). The central departments will be reorganized and relocated in the general management building.

The real estate department managed to sell real estate valued at more than JD 15 million, thus achieving profits of about JD 1.6 million during 2005.

The real estate department is continuously working on disposing of the real estate seized by the Bank against stumbling debts though intensifying the marketing efforts with various means, and in cooperation with specialized real estate offices and agents.

The Bank has finished all the administrative procedures related to the merger of Philadelphia Investment Bank into JNB. A number of Philadelphia Bank's staff were absorbed by JNB to benefit from their experience and competence, while other redundant employees were dismissed. It should be mentioned that the banking services for the previous Philadelphia Bank branches were suspended, and moved to other adjacent JNB branches. The final procedures pertaining to Philadelphia Bank branches will be decided soon, whether to keep or close those branches.

## **(2) Group Banking Operations:**

The banking operations group works to support and assist JNB strategic objectives to increase profitability, reduce costs and expand customers' base. These goals will be implemented through improving the quality of service and focusing on selling services, where JNB concentrated on expanding the range of automated banking systems. The treasury system Sungard was successfully implemented. This system is considered one of the best and most modern international banking systems. The system works on processing treasury dealings for customers, correspondent banks and branches in foreign exchange and currency dealings in addition to trading transactions in financial markets. Moreover, the trade finance services system (Eximbills) was completely implemented, while the LC's system was also completed. The implementation for the foreign guarantees and bills of collection system will be completed during 2006. All of these systems go in line with the Bank's strategy in the area of

centralizing technical operations in order to pave the way for branches staff to be fully dedicated to increase sales, and direct all technical banking experience in business units towards profitable transactions to improve performance.

JNB has procured and purchased the latest electronic systems to implement the automated clearing system ECCS adopted by the Central Bank. This system will be applied during 2006, whereby JNB was the first prepared bank to test this system, which provides solutions on collecting checks electronically. This system will result in canceling the daily clearing sessions, where the clearing service will be faster and safer.

During 2005, the range of electronic banking services was expanded in order to provide alternative channels of banking services. The ATM machines now serve the Visa cards in addition to the MasterCard cards and Maestro Cards. JNB has also started presenting its communication and information services via SMS.

The management has started to develop the current banking system in order to serve the centralization process. A new application was added to the system. This is related to collecting and saving customers' information according to the international requirements (Know Your Customer). This automated information assists the Bank in knowing its customers and serves JNB's objectives in studying the customer's position in order to present cross-selling services for the different banking products and services.

### **(3) Group Information Technology:**

The computer and information technology department is working on updating the current banking system towards centralizing facilities and facilities operations. This department has cooperated with the operations department and the treasury department to implement the Sungard system for treasury services, and the Eximbills system for trade finance services. The computer department will also implement the I Bank system, and introduce a comprehensive and integrated management information system using Oracle system. The computer department is currently working on upgrading the service of collecting foreign and local checks, and automating the interbranch operations to serve JNB customers from any branch all over the Kingdom as well as in Lebanon, Cyprus and Palestine.

**(4) Group Marketing and Sales Support: -**

The direct sales center was established and activated to present distinguished and high quality banking services that meet and satisfy customers' needs. The main objectives of this center are directed towards building long-lasting relationships with customers, supporting branches to attract new customers, expanding JNB's base of retail services, and intensifying the marketing efforts of the Bank's products and services.

The marketing group continued to support the business departments through launching extensive campaigns for the new products that were designed recently such as:- the prepaid events card, SMS messages and other services. The group also worked on coordinating the activities related to JNB's celebration in its Golden Jubilee, and distributing donations to philanthropic associations. All advertising and promotion materials available at branches such as:- brochures, posters and service manuals were updated to be consistent and suitable for exhibiting JNB's image among customers.

**(5) Group Human Resources:**

The management has made sure that the new organizational structure of the Bank will help create wide horizons and career developments for the whole staff. The structure will provide promotion opportunities for employees to elevate within a career path full of big professional challenges. The new organizational structure will also provide the tools needed to design an incentives program that aims at raising the performance level and attaining the summit of distinction and giving. JNB's attention to the human resource is based upon a clear vision and a profound belief that the foundation of distinction cannot be realized without creating a healthy environment and suitable conditions for staff in order to make JNB the best place of work. Therefore, His Excellency, the chairman of the Board of Directors has given all JNB employees a well deserved grant consisting of allocating 500000 JNB shares to them. This grant is given to employees to reward them for their ongoing efforts and to enhance their sense of belonging. This also means that each JNB member has become a partner and an owner in this pioneering organization. Each individual will also feel obliged to raise performance efficiency and reduce expenses. As shareholders in JNB's capital, JNB staff will enjoy all the privileges of shareholders' rights, and they will also realize the benefits of their hard work and results that were unprecedented in 2005.

The Bank achieved new record numbers in the quality of local and foreign training courses. The

number of training days exceeded 10000 training days, or more than 40 thousand training hours, and they were participated by more than 2100 trainees. A number of certified licenses were given to certain employees working in different and specialized sectors, like lending, project management and other specialties. These licenses aim to uplift the level of professionalism in these respective fields. The Bank has also accomplished the professional code of conduct, which will identify the duties and obligations of employees, their relations with customers and among themselves, their relations with the regulatory authorities and shareholders. The group human resources will also develop an objective system for measuring performance, which will be linked to the general goals of the Bank, and the role of each individual will be specified in achieving these broad objectives. Therefore, this new system will help the management apply the reward and punishment decisions based on performance.

### **III. Control, Supervisory and Risk Management Functions**

These functions encompass the administrative units which perform supervisory and control duties over both of the income-producing functions and the support functions. This supervisory and control role will ensure that all departments and units conduct their operations according to the prudent banking rules and regulations, and in line with the checks and balances that ensure controlling all types of risks.

#### **(1) Group Risk Management:-**

JNB has established the group risk management to implement the accords related to the Basel II committee and enhance the application of risk management systems. The new organizational structure of this group includes several departments that operate under the group risk management. Each department has its own responsibilities, obligations and specific duties that are included within plans, with time tables set for implementation. These departments include the credit risk management, the operational risk management, the market risk management, the legal risk management, the systematic risk management and the credit risk review department besides the Basel (II) team management.

#### **(2) Credit Control, Administration and Documentation Department:**

The functions of this department aim at working as a safety valve that assures the activation of the credit control system in addition to the administration and support of credit activities. The procedures of this department encompass reviewing, auditing and documenting the credit decisions in order to ensure the soundness and completeness of all credit decisions, and their

matching with the internal and external rules and instructions. In this regard, this department works as an early warning system to unveil any signs of the possibility of stumbling or classifying the accounts.

**(3) Group Internal Audit:**

The group audit focused during 2005 on reorganizing its operations in cooperation with a highly-specialized international consulting firm in this field. The group has drafted the plans needed to change its work methodology and apply the risk-based audit method. In this regard, the group has drawn a practical three-stage plan. The first stage, which was accomplished, consists of evaluating the current status of the group and preparing the work programs and audit plans for the next three years. The group started its plan for the second stage, which comprised of the practical procedures that will be covered by the group during the upcoming years. Concurrently, the group will work on improving the skills and aptitudes of audit staff and providing them with all the technical tools and techniques that enable them to build a state of the art audit group that will match the international standards.



### **The Communications and Cultural Department:**

Within the framework of renewing JNB's commitment towards its social responsibilities, the Bank has placed a special emphasis on the Jordanian cultural life through an annual cultural program that was commenced last year. This program was initiated through launching two series of publication issues: the first was related to the complete literature works and the second was for studies. JNB's objective of this program is to lead the private sector in taking care of Jordanian culture and playing an active social role. JNB's cultural program is centered upon the quality publications of science and literature. The publication program also aims at involving more people in the cultural life, and emphasizing its importance among the public and private sectors through publishing the key studies and researches. This program has a distinctive advantage represented by its complete independence from any interference, surveillance or restrictions by the Bank. There is no political direction or any type of restrictions in dealing with writers and innovators.

On the occasion of the Golden Jubilee for establishing the Bank, JNB organized several celebration parties in all Jordanian governorates, where JNB operates its branches. During these events, the Bank distributed appreciation prizes for distinguished customers within the framework of communicating with the local community. The Bank also presented its donations for the local communities. These donations were estimated at about one-half a million dinars, and were granted to humanitarian and philanthropic associations and institutions. It should be mentioned that the Bank has launched Jordan National Bank Institution for Voluntary and Social Work (Ahluna). The main purpose of this institution is to organize the ongoing support for the voluntary, cultural and social work as well as the sustainable development of the country.

During 2005, JNB sponsored many national and social cultural activities. In this regard, JNB launched the electronic archives for the Late King Hussein Bin Talal. The Bank also launched a daily electronic economic newsletter (e-ahli.net) for publishing news, economic and banking analysis as well as following up the Amman Stock Exchange.

JNB has worked persistently on Arabizing some new banking concepts and terminologies. The Bank has issued these publications in contribution to the banking culture development in JNB as well as in the Jordanian banking system. The Bank issued several news and banking bulletins in addition to the memorial book 'Jordan National Bank fifty years' march".

JNB maintains a distinctive communication presence in the Jordanian press. The Bank's news and its social, cultural and national activities receive a great attention by the press, leading to enhancing JNB's image, and thus positively affecting its marketing campaigns.

## Project Golden Jubilee

JNB launched during 2005 the Project Golden Jubilee at the request of HE Dr. Rajai Muasher/ the chairman of the Board of Directors. This project was initiated on the occasion of the fiftieth anniversary of establishing the Bank. This pioneering project aims at implementing a modern program to update and upgrade all bank operations, and to execute an ambitious plan to move JNB to a world class level. The project is supervised and managed by one of the largest international banking consultants (Batt & Partners consulting firm). A team comprised of 23 employees was mandated to oversee the implementation and application of Project Jubilee's plans and programs. This project aspires to make the Bank an ideal example for all banks locally and regionally. This comprehensive upgrading and development initiative is geared towards enhancing the Bank's capabilities and human resources, developing the modus operandi, improving the service quality, streamlining the bureaucratic processes and reducing operating expenses. Consequently, the Bank will be able to improve competition and profitability opportunities. The desired results will be attained through executing this program, which is linked with a clear vision and ambitious aspirations for JNB to occupy a pioneering position among the large financial institutions.

On the occasion of this new takeoff the need for restructuring the Bank was imperative in order to expand growth horizons, achieve the Bank's vision and accomplish its strategic goals. Therefore, a new organizational structure was designed for the Bank. The new structure was based upon segmenting the departments (groups) into profit centers, support centers and control divisions. This reorganization will lead to the removal of a large number of administrative layers, which generate additional bureaucracy. Thus, the new organizational structure will help in the settlement, streamlining and activating the relationships among management levels. Accordingly, the Project Jubilee has classified the profit-generating groups according to the sectors which they serve, thus enabling JNB to reach the largest customer base and obtain the largest market share. This will be achieved through devising new products in addition to providing the best services for our customers in all sectors at a record speed and competitive prices. At the same time, JNB will ensure that the services are

rendered with the best quality. The management team stressed the need to expand the supervision range by doubling the Bank's average span of control that is increasing the number of staff reporting to one manager. The Project Jubilee also aims at delegating authorities based on strict principles, and connecting communication channels among the different groups in order to enhance teamwork spirit, and raise the organizational and banking operations efficiency.

The Project Golden Jubilee also aims at identifying the Bank's needs, its weaknesses and problems in order to design a comprehensive program for restructuring and reorganizing the Bank according to a strategic reengineering framework. The main elements of this project include focusing on the policy of transferring employees from bureaucratic and support jobs to the business development and increasing sales jobs, especially for the cross-selling services. This plan will ultimately increase profits and improve the quality of the services provided.

The vision adopted by the Project Jubilee is summarized in three phases as follows:-

- (1) The most profitable bank in Jordan in two years.
- (2) A recognized leading banking institution on the regional level in five years.
- (3) A global and key banking player in seven years.

This vision will provide JNB staff with a challenging opportunity, not only to improve their skills, aptitudes and rewards, but also to build a solid institution that adopts international standards to become a personal pride source for each one of them.

The Project Golden Jubilee is distinguished by its comprehensive objectives, which are directed towards all the concerned parties that deal with the Bank. The project concentrates especially on a number of key requirements to improve the quality of the service rendered, such as intensifying the cross-selling operations, overcoming the time-consuming bureaucratic procedures, and raising the total amount of time our staff spend on selling by a factor of 5 times the current average. In addition, JNB plans to increase its cross selling ratio by a factor of 3 times the current level. Moreover, JNB will focus on continuing its efforts of

applying many modern principles in the banking industry, such as centralization, automation, business process reengineering, simplifying procedures, clarifying policies and installing proper control systems. All of these concepts and principles will allow the management team to extend and delegate more authorities to employees throughout the Bank, thus enabling them to have innovative initiatives, increase productivity, satisfy customers and attract more of them.

The new organization structure will lead to creating new profit centers and reducing the number of support centers with the objective of achieving the Bank's priorities in focusing on selling and increasing returns. JNB branches were classified into specialized branches that were segmented according to the banking needs of customers, who were also segmented according to the type of services they need. This new segmentation will meet the customers' requirements smoothly and more efficiently. Additionally, the Bank will be better positioned to develop products, services, sales outlets (branches) and delivery channels. Therefore, the Project Jubilee has recommended the formation of six main business divisions, based upon the Bank's different client segments and customers' economic requirements. These segments are: Ahli Personal Bank (which includes regular, premium and private banking clients) Ahli SME Bank (for small to medium enterprises), Ahli Corporate Bank, Ahli Investment Bank, Ahli International Bank and Ahli Capital Markets Bank. According to this organization, these different segments will be managed by different senior managers within the Bank. Each of these managers will manage his/ her own sales and delivery channels, thus the customer will receive individualized and personalized type of service depending on his/her needs.

## The Bank's Code of Conduct

This code of conduct was prepared in order to organize the behavior of staff and everyone in the Bank as well as organizing business ethics, values, restrictions, and obligations in Jordan National Bank and its subsidiaries and affiliates in Jordan and other countries, in which JNB has presence. This charter obligates all employees at all levels to adhere to the following commitments, responsibilities and duties:-

### **(1) Responsibilities Towards Shareholders:-**

(A) Enhancing shareholders' trust in the Bank through persistent efforts to foster the Bank's strength and efficiency, and increase its profits by converting the Bank to a world-class financial institution that adheres to international standards, and seeks to compete on the local, regional and international level.

(B) Commitment towards searching for, following-up and developing all potential business opportunities, and exploiting them in order to realize the highest possible profitability.

(C) Commitment for corporate and institutional loyalty to the Bank and maintaining its confidential matters.

(D) The immediate disclosure and revealing of all material and substantial matters that pertain to shareholders and their rights.

### **(2) Responsibilities Towards Customers:**

(A) Commitment towards presenting the best services to customers through applying the spirit of friendship, politeness, courtesy, and full respect to their personalities, dignities, their time and their interests, which are not conflicting with JNB's interests.

(B) Commitment towards improving performance and accelerating accomplishment as well as applying the principles of impartiality, fairness and objectivity in dealing with customers.

(C) The collective commitment in introducing and applying banking products that serve customers in a wider and more effective manner, which will also achieve the Bank's interests.

(D) The commitment of providing customers with information and proposals with the best possible speed, and through a clear, honest and non-ambiguous manner. Moreover, the staff

should be committed to responding to any questions or inquiries from customers, without the need to commit the Bank towards any liability until execution.

(E) The commitment of charging our customers fair and proper prices and fees, which at the same time, should also reflect the level and quality of the service provided and the degree of risks incurred by the Bank.

(F) The commitment of establishing relationships with customers based on the mutual respect that is impartial from personal interest.

### **(3) Responsibilities Towards Regulatory Parties:**

(A) Applying all laws, instructions and required rules in the countries where the Bank operates.

(B) Commitment towards the true disclosure of information required by regulators. This commitment should be honest, open, prompt, clear and courteous.

(C) Commitment towards maintaining high-level and professional relationships with regulatory institutions' officials. JNB staff shall always work to win the regulators' confidence in the Bank through its full compliance with the rules and regulations in force.

(D) The unconditional commitment towards cooperating with regulatory parties based on professional principles, and assisting JNB board of directors members to reach their high performance of their commitments in this field.

### **(4) Responsibilities Towards Colleagues:**

(A) Commitment towards working in a team spirit, because the success of the performance of any employee depends directly or indirectly upon the success of the work performed by other staff.

(B) Enhancing the spirits of brotherhood, friendship, mutual respect and appreciation among colleagues.

(C) Presenting the full support and advice to colleagues.

(D) Commitment towards the teamwork, represented by the following rules: honesty, mutual respect, frankness and accepting middle solutions.

(E) Commitment towards reducing the time of meetings to the minimum needed in order to save the colleagues' time and effort.

**(5) Responsibilities Towards Society:****(A) Professional Responsibilities:**

- Commitment towards presenting proposals, programs, products and services that contribute directly or indirectly to the social development, improve and expand the opportunities to benefit from the banking services by a wider base of customers.
- Commitment towards abiding by the local cultural traditions in the Bank's advertisements and public campaigns, which should always positively contribute to the enhancement of social values, educating the local communities and publicizing professional banking culture.
- The Bank should refrain from providing any programs or services that aim to serve any specific political, religious or ethnic interests.

**(B) Solidarity Responsibilities:**

- Commitment towards financing a well- prepared annual program for the social support of the voluntary associations operating in the local communities. As well, supporting the cultural initiatives and institutions, publishing books and supporting other cultural activities.
- Encouraging the social, productive and scientific initiatives, and improving the standards of living for the less-fortunate people.

**(6) Commitment Towards Jordan:**

Jordan National Bank is a national Jordanian organization that will always maintain the interests of the Jordanian economy internally and externally and on the local, Arab and international levels. JNB will also preserve the kingdom's image and the Jordanian people's traditions and reputation.



## Corporate Culture

The corporate culture identifies the concepts, beliefs and conducts of individuals and companies in line with the corporate identity of Jordan National Bank. The enhancement of this culture requires from all members of JNB family to be committed to the following:

- Focusing on Profitability-by maintaining the level of profits achieved and increasing them in the future.
- Focusing on Selling-by introducing additional selling jobs and doubling the selling time per staff.
- Focusing on Customers- by preparing a new and comprehensive corporate organizational structure that serves all economic sectors.
- Adopting the Scientific Methodology-by devising modern and scientific techniques in the field of evaluating risks and profits.
- Aptitude and Merit-by distributing rewards, bonuses and profit sharing schemes based on the performance, productivity and merit of employees.
- Excellence-by focusing on the quality of staff training and the continuous education methodology.
- Innovation and Creativity-by introducing new products and delivery channels that match with the actual market.
- Strategy-by devising a new way of thinking for JNB staff to create the future strategic planning culture.
- Advanced Technology- by applying the optimal use of information technology.

## Major Highlights in The Bank's History

### • 1955 – 1964

1. Jordan National Bank was established in 1955 with an authorized capital of JD350 thousand.
2. Opening branches in different cities in the region represented by each of Nablus, Al-Zarqa, Irbid, Aqaba, Jerusalem and Beirut.
3. JNB has embarked its operations in Hebron city when it was under the dominance of Jordan.
4. Increasing the paid-up capital of the Bank to JD500 thousand.

### • 1965 – 1974

1. The Bank has increased its paid-up capital from JD 500 thousand to JD1 million.
2. Two branches were opened in Bethlehem – West Bank and Tripoli – Lebanon, followed by opening a branch in Al-Salt City – Jordan. Meanwhile, the Bank started its operations in Saida City - Lebanon.
3. In year 1967, JNB's operations in Jordan and Lebanon have been affected by the occupation of the West Bank. Nonetheless, JNB has successfully recorded net profits of JD6,019 in that year, avoiding any losses despite the fact that the Bank was heavily burdened by all the expense of its branches in the West Bank, which were not matched by any revenues.
4. In year 1968, the Bank posted net profits of JD75.2 thousand, distributing 6% of the paid-up capital as cash dividends, followed by 7% in year 1969.
5. The Bank's board has resolved to participate with both of Al Ahli Bank of Kuwait and Crede Lyonne Bank in establishing a new commercial bank in Dubai – UAE.
6. Two branches were opened in Al-Wehdat and Sweileh.

### • 1975 – 1984

1. JNB's branches network expanded to comprise 24 branches in Jordan at the end of year 1981, besides 4 branches in the West Bank and 5 branches in Lebanon.
2. The Bank's paid-up capital was brought up to JD1.5 million, then up to JD3.3 million. In year 1982, the assets of the Bank were revaluated, while the paid-up capital was increased to JD9.1 million through capitalization and public offering.

3. Also in year 1982, the Bank was geared up by computers for the first time since its incorporation.

4. The Bank has obtained the required license to operate in Cyprus through the external banking unit (off shore), which embarked its operations in year 1985. .

#### • 1985 – 1994

1. Jordan National Bank acquired a stake of 6% in Jordan International Bank / London.

2. In 1994, JNB has increased its paid-up capital to JD16 million in two phases, represented by distributing 50% bonus share followed by a private placement at JD3 per share.

#### • 1995 – 2004

1. A voluntary merger between Jordan National Bank and Business Bank has taken place. The action came out with a new paid-up capital of JD42 million, after distributing 125% bonus shares over JNB's shareholders before merger.

2. The Bank has taken a pioneering leap in June 2001 by launching Al-Ahli International Bank in Lebanon which was the result of merging JNB branches operating in Lebanon with the Bank of Lebanon and Kuwait.

3. The authorized capital was raised to JD60 million as an initial step towards JNB's expansion and services improvement. The Bank also tends to increase the capital up to JD85 million during 2006, then up to JD110 million in the near future.

4. The bank reached an initial agreement for merging its branches in Palestine with the Commercial Bank of Palestine.

#### • 2005

1. In February 2005, the Jordanian cabinet approved to merge Philadelphia Investment Bank into Jordan National Bank.

2. In 2005, the Bank achieved its record high of profits and succeeded in launching the Project Jubilee for upgrading and developing the Bank.

## Future Plan for 2006

(1) Focusing on the asset quality, and dealing with the active and promising companies, which have the potential for growth and achieving success. JNB will also diversify its loan portfolio to include all productive sectors. The Bank will increase its lending ratio in a gradual and sound manner, especially in the personal and premium banking services sector and the small and medium enterprises banking services sector.

(2) Presenting new products and services that meet the different needs of all customer segments, and focusing upon employing all capacities and available resources to increase the selling volume. Moreover, JNB is seriously addressing the need to increase the cross-selling share for our existing customers, and concentrating on attracting new customers from the market and other competing banks in order to increase JNB's market share inside Jordan and abroad. The Bank will also focus on implementing an effective marketing policy based on dealing with customers as partners not only as clients.

(3) Launching the new corporate identity for JNB and changing the name and logo of the Bank. These new changes will be declared to the public through organizing advertising campaigns simultaneously with opening some pilot branches.

(4) Considering and studying the available opportunities for expanding in external markets, especially in the Arab markets via establishing strategic alliances that match with JNB's future vision.

(5) Concentrating on managing the risks associated with banking operations through the risk management department. This will be carried out in order to carefully measure, control and follow up all types of risks, and thus enabling the management team to adopt the proper policies needed to face these risks. Therefore, the lending ratio will be increased in a scientific, calculated and safe manner. It should be mentioned that the group risk is currently working on implementing the latest techniques and procedures applied internationally in the field of risk management. For example, the group risk is preparing comprehensive policies for credit risks and restructuring the facilities committees in addition to updating the early warning systems, developing the scoring system for classifying loans, and establishing policies and systems to

reduce the procedural, legal, market and regulatory risks.

(6) Enhancing the human resources management by developing the annual evaluation system for JNB staff. The Bank will also apply quality programs in training and development, and launch the Promising Leaders Program, that is especially directed to the distinguished competencies in the Bank. JNB will also adopt and implement a new program to distribute bonuses and profit shares according to the Bank's general goals and objectives. Each employee will be held accountable for the degree of achieving her/his own objectives that were predetermined. This will be carried out through applying a comprehensive performance measurement system, and the evaluation will be applied each six months in order to retain the best human resources working at the Bank.

(7) Following up on the preparations required to match with the Basel II standards and requirements for capital adequacy.

(8) Reducing costs and expenses for all banking operations through executing the recommendations of the restructuring program such as: centralizing credit operations, reformulating and reconsidering the non-profitable relationships with customers, and closing or downsizing or replacing the unprofitable branches.

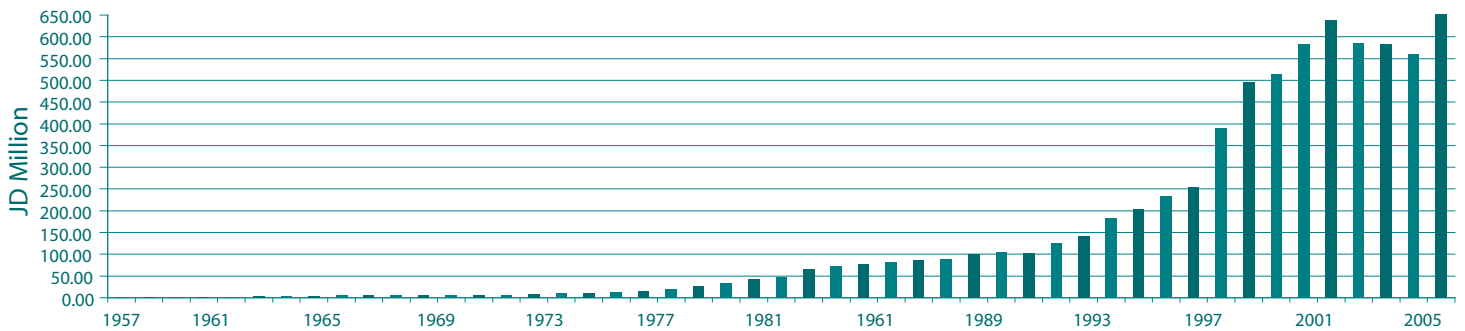
(9) Reorganizing the following functions:- planning, budgeting, control, following up the preset objectives, measuring the level of achievement, performance, and continuous control. During 2006, JNB will rebuild the strategies for all banking groups at all levels. The budget system will be detailed according to the banking sectors, while new control reports will be introduced. The management team will also control the reevaluation process of the monthly performance.

(10) Upgrading and updating the information technology systems, and automating all banking operations with modern systems that suit the change process requirements. This automation will maximize the benefits from investing in the information technology field through reducing the automated systems risks and finding alternatives and integrated solutions that provide full support for any banking product provided by the Bank.

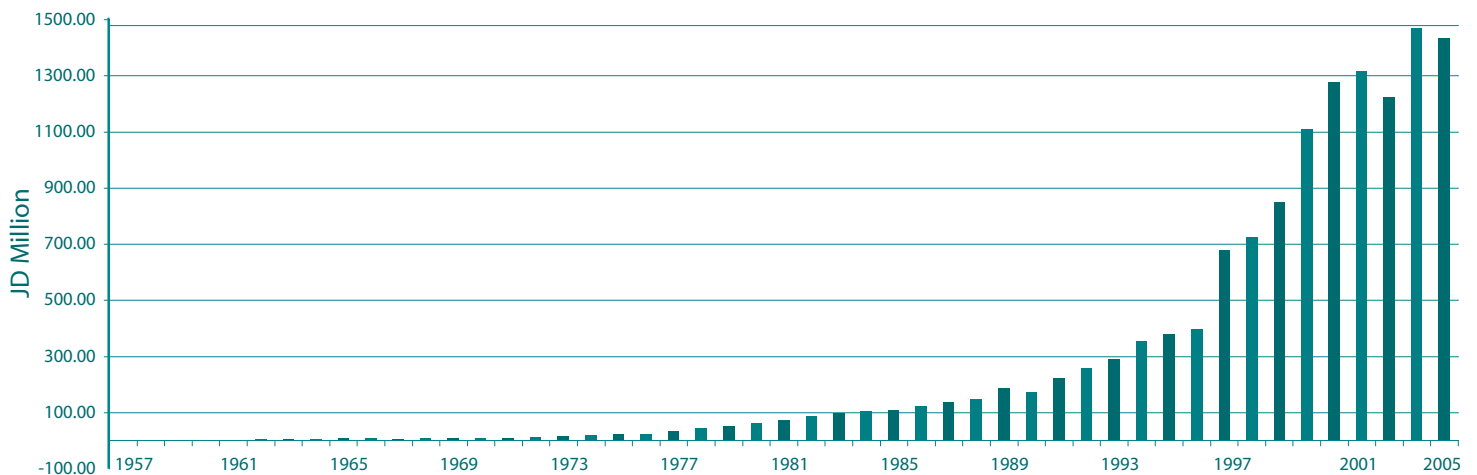
## Financial Developments Since Inception (1957-2005)

Net facilities grew from JD0.6 million in 1957 to reach JD560.1 million at the end of year 2005, while total deposits grew from JD0.8 million to JD1.44 billion during the same period. Shareholders' equity reached JD179 million in year 2005 from JD0.3 million in the first year of the Bank. Total assets grew from JD1.8 million to reach JD1.7 billion at the end of 2005.

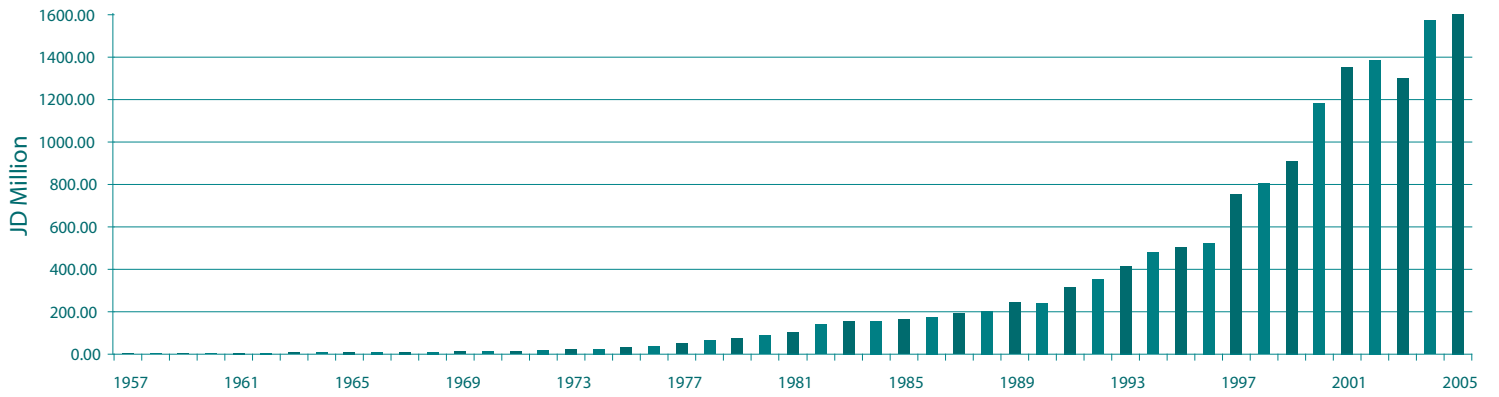
**Total Facilities**  
1957-2005



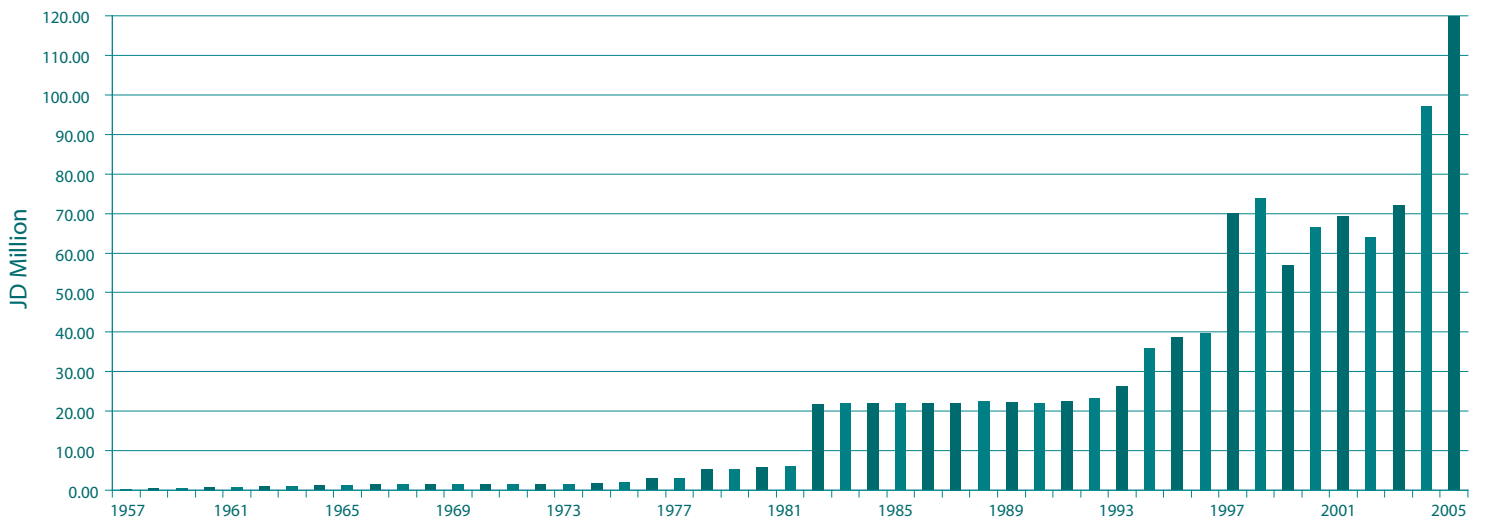
**Deposits & Other Accounts**  
1957-2005



**Total Assets**  
1957-2005



**Total Shareholders' Equity**  
1957-2005



## Major Financial Indicators for 2005

The following are details of the main items of changes in assets, liabilities, and contra accounts:

### Assets

1- The Balance Sheet total (excluding contra accounts) amounted to JD1,672,262,160 as at Dec.31st 2005, compared with JD1,572,362,875 as at Dec.31st 2004 – an increase of JD 99,899,285. With the inclusion of contra accounts, the 2005 total would amount to JD 2,383,195,992 compared with JD 2,581,533,152 - a decrease of JD 198,337,160 over the preceding period.

2- Cash in hand and at banks amounted JD 789,037,737 at the end of 2005, compared with JD 869,910,805 at the end of 2004 – a decrease of JD 80,873,068 .

3- The value of securities and investments amounted to JD 201,841,330 at the end of 2005 compared to JD 168,664,660 at the end of 2004. This amount includes JD 148,942,702 of Jordan government bonds and various other government guaranteed bonds, and corporate bonds issued by public institutions and companies, compared to JD 135,763,460 at the end of 2004.

4- The balance of credit facilities (before provisions and interest in suspense) amounted to JD 703,045,028 at the end of 2005, compared with JD 561,070,769 at the end of 2004 – an increase of JD 141,974,259 over the preceding year. This amount includes discounted commercial bills amounting to JD 58,370,971 in addition to outstanding overdraft accounts amounted to JD 176,255,154, credit cards, loans and advances amounting to JD 468,418,903.

5- The net book value of real estate, machinery and equipment, and furniture (after depreciation) amounted to JD 46,701,744 at the end of 2005, compared with JD 50,845,020 at the end of 2004.

### Liabilities

1- The balance of current and call accounts, savings, term and bank deposits amounted to JD 1,291,488,333 at the end of 2005, compared with JD 1,306,351,534 at the end of 2004 – a decrease of JD 14,863,201.



2- The balance of reserves and various provisions amounted to JD 42,783,778 at December 31st 2005, compared with JD 31,900,467 at the end of 2004.

### **Contra Accounts**

1- The outgoing letters of credit account increased from JD 76,383,255 in 2004 to JD 98,062,533 in 2005, while the incoming letters of credit decreased from JD 645,138,255 in 2004 to JD 305,977,399 in 2005.

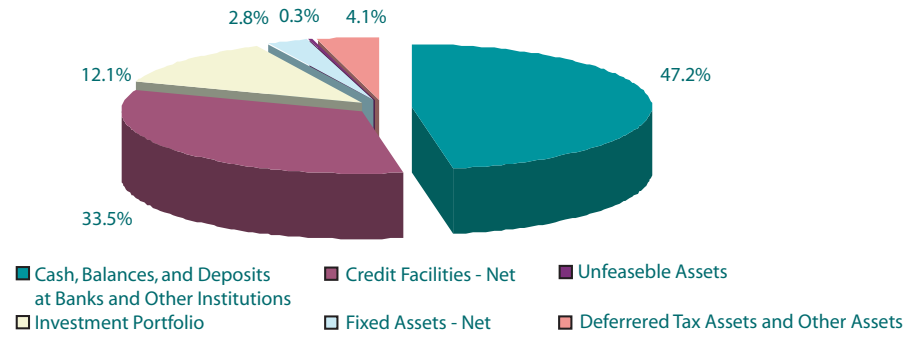
2- The balance of guarantees increased to JD 192,987,103 at the end of 2005, compared with JD 155,727,517 at the end of 2004.

3- The balance of acceptances for consumers' accounts increased to JD 41,266,190 at the end of 2005, compared with JD 39,356,538 at the end of 2004.



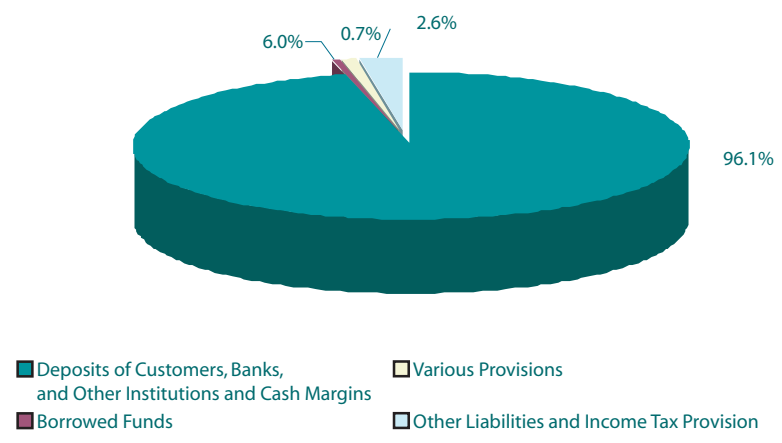
Assets	2005	2004	% change	weight 2005	weight 2004
Cash, Balances, and Deposits at Banks and Other Institutions	789,037,737	869,910,805	-9.3%	47.2%	55.3%
Credit Facilities - Net	560,147,166	425,442,533	31.7%	33.5%	27.1%
Investment Portfolio	201,841,330	168,664,660	19.7%	12.1%	10.7%
Fixed Assets - Net	46,701,744	50,845,020	-8.1%	2.8%	3.2%
Unfeaseble Assets	5,640,587	4,627,362	21.9%	0.3%	0.3%
Defferered Tax Assets and Other Assets	68,893,596	52,872,495	30.3%	4.1%	3.4%
<b>Total Assets</b>	<b>1,672,262,160</b>	<b>1,572,362,875</b>	<b>6.4%</b>	<b>100.0%</b>	<b>100.0%</b>

weight 2005



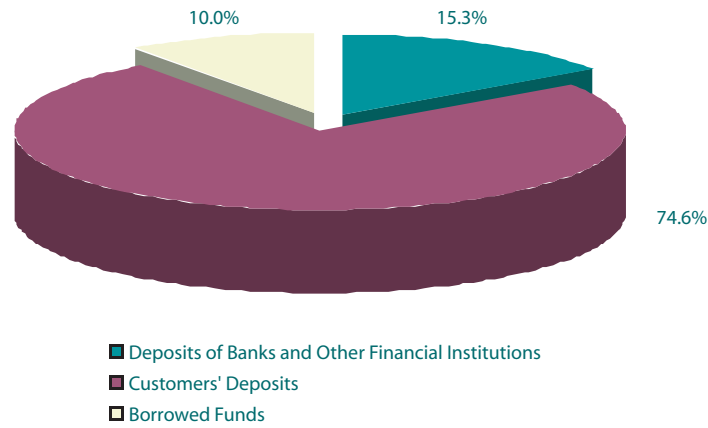
Liabilities	2005	2004	% change	weight 2005	weight 2004
Deposits of Customers, Banks, and Other Institutions and Cash Margins	1,435,341,353	1,441,841,936	-0.5%	96.1%	98.1%
Borrowed Funds	8,400,179	7,097,561	18.4%	0.6%	0.5%
Various Provisions	10,625,543	2,918,744	264.0%	0.7%	0.2%
Other Liabilities and Income Tax Provision	38,904,230	18,620,562	108.9%	2.6%	1.3%
<b>Total Liabilities</b>	<b>1,493,271,305</b>	<b>1,470,478,803</b>	<b>1.6%</b>	<b>100.0%</b>	<b>100.0%</b>

weight 2005



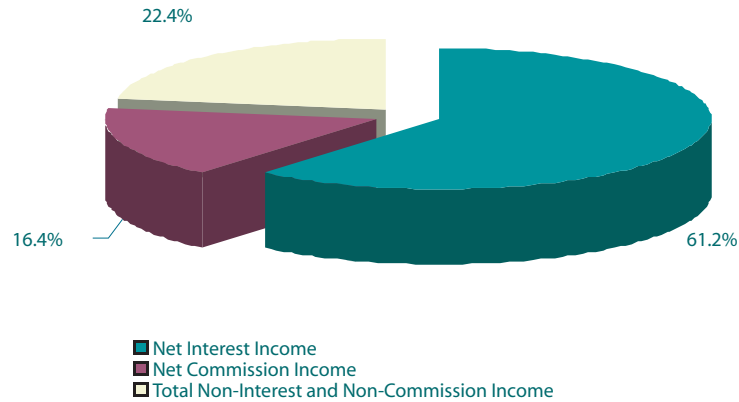
Deposits and Borrowed Funds	2005	2004	% change	weight 2005	weight 2004
Deposits of Banks and Other Financial Institutions	220,029,352	44,706,603	392.2%	15.3%	3.1%
Customers' Deposits	1,071,458,981	1,261,644,931	-15.1%	74.6%	87.5%
Borrowed Funds	143,853,020	135,490,402	6.2%	10.0%	9.4%
<b>Total Deposits and Borrowed Funds</b>	<b>1,435,341,353</b>	<b>1,441,841,936</b>	<b>-0.5%</b>	<b>100.0%</b>	<b>100.0%</b>

weight 2005



Non-Interest and Non-Commission Income	2005	2004	% change	weight 2005	weight 2004
Net Interest Income	58,915,873	29,739,303	98.1%	61.2%	57.0%
Net Commission Income	15,766,146	11,910,778	32.4%	16.4%	22.8%
<b>Total Non-Interest and Non-Commission Income</b>	<b>21,607,758</b>	<b>10,506,790</b>	<b>105.7%</b>	<b>22.4%</b>	<b>20.1%</b>
<b>Net Operating Income</b>	<b>96,289,777</b>	<b>52,156,871</b>	<b>84.6%</b>	<b>100.0%</b>	<b>100.0%</b>

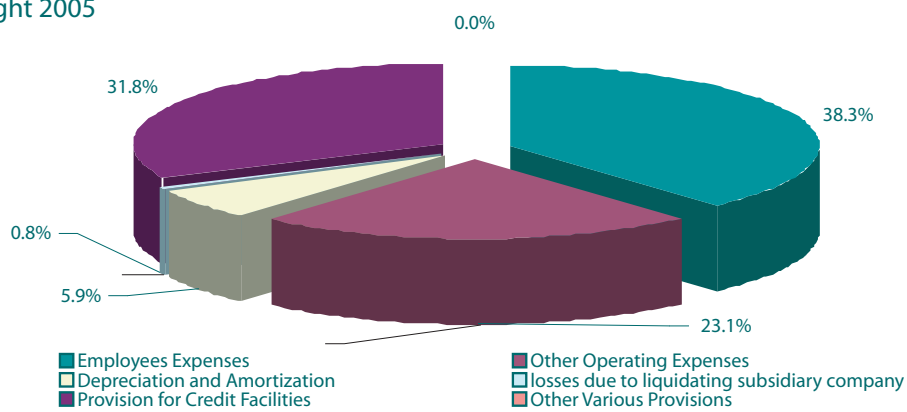
weight 2005





Operating Expenses	2005	2004	% change	weight 2005	weight 2004
Employees Expenses	23,763,851	18,244,309	30.3%	38.3%	40.7%
Other Operating Expenses	14,327,954	10,577,723	35.5%	23.1%	23.6%
Depreciation and Amortization	3,667,444	3,731,732	-1.7%	5.9%	8.3%
losses due to liquidating subsidiary company	486,925	0	100.0%	0.8%	0.0%
Provision for Credit Facilities	19,738,505	11,885,626	66.1%	31.8%	26.5%
Other Various Provisions	4,504	431,087	-99.0%	0.0%	1.0%
<b>Total Operating Expenses</b>	<b>61,989,183</b>	<b>44,870,477</b>	<b>38.2%</b>	<b>100.0%</b>	<b>100.0%</b>

weight 2005



# Independent Auditor's Report

AM/ 4716

To the General Assembly of Shareholders

Jordan National Bank

Amman - Jordan

We have audited the accompanying consolidated balance sheet of Jordan National Bank (a Public Shareholding Limited Company) as of December 31, 2005 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit. We have obtained the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Jordan National Bank as of December 31, 2005 and the results of its operations and its cash flows for the year then ended, in conformity with the Law and with International Financial Reporting Standards, and we recommend that the General Assembly of Shareholders approve these financial statements.

The Bank maintains proper accounting records, and the accompanying financial statements are in agreement therewith and with the financial statements presented in the Annual Report.

Deloitte & Touche (M. E.) - Jordan

Amman – Jordan

February 27, 2006

## CONSOLIDATED BALANCE SHEETS

ASSETS	Note	For the Year Ended December 31,	
		2005 JD	2004 (Restated) JD
Cash and balances at central banks	4	453,102,642	370,104,798
Balances at banks and financial institutions	5	334,952,872	499,089,447
Deposits at banks and financial institutions	6	982,223	716,560
Trading financial assets	7	6,906,816	13,339,163
Direct credit facilities - net	8	560,147,166	425,442,533
Available-for-sale financial assets	9	120,245,707	68,856,448
Held-to-maturity investments - net	10	59,055,498	82,978,175
Investments in associate companies	11	15,633,309	3,490,874
Fixed assets - net	12	46,701,744	50,845,020
Intangible assets	13	5,640,587	4,627,362
Other assets	14	65,370,585	48,960,519
Deferred tax assets	20	3,523,011	3,911,976
<b>TOTAL ASSETS</b>		<b>1,672,262,160</b>	<b>1,572,362,875</b>

## LIABILITIES AND OWNERS' EQUITY

LIABILITIES	Note	For the Year Ended December 31,	
		2005 JD	2004 (Restated) JD
Banks and financial institutions deposits	15	220,029,352	44,706,603
Customers deposits	16	1,071,458,981	1,261,644,931
Cash margins	17	143,853,020	135,490,402
Borrowed funds	18	8,400,179	7,097,561
Provisions	19	10,625,543	2,918,744
Provision for income tax	20	6,302,182	585,469
Deferred tax liabilities	20	3,446,253	917,215
Other liabilities	21	29,155,795	17,117,878
<b>TOTAL LIABILITIES</b>		<b>1,493,271,305</b>	<b>1,470,478,803</b>
<b>OWNERS' EQUITY</b>			
Equity - Bank Shareholders:			
Paid-up capital	22	82,311,249	60,000,000
Share premium	22	32,903,037	4,235,496
Statutory reserve	23	20,616,916	17,607,551
Voluntary reserve	23	5,840,034	2,830,669
Special reserve		213,054	213,054
Foreign branches reserve	23	-	4,550,000
General banking risks reserve	23	5,488,231	3,780,449
Translation of foreign currencies		18,000	18,000
Cumulative change in fair value - net	24	10,594,840	2,868,319
Retained earnings	25	19,710,951	4,585,109
<b>Total Equity - Bank Shareholders</b>		<b>177,696,312</b>	<b>100,688,647</b>
Minority interest	26	1,294,543	1,195,425
<b>TOTAL OWNERS' EQUITY</b>		<b>178,990,855</b>	<b>101,884,072</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b><u>1,672,262,160</u></b>	<b><u>1,572,362,875</u></b>

The accompanying notes from 1 to 54 constitute an integral part of these statements and should be read with them.

## CONSOLIDATED STATEMENTS OF INCOME

	Note	For the Year Ended December 31,	
		2005 JD	2004 (Restated) JD
Interest income	27	90,778,055	53,995,045
Interest expense	28	31,862,182	24,255,742
Net Interest Revenue		58,915,873	29,739,303
Commission revenue-net	29	15,766,146	11,910,778
Net Interest and Commission Revenue		74,682,019	41,650,081
Foreign exchange income		2,885,788	2,766,483
Income from trading financial assets	30	2,006,986	1,042,589
Income from available-for-sale financial assets	31	521,044	991,778
Bank's share from associates income (loss)		76,772	( 29,414)
Profit from selling subsidiaries and associates shares		-	26,994
Other revenue	32	16,117,168	5,708,360
Total non-interest and non-commission revenue		21,607,758	10,506,790
Gross Income		96,289,777	52,156,871
<b>Expenses:</b>			
Employees expenses	33	23,763,851	18,244,309
Depreciation and amortization	13 & 12	3,667,444	3,731,732
Other expenses	34	14,327,954	10,577,723
(Loss) from subsidiary liquidation	11	486,925	-
Provision for impairment in direct credit facilities	8	19,738,505	11,885,626
Other various provisions	19	4,504	431,087
Total Expenses		61,989,183	44,870,477
Income before Taxes		34,300,594	7,286,394
Income tax expense	20	8,381,696	664,580
Income for the Year		25,918,898	6,621,814
Pertain to:			
Bank shareholders		25,890,327	6,612,689
Minority interest	26	28,571	9,125
		25,918,898	6,621,814
Earnings per Share for Bank Shareholders	35	0.36850	0.1002

The accompanying notes from 1 to 54 constitute an integral part of these statements and should be read with them.



Bank Shareholders' Equity													
Year 2005	Paid-up Capital JD	Share Premium JD	Reserves Statutory Reserve JD	General Voluntary Reserve JD	Translation Special Reserve JD	Cumulative Foreign Branches Reserve JD	Banking Risks Reserve JD	of Foreign Currencies JD	Change in Fair Value JD	Retained Earnings JD	Total JD	Minority Interest JD	Total Owners' Equity (Restated) JD
Balance													
beginning of the year	60,000,000	4,235,496	17,607,551	2,830,669	213,054	4,550,000	3,780,449	18,000	2,868,319	4,585,109	100,688,647	1,195,425	101,884,072
Foreign currency exchange differences													
	-	-	-	-	-	-	-	-	-	(539)	(539)	-	(539)
Change in fair value - net													
	-	-	-	-	-	-	-	-	7,726,521	-	7,726,521	-	7,726,521
Realized income from available-for-sale financial assets													
	-	-	-	-	-	-	-	-	-	(37,434)	(37,434)	70,547	33,113
Income for the year													
	-	-	-	-	-	-	-	-	-	25,890,327	25,890,327	28,571	25,918,898
Total	60,000,000	4,235,496	17,607,551	2,830,669	213,054	4,550,000	3,780,449	18,000	10,594,840	30,437,463	134,267,522	1,294,543	135,562,065
Increase in paid-up capital													
	22,311,249	28,667,541	-	-	-	(4,550,000)	-	-	-	-	46,428,790	-	46,428,790
Transfers to reserves													
	-	-	3,009,365	3,009,365	-	-	1,707,782	-	-	(7,726,512)	-	-	-
Dividends paid													
	-	-	-	-	-	-	-	-	-	(3,000,000)	(3,000,000)	-	(3,000,000)
Balance - End of the Year	82,311,249	32,903,037	20,616,916	5,840,034	213,054	-	5,488,231	18,000	10,594,840	19,710,951	177,696,312	1,294,543	178,990,855
Year 2004 (Restated)													
Balance													
beginning of the year	49,411,259	-	17,184,142	2,407,260	213,054	4,550,000	-	18,000	508,616	(1,225,802)	73,066,529	1,186,300	74,252,829
The effect of changes of new and adjusted International Accounting Standards													
	-	-	-	-	-	-	3,643,948	-	(57,028)	245,551	3,832,471	-	3,832,471
Adjusted Beginning Balances	49,411,259	-	17,184,142	2,407,260	213,054	4,550,000	3,643,948	18,000	451,588	(980,251)	76,899,000	1,186,300	78,085,300
Foreign currency exchange differences													
	-	-	-	-	-	-	-	-	2,553	(3,110)	(557)	-	(557)
Change in fair value-net													
	-	-	-	-	-	-	-	-	2,414,178	-	2,414,178	-	2,414,178
Realized income from available-for-sale financial assets													
	-	-	-	-	-	-	-	-	-	(60,900)	(60,900)	-	(60,900)
Income for the year													
	-	-	-	-	-	-	-	-	-	6,612,689	6,612,689	9,125	6,621,814
Total	49,411,259	-	17,184,142	2,407,260	213,054	4,550,000	3,643,948	18,000	2,868,319	5,568,428	85,864,410	1,195,425	87,059,835
Increase in paid-up capital													
	10,588,741	4,235,496	-	-	-	-	-	-	-	-	14,824,237	-	14,824,237
Transfers to reserves													
	-	-	423,409	423,409	-	-	136,501	-	-	(983,319)	-	-	-
Balance - End of the Year	60,000,000	4,235,496	17,607,551	2,830,669	213,054	4,550,000	3,780,449	18,000	2,868,319	4,585,109	100,688,647	1,195,425	101,884,072

- Included in retained earnings is an amount of JD 3,523,011 as of December 31, 2005 restricted by the Central Bank of Jordan against deferred tax assets (JD 3,911,976 as of December 31, 2004).

- Use of the general banking risks reserve is restricted and requires the prior approval of the Central Bank of Jordan.

The accompanying notes from 1 to 54 constitute an integral part of these statements and should be read with them.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Year Ended December 31,  
2005 2004 (Restated)  
JD JD

## Cash Flows From Operating Activities:

Net income before tax	34,300,594	7,286,394
Adjustments for:		
Depreciation and amortization	3,667,444	3,731,732
Provision for impairment in direct credit facilities	19,738,505	11,885,626
Provision for the impairment in real estate	262,017	956,936
Provision for employees end-of-service indemnity	525,820	422,960
Provision for impairment in available for-sale assets	416,234	172,916
Provision for foreign currency price decline	142,198	168,426
Provision for lawsuits against the Bank	-	249,768
Loss on sale of real estate	100,437	370,745
(Gains) on the sale of available-for-sale assets	(361,728)	(718,418)
(Gain) on sale of fixed assets	(2,095,460)	(247,822)
Losses on trading financial assets	1,304,036	245,751
(Gain) loss on associates securities	(76,772)	2,420
Effect of exchange rate fluctuations on cash and cash equivalents	(1,853,035)	(1,792,105)
Other provisions	4,504	181,319
Net Income before Changes in Assets and Liabilities	56,074,794	22,916,648

## Changes in Assets and Liabilities :

Decrease (increase) in cash and balances at banks due after 3 months	407,868	(19,068,618)
Decrease (increase) in deposits at banks and financial institutions	(265,663)	1,827,903
Decrease in trading financial assets	5,128,311	3,769,629
(Increase) in direct credit facilities	(154,443,138)	(3,094,029)
(Increase) in other assets	(18,205,234)	(12,243,395)
Increase in banks and financial institutions deposits due after 3 months	146,750,000	1,250,000
(Decrease) increase in customers deposits	(190,185,950)	250,538,216
Increase (decrease) in cash margins	8,362,618	(1,594,554)
Increase (decrease) in other liabilities	12,037,917	(2,292,307)
(Increase) decrease in other provisions	7,043,687	(816,815)
Net Cash (used in) from Operating Activities before Tax	(127,294,790)	241,192,678
Income tax paid	(852,714)	(24,339)
Net Cash Flows (used in) from Operating Activities	(128,147,504)	241,168,339

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	For the Year Ended December 31,	
		2005 JD	2004 (Restated) JD
<b>Cash flows from investing activities:</b>			
(Increase) decrease in investment in associates		(12,065,663)	1,036,144
(Increase) in available-for-sale investments - Net		(41,226,179)	(17,066,609)
Collections from (acquisition of) held-to-maturity investments-Net		23,922,677	(17,569,956)
Proceeds from sale of fixed assets		13,012,695	1,181,825
Purchase of fixed assets		(9,522,614)	(2,140,916)
Increase in intangible assets		(1,932,014)	(1,639,420)
Net Cash Flows (used in) Investing Activities		(27,811,098)	(36,198,932)
<b>Cash flows from financing activities:</b>			
Increase (decrease) in borrowed funds		1,302,618	(3,000,000)
Increase in paid-up capital		16,311,249	10,588,741
Increase in share premium		30,117,541	4,235,496
Increase in minority interest		70,547	535,096
Dividends paid		(3,000,000)	-
Net Cash Flows from Financing Activities		44,801,955	12,359,333
Effect of exchange rate fluctuations on cash and cash equivalents		1,853,035	1,792,105
Net (Decrease) Increase in Cash and Cash Equivalents		(109,303,612)	219,120,845
Cash and cash equivalents - beginning of the year		770,019,379	550,898,534
Cash and Cash Equivalents - End of the Year	36	660,715,767	770,019,379

The accompanying notes from 1 to 54 constitute an integral part of these statements and should be read with them.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. General

Jordan National Bank was established in the year 1955 as a Jordanian public shareholding limited company in accordance with the Companies Registration Law for the year 1927. Furthermore, the Bank is registered as a public shareholding limited company with headquarters in Amman-Jordan.

It is engaged in banking and related financial operations through its branches in the Hashemite Kingdom of Jordan, Cyprus, Palestine, and the subsidiary company in Lebanon. The Business Bank was merged into the Bank effective December 1, 1996.

As of January 12, 2005, a memorandum of understanding was signed between the Central Bank of Jordan (being responsible for managing Philadelphia Investment Bank) and the Jordan National Bank. According to the memorandum, Philadelphia Investment Bank is to be merged into the Jordan National Bank.

As per the resolution of the General Assembly of the Bank in their extraordinary meeting dated July 5, 2005, it was agreed on the following:

1. The Memorandum of Incorporation and the Articles of Association of the Jordan National Bank would be adopted for the company resulting from the merger (namely, the Jordan National Bank Public Shareholding Company Ltd).
2. The final approval of the results of the reassessment of the assets and liabilities and the opening balance sheet of the Jordan National Bank Public Shareholding Company Ltd, the company resulting from the merger.

3. Final approval to merge Philadelphia Investment Bank into Jordan National Bank Company Ltd. effective July 1, 2005.

According to the resolution of the General Assembly of the Jordan National Bank Public Shareholding Company Ltd. (the company resulting from merging Philadelphia Investment Bank into the Jordan National Bank Ltd) in their ordinary meeting held on July 27, 2005, the opening balances of the company resulting from the merger were approved.

- The Bank conducts all of its banking and financial operations relating to its activities through its headquarters, branches (40 branches in Jordan and 2 branches abroad) and the subsidiary company located in Lebanon.
- The consolidated financial statements have been approved by the Bank's Board of Directors in their meeting No. (1) held on February 27, 2006 and are subject to the approval of the General Assembly of Shareholders.

## **2. Basis of Consolidation**

a. -The accompanying consolidated financial statements include the financial statements of the Bank's local branches in Jordan and abroad and the following subsidiary companies after eliminating inter-branch and inter-company transactions and balances:

- Al-Ahli International Bank – Lebanon.
- The National Real Estate Investments Co.
- Zarqa National College.
- Ahli Micro Finance Company.

Transactions in transit are shown under "other assets" or "other liabilities" in the consolidated balance sheet.

b. JNB branches in Lebanon have been sold to the Bank of Lebanon and Kuwait. Banque du Liban, the Central Bank of Lebanon, approved the sale in its letter No. 204/mm/17 dated May 26, 2001, after agreeing to change the name of the Bank of Lebanon and Kuwait to Al-Ahli International Bank in its letter No. 179/mm/17 dated May 18, 2001. The capital of the bank is equivalent to JD 3,386,268. Its total assets amounted to JD 222,113,372 and total liabilities to JD 205,506,691 as of December 31, 2005, while its total revenues amounted to JD 8,148,371, and total expenses to JD 6,521,620 for the year ended December 31, 2005. During the year 2003, an amount equivalent to JD 4,812,184 representing a deposit transferred by the Bank was used to re-make up the capital of the Bank in Lebanon and offset accumulated losses as of the end of the year 2002. Moreover, during the first half of the year 2004, an additional amount of JD 3,170,894 was transferred to cover part of the losses and re-make up capital by the remaining amount. This increased the Bank's equity in the subsidiary company to 97.92% while maintaining a percentage of 88.49% from the additional paid-up capital.

Al-Ahli International Bank in Lebanon is subject to the prevailing laws in Lebanon including the Banking Confidentiality Law.

c. Zarqa National College is a wholly owned subsidiary. Its activities include establishing colleges for higher academic education as well as schools and Kindergardans in Jordan. Its capital amounted to JD 800,000, total assets to JD 913,525, and total liabilities to JD 44,204 as of December 31, 2005. Its total revenues amounted to JD 342,638, and total expenses to JD 340,497 for the year ended December 31, 2005.

d. Ahli Micro Finance Company is a wholly owned subsidiary. The company's objectives are to grant loans to limited income individuals. Its capital amounted to JD 750,000, total assets to JD 3,151,943, and total liabilities to JD 210,483 as of December 31, 2005. Its total revenues amounted to JD 1,309,083 and total expenses to JD 489,447, for the year ended December 31, 2005.

e. The financial statements of the National Real Estate Investment Company have not been consolidated due to merging the Company into the Beaches Hotels and Tourist Spas Company. The decision to merge the two companies was taken by His Excellency the Minister of Trade and Industry in his letter No. Msh/Merger/12401 dated July 17, 2005. Accordingly, the ownership percentage of the National Real Estate Investments Company became 47% of the net shareholders' equity of the new company which amounted to JD 13,747,281. As the National Real Estate Investments Company is a company wholly owned by the Jordan National Bank, ownership of the Jordan National Bank in the capital of the new company has become 47%. Consequently, the new company resulting from the merger has been classified as an associate company. The equity method has been used in determining the Bank's share in the net shareholders' equity of the company resulting from the merger.

### **3. Significant Accounting Policies**

#### Basis of presentation

- The accompanying consolidated financial statements of the Bank and its subsidiary companies are prepared in accordance with the standards issued by the International Accounting Standards Board (IASB), the interpretations issued by the Interpretation Committee of the IASB, the prevailing rules of the countries where the Bank operates, and the instructions of the Central Bank of Jordan.
- The financial statements are prepared under the historical cost convention except for financial assets held for trading, financial assets available for sale, and financial derivatives stated at fair value on the date of the financial statements. Hedged assets and liabilities are also stated at fair value.
- The reporting currency of the financial statements is the Jordanian Dinar, which is the functional currency of the Bank.
- The accounting policies for the current year are consistent with those used in the previous year except for the following:

### **Changes in Accounting Policies**

The IASB has issued amendments on the International Accounting Standards and new International Financial Reporting Standards which have become effective on January 1, 2005, and have been applied retroactively. The following accounting policies have been changed:

1. Deferred tax assets and liabilities have been calculated and recorded according to IAS (12). Accordingly, deferred tax liabilities arising from the cumulative change in the fair value stated in shareholders' equity is calculated and stated as an obligation and shown within liabilities.

In prior years, deferred tax assets expected to be realized have been recorded at the value of the temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and the value on the basis of which income tax is calculated. Deferred tax assets have been included in the Bank's assets, and retained earnings have been increased by the same amount as of the end of the year 2001.

2. Effective from January 1, 2005, amortization of goodwill over its useful life has been stopped. Instead, goodwill is tested for impairment at the date of the financial statements. Furthermore, goodwill is reduced in case its value is impaired due to the estimated recoverable value of the cash generating units to which goodwill relates becoming less than the value recorded in the books. Impairment is recorded in the consolidated financial statement.

3. Effective January 1, 2005, the new regulations of the Central Bank of Jordan have been implemented regarding the transfer of the General Credit Facilities Provision to both the provision for the impairment in Direct Credit Facilities and for the General Banking Risks Reserve which appears within owner's equity. This will ensure consistency with the requirements of the new and modified International Financial Reporting Standards.

The general banking risks reserve can not be used unless prior approval from the Central Bank of Jordan is obtained.



4. The following accounts have been reclassified to ensure consistency with the new and modified International Financial Reporting Standards (IFRS). These accounts are as follows:

a. Jordanian universities fees, scientific research and vocational training fees, vocational and technical education and training support fund fees and Board of Directors remunerations are to be reclassified within the Bank's expenditures rather than appropriated from the income of the year.

b. Direct credit facilities are to be shown net after deducting interest and commissions received in advance.

c. Minority interest is to be shown within shareholders' equity.

d. The full amount of the general provision associated with the off- balance sheet items is to be transferred to the general banking risks reserve within owners' equity.

The related financial impact is as follows:

	After Adjustment for the Year 2004 (JD)	Before Adjustment for the Year 2004 (JD)	Change (JD)
Change in Assets	1,572,362,875	1,571,426,157	936,718
Change in Liabilities	1,470,478,803	1,473,238,584	(2,759,781)
Change in Owners' Equity	100,688,647	96,992,148	3,696,499
Change in Net Income	6,612,689	5,888,474	724,215

### Financial Assets Held for Trading

- Financial assets held for trading are initially recognized at fair value when purchased. They are subsequently re-measured to fair value, and the resulting change is included in the consolidated income statement in the period in which it arises. Moreover, fair value differences resulting from the translation of foreign currency non-monetary assets are taken to the consolidated income statement.

- Distributed income or realized interest is recorded in the consolidated income statement.

**Direct Credit Facilities**

- A provision for the impairment in direct credit facilities is recognized when it is obvious that the financial assets of the Bank can not be recovered, there is an objective evidence of the existence of an event negatively affecting the future cash flows of the direct credit facilities, and the impairment amount can be estimated. The provision is taken to the consolidated statement of income.
- Interest and commission on non-performing credit facilities are suspended in accordance with the instructions of the Central Bank of Jordan.
- Impaired credit facilities, for which specific provisions have been taken, are written off by charging the provision after all efforts have been made to recover the assets. Any surplus in the provision is taken to the consolidated statement of income, while debt recoveries are taken to income.
- Non-performing credit facilities with provisions and interest in suspense equivalent to the balance of these facilities are transferred to off-balance sheet items.

**Available-for-Sale Financial Assets**

- Available-for-sale financial assets are initially recorded at fair value including acquisition costs. They are subsequently re-measured to fair value as of the date of the financial statements. Moreover, changes in fair value are recorded in a separate account within owners' equity. When these assets are fully or partially sold, disposed of, or determined to be impaired, the income or losses are recorded in the consolidated statement of income, including related amounts previously recorded within owners' equity. The loss resulting from the impaired value of the debt instruments is reversed when it is objectively evident that the increase in their fair value occurred after the losses had been recognized. Impairment losses resulting from the decline in the value of equity securities can not be reversed.
- Income and losses resulting from the foreign exchange of interest-bearing debt instruments are included in the consolidated statement of income. The differences in the foreign currency of equity instruments are included in the cumulative change in fair value within owners' equity.

- Interest from available-for-sale financial instruments is recorded in the consolidated statement of income using the effective interest method. Impairment in assets is recorded in the consolidated statement of income when incurred.

- Financial instruments for which fair value can not be reliably determined are shown at cost. The decline in value is recorded in the consolidated statement of income.

**Held-to-maturity investments:**

- Held-to-maturity investments are initially recognized at cost after adding acquisition costs less any impairment losses. Premiums and discounts 'if any' are amortized using the effective interest rate method. Provisions from impairment loss, if any, are taken to the consolidated statement of income.

**Fair value:**

The fair value of a listed financial asset is based on its closing market price prevailing at year-end. For an unlisted financial asset with no quoted market price, fair value is estimated by one of the following ways:

- Comparing it to another financial asset with similar terms and conditions.
- Analyzing future cash flows and using the discounted cash flow technique through adopting a discount rate used in a similar instrument.
- Adopting options pricing models.

Long-term non-interest bearing financial assets and financial liabilities are valued according to discounted cash flows and the effective interest rate method. The discount interest is taken to the received interest income within the consolidated statement of income.

The valuation methods aim is obtaining a fair value reflecting market expectations taking into consideration market factors, and any expected risks and benefits upon estimating the value of the financial assets. Moreover, financial assets the fair value of which can not be reliably measured are stated at cost net of any impairment in its value.

### **Impairment in the Value of Financial Assets**

The Bank reviews the values of financial assets on the date of the balance sheet in order to determine if there are any indications of impairment in their value individually or in the form of a portfolio. In case such indications exist, the recoverable value is estimated so as to determine the impairment loss.

#### **The impairment is determined as follows:**

- The impairment in financial assets recorded at amortized cost is determined on the basis of the present value of the cash flows discounted at the original interest rate.
  
- The impairment in the financial assets available for sale recorded at fair value represents the difference between the book value and fair value.
  
- The impairment in the financial assets recorded at cost is determined on the basis of the present value of the expected cash flows discounted at the market interest rate of similar instruments.
  
- The impairment in value is recorded in the consolidated statement of income. Any surplus in the following period resulting from previous declines in the fair value of financial assets is taken to the consolidated statement of income except for available-for-sale equity securities.

### **Investment in Associated Companies**

Associated companies are those companies whereby the Bank exercises significant influence over their financial and operating policies and whereby the Bank owns between 20% to 50% of voting rights. Investments in associates are stated at the equity method in the consolidated financial statements.

### **Fixed Assets**

- Fixed assets are stated at cost net of accumulated depreciation. Fixed assets (except for land) are depreciated according to the straight-line method over their estimated useful lives using the following rates:

	%
Buildings	2
Equipment and furniture	10 – 15
Vehicles	15
Computers	20
Improvements in buildings	15 – 20

- When the carrying amounts of fixed assets exceed their recoverable values, assets are written down, and impairment losses are recorded in the consolidated statement of income.
- The useful lives of fixed assets are reviewed at the end of each year. In case the expected useful life is different from what was determined previously, the change in estimate is recorded in the following years, being a change in estimate.

### **Provisions**

- Provisions are recognized when the Bank has an obligation on the date of the balance sheet as a result of past events; it is probable to settle the obligation; and a reliable estimate of the amount of the obligation can be made.

### **Provision for Employees End-of-Service Indemnities**

- A provision for legal and contractual commitments relating to employees end-of-service indemnities provision is taken according to the Bank's internal regulations.
- The required provision for end-of-service indemnities for the year is recorded in the consolidated statement of income while payments to departing employees are deducted from the provision amount.

### **Income Tax**

- Income tax expenses represent accrued taxes and deferred taxes.
- Income tax expenses are accounted for on the basis of taxable income. Moreover, income subject to tax differs from income declared in the financial statements because the latter

includes non-taxable revenue or tax un-deductible expenses in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, and items not accepted for tax purposes or subject to tax.

- Taxes are calculated on the basis of the tax rates prescribed according to the prevailing laws, regulations, and instructions of the countries where the Bank operates.

- Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and the value of the taxable amount. Deferred tax is calculated on the basis of the liability method in the balance sheet according to the rates expected to be applied when the tax liability is settled or tax assets are recognized.

- Deferred tax assets and liabilities are reviewed as of the date of the balance sheet, and reduced in case it is expected that no benefit will arise therefrom, partially or totally.

#### Accounts Managed on Behalf of Customers

These represent the accounts managed by the Bank on behalf of its customers, but do not represent part of the Bank's assets.

#### Offsetting

Financial assets and financial liabilities are offset, and the net amount is reflected in the balance sheet only when there are legal rights to offset the recognized amounts, the Bank intends to settle them on a net basis; or assets are realized and liabilities settled simultaneously.

#### Realization of Income and Recognition of Expenses

- Income is realized and expenses are recognized on an accrual basis, except for interest and commission on non-performing loans which are not recognized as revenue but recorded in the interest and commission in suspense account.

- Commission is recorded as revenue when the related services are provided. Moreover, dividends are recorded when realized (approved by the General Assembly).

### **Recognition of Financial Assets**

- Financial assets are recognized on the trade date (the date on which the entity commits itself to purchase or sell the financial assets).

### **Financial Derivatives and Hedge Accounting**

For hedge accounting purposes, the financial derivatives are stated at fair value.

Hedges are classified as follows:

- Fair value hedge: hedge for the change in the fair value exposures of the Bank's assets and liabilities.

When the conditions of effective fair value hedge are met, the resulting gain or loss from re-measuring the fair value hedge is recognized in the consolidated statement of income.

When the conditions of effective portfolio hedge are met, the gain or loss resulting from the revaluation of the hedging instrument at fair value as well as the change in the fair value of the assets or liabilities portfolio are recorded in the consolidated statement of income for the same period.

- Cash flow hedge: hedge for the change in the current and expected cash flows exposures of the Bank's assets and liabilities.

- When the conditions of effective cash flow hedge are met, the gain or loss of the hedging instruments is recognized in owners' equity. Such gain or loss is transferred to the consolidated statement of income in the period in which the hedge transaction impacts the income statement.

- Hedge for net investment in foreign entities:

When the conditions of the hedge for net investment in foreign entities are met, fair value is measured for the hedging instrument of the hedged net assets. In case of an effective relationship, the effective portion of the loss or profit related to the hedging instrument is recognized in owners'

equity. The ineffective portion is recognized in the consolidated statement of income. Whereas, the effective portion is recorded in the consolidated statement of income when the investment in foreign entities is sold.

- When the conditions of the effective hedge do not apply, gain or loss resulting from the change in the fair value of the hedging instrument is recorded in the consolidated statement of income in the same period.

### **Financial Derivatives for Trading:**

The fair value of financial derivatives for trading such as forward foreign currency contracts, future interest rate contracts, swap agreements, and foreign currency options is recorded in the balance sheet under other assets or other liabilities as the case may be. Fair value is measured according to the prevailing market prices, and if not available, the measurement method should be disclosed. The change in fair value is recognized in the consolidated statement of income.

### **Repurchase and Resale Agreements**

- Assets sold with a simultaneous commitment to repurchase them at a future date continue to be recognized in the consolidated financial statements as a result of the Bank's continuous control over these assets and as the related risk and benefits are transferred to the Bank upon occurrence. They also continue to be measured in accordance with the adopted accounting policies. Amounts received against these contracts are recorded within liabilities under borrowed funds. The difference between the sale price and the repurchase price is recognized as an interest expense amortized over the contract period using the effective interest rate method.

- Purchased assets with corresponding commitment to sell at a specific future date are not recognized in the consolidated financial statements because the Bank has no control over such assets and the related risks and benefits are not transferred to the Bank upon occurrence. Payments related to these contracts are recorded under deposits with banks and other financial institutions or loans and advances in accordance with the nature of each case. The difference between the purchase price and resale price is recorded as interest revenue amortized over the life of the contract using the effective interest method.



**Foreclosed Assets**

Assets that have been subject to foreclosure by the Bank are shown under "other assets" at the acquisition value or fair value, whichever is lower. As of the balance sheet date, these assets are revalued individually at fair value. Any decline in their market value is taken to the consolidated statement of income whereas any such increase is not recognized. Subsequent increase is taken to the consolidated statement of income to the extent it does not exceed the previously recorded impairment.

**Intangible Assets****A- Goodwill:**

- Goodwill is recorded at cost, and represents the excess amount paid to acquire or purchase the investment in an associate or a subsidiary on the date of the transaction over the fair value of the net assets of the associate or subsidiary at the acquisition date. Goodwill resulting from the investment in a subsidiary is recorded as a separate item as part of intangible assets, while goodwill resulting from the investment in an associated company constitutes part of the investment in that company. The cost of goodwill is subsequently reduced by any decline in the value of the investment.

- Goodwill is distributed over the cash generating unit(s) for the purpose of testing the impairment in its value.

- The value of goodwill is tested on the date of each balance sheet. Goodwill value is reduced when there is evidence that its value has declined or the recoverable value of the cash generating unit(s) is less than book value. The decline in value is recorded in the income statement as impairment loss.

**B- Other Intangible Assets**

- Other intangible assets acquired through mergering are stated at fair value at the date of acquisition. Other intangible assets purchased other than through mergering are recorded at cost.

- Intangible assets are to be classified on the basis of either definite or indefinite useful life. Intangible assets with definite useful economic lives are amortized over their useful lives and recorded as an expense in the consolidated statement of income. Intangible assets with indefinite lives are reviewed for impairment as of the financial statements date, and impairment loss is treated in the consolidated statement of income as an expense for the year.

- No capitalization of intangible assets resulting from the Banks' operations is made. They are rather recorded as an expense in the consolidated statement of income for the year.

- Any indications of impairment in the value of intangible assets as of the financial statements date are reviewed. Furthermore, the estimated useful lives of the impaired intangible assets are reassessed, and any adjustment is made in the subsequent period.

Software and computer programs are amortized over their estimated economic useful lives at a rate of 20%.

### **Foreign Currency**

- Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transaction.

- Financial assets and financial liabilities denominated in foreign currencies are translated at the average exchange rates prevailing on the balance sheet date and declared by the Central Bank of Jordan.

- Non-monetary assets and liabilities denominated in foreign currencies and recorded at fair value are translated on the date when their fair value is determined.

- Gains or losses resulting from foreign currency translation are recorded in the consolidated statement of income.

- Translation differences for non-monetary assets and liabilities denominated in foreign currencies are recorded as part of the change in fair value.

- When consolidating the financial statements, assets and liabilities of the branches and subsidiaries abroad are translated from the functional currency to the reporting currency using the average exchange rates prevailing on the balance sheet date and declared by the Central Bank of Jordan. Revenue and expense items are translated using the average exchange rates during the year, and exchange differences (if any) are shown in a separate item within owners' equity.

### **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash balances with central banks and balances with banks and financial institutions maturing within three months, less balances due to banks and financial institutions maturing within three months and restricted funds.

### **3. Accounting Estimates**

Preparation of the financial statements and the application of the accounting policies require the Bank's management to perform assessments and assumptions that affect the amounts of financial assets and liabilities. Moreover, these assessments and assumptions affect revenues, expenses, provisions, and changes in the fair value shown within owners' equity. In particular, this requires the Bank's management to issue significant judgments and assumptions to assess future cash flow amounts and their timing. Moreover, the said assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from assessments due to the changes resulting from the conditions and circumstances of those assessments in the future.

Management believes that the assessments adopted in the financial statements are reasonable. The details are as follows:

- A provision for performing and non-performing loans is taken on the bases and estimates approved by management in conformity with International Financial Reporting Standards (IFRS). The outcome of these bases and estimates is compared against the adequacy of the provisions as per the Central Bank of Jordan instructions. The most strict outcome that conforms with the (IFRS) is used for the purpose of determining the provision.

- Impairment loss (if any) is taken after a sufficient and recent evaluation of the acquired properties has been conducted by approved surveyors. The impairment loss is reviewed periodically.
- The fiscal year is charged with its portion of income tax expenditures in accordance with the regulations, laws, and accounting standards. Moreover, deferred tax assets and liabilities and the income tax provision are recorded.
- Management periodically reassesses the economic useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of these assets and the assessment of their useful economic lives expected in the future. Impairment loss (if any) is taken to the consolidated statement of income.
- A provision is set against lawsuits raised against the Bank. This provision is subject to an adequate legal study prepared by the Bank's legal advisor. Moreover, the study highlights potential risks that the Bank may encounter in the future. Such legal assessments are reviewed periodically.
- Management frequently reviews financial assets stated at cost to estimate any decline in their value. Impairment (if any) is taken to the consolidated statement of income as an expense for the year.

#### 4. Cash and Balances at Central Banks:

This item consists of the following:

	December 31,	
	2005	2004
	JD	JD
Cash in vaults	16,922,684	19,566,594
Balances at central banks:		
Current accounts	22,987,758	11,892,414
Time and notice deposits	8,331,066	9,257,378
Mandatory cash reserve	102,161,134	100,688,412
Certificates of deposit	302,700,000	228,700,000
Total Balance at Central Banks	436,179,958	350,538,204
Total Cash and Balances at Central Banks	453,102,642	370,104,798

- Except for the cash reserve at the Central Bank of Jordan, there are restricted balances amounting to JD 460,850 as of December 31, 2005 (against JD 3,874,263 as of December 31, 2004).
- Included in cash balances at central banks is an amount of JD 47,632,542 as of December 31, 2005 (against JD 42,500,000 as of December 31, 2004) maturing within a period exceeding three months.

## 5. Balances at Banks and Other Financial Institutions

This item consists of the following:

	December 31,	
	2005	2004
	JD	JD
<b>Local Banks and Financial Institutions:</b>		
Current accounts	315,226	966,091
Certificates of deposit (3 months and less)	-	354,500
Deposit accounts (3 months and less)	16,343,668	-
Total local	16,658,894	1,320,591
<b>External Banks and Financial Institutions:</b>		
Current accounts	14,730,531	8,472,867
Deposits accounts (3 months and less)	303,563,447	482,205,989
Certificates of deposit	-	7,090,000
Total External	318,293,978	497,768,856
	334,952,872	499,089,447

- Non-interest bearing balances at banks and financial institutions amounted to JD 1,790,774 as of December 31, 2005 compared to JD 748,584 as of December 31, 2004.
- Restricted balances amounted to JD 9,217,000 as of December 31, 2005 compared to zero as of December 31, 2004

## 6. Deposits at Banks and Other Financial Institutions

This item consists of the following:

Maturity Period	Local Banks & Financial Institutions		Banks & Financial Institutions Abroad		Total	
	December 31,		December 31,		December 31,	
	2005	2004	2005	2004	2005	2004
	JD	JD	JD	JD	JD	JD
From 3 months to 6 months	-	-	982,223	716,560	982,223	716,560
	-	-	982,223	716,560	982,223	716,560

## 7. Trading Financial Assets

This item consists of the following:

	December 31,	
	2005	2004
	JD	JD
Equity securities – listed	5,022,149	3,578,448
Bonds and debentures – listed	1,884,667	9,760,715
	6,906,816	13,339,163

## 8. Direct Credit Facilities – Net

This item consists of the following:

	December 31,	
	2005	2004
	JD	JD
Notes and bills discounted *	58,370,971	57,297,517
Overdraft accounts	176,255,154	164,739,491
Utilized advances and loans **	461,375,659	333,268,967
Credit cards	7,043,244	5,764,794
	703,045,028	561,070,769
Less: Provision for direct credit facilities	101,540,668	88,855,002
Interest and commission in suspense	41,357,194	46,773,234
	142,897,862	135,628,236
Net Direct Credit Facilities	560,147,166	425,442,533

\* Net after the deduction of interest and commission received in advance of JD 2,700,731 as of December 31, 2005 (against JD 1,972,703 as of December 31, 2004).

\*\* Net after the deduction of interest and commission received in advance of JD 3,430,759 as of December 31, 2005 (against JD 2,821,449 as of December 31, 2004).

- Direct Credit facilities are distributed over the following sectors:

	Other							December 31,	
	Jordan JD	Middle East Countries JD	Other Europe JD	Asia *	Africa *	America JD	Countries JD	2005 JD	2004 JD
Agriculture	21,774,964	209,990	330,031	-	-	-	-	22,314,985	24,019,845
Industry and mining	40,147,175	16,116,633	1,800,472	-	-	-	-	58,064,280	68,165,093
Construction	29,310,761	26,610,077	-	-	-	-	-	55,920,838	45,801,927
General trade	163,490,587	50,466,004	17,808,808	-	-	-	-	231,765,399	174,863,127
Transport services	6,692,029	585,490	803,025	-	-	-	-	8,080,544	8,856,741
Tourism, hotels and restaurants	13,814,961	2,357,481	-	-	-	-	-	16,172,442	24,734,659
Services and public utilities	35,825,540	1,146,992	1,870,215	-	-	-	-	38,842,747	43,147,974
Financial services	101,980,797	1,961,788	3,200,201	-	-	-	-	107,142,786	83,082,416
Purchase of stocks	60,642,091	-	-	-	-	-	-	60,642,091	6,254,480
Real estate financing	15,001,250	4,153,982	-	-	-	-	-	19,155,232	10,042,208
Car financing	40,129,581	8,738,465	-	-	-	-	-	48,868,046	34,293,648
Consumer goods financing	19,459,298	1,202,225	-	-	-	-	-	20,661,523	20,367,248
Other purposes	10,289,651	3,196,457	1,928,007	-	-	-	-	15,414,115	17,441,403
	558,558,685	116,745,584	27,740,759	-	-	-	-	703,045,028	561,070,769

\* Except for Middle East Countries.

- The credit facilities are distributed over the following sectors:

	December 31,	
	2005 JD	2004 JD
Public sector	13,553,945	8,508,000
Private Sector:		
Companies and financial institutions	326,152,618	300,386,144
Individuals	363,338,465	252,176,625
	703,045,028	561,070,769

- Non-performing credit facilities amounted to JD 165,353,668, which is equivalent to 23.52% of total direct credit facilities (against JD 195,133,277, which is equivalent to 34.78% of total direct credit facilities as of December 31, 2004).

- Non-performing credit facilities excluding interest and commissions in suspense amounted to JD 123,996,474, which is equivalent to 18.74% of total direct credit facilities (against JD 148,360,043, which is equivalent to 28.85% of total direct credit facilities as of December 31, 2004).
- Credit facilities granted to / guaranteed by the Government of Jordan amounted to JD 8,023,744, which is equivalent to 1.14% of total direct credit facilities (against JD 8,508,000, which is equivalent to 1.51% of total direct credit facilities as of December 31, 2004).
- Direct credit facilities granted against real estate collaterals amounted to JD 204,944,000 as of December 31, 2005 (against JD 210,303,000 as of December 31, 2004).
- The fair value of guarantees presented as collaterals against granted credit facilities amounted to JD 295,817,000 as of December 31, 2005 (against JD 299,199,000 as of December 31, 2004).
- The balance of non-performing loans transferred off-balance sheet amounted to JD 41,946,369 (against JD 33,360,465 for the year 2004). These loans are fully covered by provisions and interest in suspense.

#### Provision for Impairment in Credit Facilities:

The movement on the provision for impairment in credit facilities was as follows:

	December 31,	
	2005 JD	2004 JD
Balance-beginning of the year	88,855,002	87,647,334
Transferred from suspended interest	-	30,655
Subtracted from revenues during the year	19,738,505	11,885,626
Loans written-off	( 2,750,977)	(1,996,512)
Transferred to off-balance sheet items	( 4,251,126)	(8,689,587)
Currency exchange differences	( 50,736)	( 22,514)
Balance-End of the Year	101,540,668	88,855,002



The provisions no longer needed due to settlements, debt collections, or offsetting against nonperforming loans amounted to JD 17,668,507 as of December 31, 2005 (against JD 17,765,561 as of December 31, 2004).

### Interest and Commission in Suspense

The movement on suspended interest and commission was as follows:

	December 31,	
	2005	2004
	JD	JD
Balance-beginning of the year	46,773,234	62,923,468
Add: Interest suspended during the year	7,516,788	16,403,499
currency difference	-	1,091
Less: Interest transferred to revenues (Note 32)	1,536,028	2,619,207
Suspended interest written-off	7,058,062	5,234,084
Transferred to off-balance sheet items	4,338,738	24,701,533
Balance-End of the Year	41,357,194	46,773,234

### 9. Available-for-Sale Financial Assets

The details of this item are as follows:

	December 31,	
	2005	2004
	JD	JD
Quoted Available-for-Sale Financial Assets:		
Treasury bills	13,458,536	7,577,536
Governmental bonds or bonds guaranteed		
by the Government	58,704,362	18,759,127
Companies bonds and debentures	7,010,028	6,390,410
Other bonds	4,730,611	3,178,747
Companies shares	20,699,586	13,374,228
<b>Total Quoted Available-for-Sale Financial</b>		
Assets	104,603,123	49,280,048
Unquoted Available-for-Sale Financial Assets:		
Companies bonds and debentures	4,099,000	7,118,750
Companies shares	11,543,584	12,457,650
<b>Total Unquoted Available-for-Sale Financial</b>		
Assets	15,642,584	19,576,400
<b>Total Available-for-Sale Financial Assets</b>	<b>120,245,707</b>	<b>68,856,448</b>
Bonds and Treasury Analysis:		
Fixed return	85,872,701	42,135,555
Variable return	2,129,836	889,015
	88,002,537	43,024,570

- There were investments of JD 15,642,584 as of December 31, 2005 (JD 19,576,400 as of December 31, 2004) the fair value of which could not be reliably measured and they are presented at cost after recording the impairment in their value of JD 416,234 in the consolidated statement of income for the year ended December 31, 2005.

## 10. Held-to-Maturity Investments - Net

This item consists of the following:

	December 31,	
	2005	2004
	JD	JD
<b>Quoted Financial Assets:</b>		
Treasury bills	2,000,000	6,000,000
<b>Governmental bonds or bonds guaranteed</b>		
by the Government	56,984,251	71,981,123
Companies bonds and debentures	71,247	4,997,052
<b>Total Quoted Financial Assets</b>	<b>59,055,498</b>	<b>82,978,175</b>
<b>Bonds Return Analysis:</b>		
Fixed return	58,984,251	82,978,175
Variable return	71,247	-
<b>Total</b>	<b>59,055,498</b>	<b>82,978,175</b>

Financial assets held-to maturity become due as follows:

	December 31,	
	2005	2004
	JD	JD
During the year	12,589,433	16,759,594
From one to three years	16,967,339	40,999,892
More them three years	29,498,726	25,218,689
	<b>59,055,498</b>	<b>82,978,175</b>

## 11. Investments in Affiliated and Subsidiary Companies

This item consists of the following:

	Established in Country	Ownership Percentage %	Cost		Nature of Business	Bank's Share of Profit %	Calculation Method
			2005 JD	2004 JD			
Beach Hotels and Tourist Resorts Company *	Jordan	47	6,448,763	-	Hotel services	47	Equity
Liwan Company for Investment							
and Tourism Amenities	Jordan	50	1,615,000	-	Hotel services	50	Equity
Almawared for Development and Investment	Jordan	31/145	3,459,967	3,396,506	Development and investment	31.145	Equity
General Arab Insurance Co.	Jordan	49/44	3,968,179	-	Insurance	49/44	Equity
Kuwait Real Estate Company **	Lebanon	100	141,400	94,368	Real estate	100	Equity
Arab Printers Co.	Jordan	48/82	-	-	Journalism	48.82	Equity
			15,633,309	3,490,874			

\* During the year 2005, the National Real Estate Investments Company has been merged into Beach Hotels and Tourist Resorts Company. The decision to merge the two companies was taken by His Excellency the Minister of Industry and Trade in his letter No. Msh/merger/12401 dated July 17, 2005. The Bank's ownership amounted to 47% of the net shareholders' equity of the new company. Moreover, the merger resulted in a loss of JD 486,925 which was taken to the consolidated statement of income according to the opening balance sheet of the company resulting from the merger as of July 1, 2005.

\*\* The financial statements of Kuwait Real Estate Company have not been consolidated as the company is under liquidation and its financial statements are considered immaterial compared to the consolidated financial statements.

The following is the summary of the movement on investments in affiliates :

The Bank's Portion of Affiliates Assets and Liabilities					
	December 31,			December 31,	
	2005 JD	2004 JD		2005 JD	2004 JD
Balance					
beginning of the year	3,490,874	4,529,438	Current assets	8,318,254	108,943
Additions	12,065,663	-	Non-current assets	10,597,183	3,527,533
Bank's portion from profit					
(loss) for the year	76,772	(29,414)	Current liabilities	992,963	37,684
Sales of shares		1,009,150	Non-current assets	2,289,165	107,918
Balance					
End of the year	15,633,309	3,490,874		15,633,309	3,490,874

## 12. Fixed Assets - Net

The details of this item are as follows:

Furniture, Fixtures and Year 2005	Land	Buildings	Equipment	Vehicles	Computers	Other	Total
<b>Cost:</b>							
Balance - beginning of the year	12,895,003	34,116,733	18,095,264	1,261,993	5,735,636	487,221	72,591,850
Addition resulting from merging with Philadelphia Bank	-	4,010,742	2,314,515	202,310	1,528,328	-	8,055,895
Additions	340,571	5,553	1,915,604	49,500	1,548,898	45,963	3,906,089
Disposals	8,778,452	1,771,615	846,675	89,023	438,904	-	11,924,669
Balance - End of the year	4,457,122	36,361,413	21,478,708	1,424,780	8,373,958	533,184	72,629,165

<b>Accumulated Depreciation:</b>							
Balance - beginning of the year	-	3,495,678	13,475,153	678,450	4,284,477	-	21,933,758
Addition resulting from merging with Philadelphia Bank	-	156,840	1,487,799	198,278	1,440,265	-	3,283,182
Additions	-	812,959	1,251,588	111,548	572,560	-	2,748,655
Disposals	-	191,958	308,294	75,238	431,944	-	1,007,434
Balance - End of the year	-	4,273,519	15,906,246	913,038	5,865,358	-	26,958,161
Net Book Value of Fixed Assets	4,457,122	32,087,894	5,572,462	511,742	2,508,600	533,184	45,671,004
Down payments on fixed assets purchases	-	1,005,429	25,311	-	-	-	1,030,740
Balance - End of the Year	4,457,122	33,093,323	5,597,773	511,742	2,508,600	533,184	46,701,744

<b>Year 2004 (Restated)</b>							
<b>Cost:</b>							
Balance - beginning of the year	12,814,617	34,106,933	17,905,837	1,030,371	4,924,283	451,234	71,233,275
Additions	80,386	9,800	1,762,613	389,520	1,019,412	35,987	3,297,718
Disposals	-	-	1,573,186	157,898	208,059	-	1,939,143
Balance - End of the year	12,895,003	34,116,733	18,095,264	1,261,993	5,735,636	487,221	72,591,850

<b>Accumulated Depreciation:</b>							
Balance - beginning of the year	-	2,893,688	13,164,695	728,289	3,448,174	-	20,234,846
Additions	-	604,985	1,144,934	112,669	841,464	-	2,704,052
Disposals	-	2,995	834,476	162,508	5,161	-	1,005,140
Balance - End of the year	-	3,495,678	13,475,153	678,450	4,284,477	-	21,933,758
Net Book Value of Fixed Assets	12,895,003	30,621,055	4,620,111	583,543	1,451,159	487,221	50,658,092
Down payments on fixed assets purchases	-	144,631	42,297	-	-	-	186,928
Balance - End of the Year	12,895,003	30,765,686	4,662,408	583,543	1,451,159	487,221	50,845,020

- Fixed assets as of December 31, 2005 include an amount of JD 10,136,230 representing fully depreciated fixed assets against JD 7,312,247 as of December 31, 2004.

### 13. Intangible Assets

This item consists of the following:

	2005		
	Computer Software and Applications JD	Goodwill* JD	Total JD
Balance-beginning of the year	977,580	3,649,782	4,627,362
Additions	1,932,014	-	1,932,014
Amortization for the year	( 584,913)	-	( 584,913)
Impairment of goodwill	-	( 333,876)	( 333,876)
Balance-End of the year	2,324,681	3,315,906	5,640,587
<b>2004 (Restated)</b>			
Balance-beginning of the year	980,689	3,766,178	4,746,867
Additions	400,587	507,588	908,175
Amortization for the year	(403,696)	( 623,984)	(1,027,680)
Balance-End of the year	977,580	3,649,782	4,627,362

\* Goodwill resulted from the purchase revaluation difference on Al-Ahli International Bank and National Zarqa College.

### 14. Other Assets

This item consists of the following:

	December 31,	
	2005 JD	2004 JD
Real estate foreclosed by the Bank to settle debts	16,773,714	15,343,865
Real estate for sale	2,430,584	5,696,652
Inter-branch balances	1,113,974	3,872,144
Accrued interest and commissions and present value difference on long-term financial liabilities	25,010,081	4,734,198
Prepaid income taxes (Note 20)	11,315	1,444,029
State Security Court	6,371,536	-
Forclosed real estate sold-present value	4,866,299	3,856,797
Advances to employees	168,317	64,007
Revenue stamps	123,437	120,438
Advances	67,674	132,847
Refundable deposits	136,631	104,032
Prepaid expenses	2,448,014	2,129,587
Prepaid rents	401,888	263,620
Checks and transfers under collection	2,971,735	8,979,930
Other debit balances	2,475,386	2,218,373
	65,370,585	48,960,519

\* The fair value of real estate for sale as of December 31, 2005 was JD 2,631,022 (against JD 5,745,653 as of December 31, 2004). Moreover, the fair value of real estate for sale is evaluated by property experts.

	December 31,	
	2005	2004
	JD	JD
Balance - beginning of the year	15,343,865	11,461,000
Additions	9,502,330	6,385,951
Disposals	(7,858,648)	(2,503,086)
Loss on property impairment (Note 34)	( 213,833)	-
Balance - End of the year	16,773,714	15,343,865

## 15. Banks and Financial Institutions Deposits

This item consists of the following:

	December 31, 2005			December 31, 2004		
	Inside	Outside	Total	Inside	Outside	Total
	Jordan	Jordan		Jordan	Jordan	
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	9,605,629	7,844,758	17,450,387	8,324,393	3,660,725	11,985,118
Deposits due within 3 months	26,023,623	26,555,342	52,578,965	4,567,643	24,903,842	29,471,485
<b>Deposits maturing:</b>						
from 3 to 6 months	-	-	-	3,250,000	-	3,250,000
More than one year	150,000,000	-	150,000,000			
Total	185,629,252	34,400,100	220,029,352	16,142,036	28,564,567	44,706,603

## 16. Customers Deposits

This item consists of the following:

	December 31,	
	2005 JD	2004 JD
Current accounts and demand deposits	293,382,548	516,561,577
Saving accounts	70,224,019	90,269,057
Time and notice deposits	675,843,619	636,109,589
Qoushan certificates of deposit	14,734,795	15,610,708
Certificates of deposit	17,274,000	3,094,000
<b>Total</b>	<b>1,071,458,981</b>	<b>1,261,644,931</b>

- Public sector deposits inside Jordan amounted to JD 113,782,647, which is equivalent to 10.62% of total deposits (against JD 129,279,571, which is equivalent to 10.25 % of total customers deposits as of December 31, 2004).
- Non-interest bearing deposits amounted to JD 219,794,290, which is equivalent to 20.51% of total deposits (against JD 266,764,504 which is equivalent to 21.14% of total customers deposits as of December 31, 2004).
- Restricted deposits amounted to JD 18,382,257 which is equivalent to 1.72% of total deposits as of December 31, 2005 (against JD 3,242,087, which is equivalent to 0.26% as of December 31, 2004).
- Dormant accounts amounted to JD 37,075,632 as of December 31, 2005 (against JD 20,275,214 as of December 31, 2004).
- Restricted fund deposits amounted to JD 18,431,586 which is equivalent to 1.72 % of total deposits as of December 31, 2005 (against JD 19,672,468, which is equivalent to 1.56 % as of December 31, 2004)

## 17. Cash Margins

This item consists of the following:

	December 31,	
	2005 JD	2004 JD
Cash margins on direct credit facilities	78,657,141	79,446,910
Cash margins on indirect credit facilities	62,097,941	50,832,924
Marginal deposits	2,508,581	4,678,720
Other margins	589,357	531,848
<b>Total</b>	<b>143,853,020</b>	<b>135,490,402</b>

## 18. Borrowed Funds

This item consists of the following:

Year 2005	Number of Installments		Installments	Guarantees	Rate	
	Frequency of Interest	Total Remaining				
	Amount	Total Remaining				
	JD				%	
Jordan Mortgage Refinance Co.	724,179	1	1	one-time payment upon maturity	Mortgage bonds	5.50%
Jordan Mortgage Refinance Co.	676,000	1	1	one-time payment upon maturity	Total for all loans	5.50%
Jordan Mortgage Refinance Co.	5,000,000	1	1	one-time payment	for an amount of	5.95%
Jordan Mortgage Refinance Co.	2,000,000	16	8	JD 250,000 semi annually	18,306,788	6.213%
<b>Total</b>	<b>8,400,179</b>					

\* Collaterals against loans submitted by the Jordan Mortgage Refinance Company amounted to JD 18,306,788 as of December 31, 2005.

These funds are re-borrowed as housing loans at annual interest rates ranging from 6.5% to 8.5% according to the funding percentages ranging from 60% to 80%.

Year 2004	Number of Installments		Installments	Guarantees	Rate	
	Frequency of Interest	Total Remaining				
	Amount	Total Remaining				
	JD				%	
Jordan Mortgage Refinance Co.	697,382	1	1	one-time payment upon maturity	2,051,885	6.45%
Jordan Mortgage Refinance Co.	724,179	1	1	one-time payment upon maturity	1,174,475	5.50%
Jordan Mortgage Refinance Co.	676,000	1	1	one-time payment upon maturity	5,160,125	5.50%
Jordan Mortgage Refinance Co.	2,500,000	1	1	one-time payment upon maturity	3,951,860	6.45%
Jordan Mortgage Refinance Co.	2,500,000	16	10	JD 250,000 semi annually	4,839,918	6.21%
<b>Total</b>	<b>7,097,561</b>				<b>17,178,263</b>	

\* Collaterals against loans submitted by the Jordan Mortgage Refinance Company amounted to JD 17,178,263 as of December 31, 2004.

These funds are re-borrowed as housing loans at annual interest rates ranging from 6.5% to 8.5% according to the funding percentage ranging from 60% to 80%.



## 19. Provisions

This item consists of the following:

Year 2005	Provisions Resulting					
	Beginning	from Merging			Returned to	Ending
	Balance	Philadelphia Bank	Additions	Disposals	Income	Balance
	JD	JD	JD	JD	JD	JD
Provision for staff indemnity	2,331,831	-	525,820	315,041	-	2,542,610
Provision for foreign currencies	170,264	-	142,198	-	-	312,462
Provision for legal claims	249,768	503,291	-	6,500	40,940	705,619
Other provisions	166,881	6,908,904	4,504	-	15,437	7,064,852
<b>Total</b>	<b>2,918,744</b>	<b>7,412,195</b>	<b>672,522</b>	<b>321,541</b>	<b>56,377</b>	<b>10,625,543</b>

Year 2004						
Provision for staff indemnity	2,467,135	-	422,960	558,264	-	2,331,831
Provision for foreign currencies	1,838	-	168,426	-	-	170,264
Provision for legal claims	-	-	249,768	-	-	249,768
Other provisions	371,554	-	181,319	385,992	-	166,881
<b>Total</b>	<b>2,840,527</b>	<b>-</b>	<b>1,022,473</b>	<b>944,256</b>	<b>-</b>	<b>2,918,744</b>

\* Other provisions consist of the following :

	December 31,	
	2005	2004
	JD	JD
Provision for credit facilities-Philadelphia Bank	6,093,851	-
Provision for contingent liabilities-Philadelphia Bank	815,053	-
Other	155,948	166,881
	<b>7,064,852</b>	<b>166,881</b>

## 20. Income Tax Provision

### A) Provision for income tax:

The movement on the provision for income tax was as follows:

	2005 JD	2004 (Restated) JD
Beginning balance	585,469	410,090
Transferred from Philadelphia Bank	9,410	-
Income tax paid	(852,714)	(24,339)
Income tax for the year	7,992,731	199,339
Transferred from prepaid income tax (Note 14)	(1,432,714)	-
Difference from evaluating provision	-	379
Ending Balance	6,302,182	585,469

- Income tax in the income statement for the year consists of the following:

	2005 JD	2004 (Restated) JD
Accrued income tax on the year profit	7,992,731	199,339
Deferred tax assets for the year *	( 180,943)	( 533,109)
Amortization of deferred tax assets/liabilities	569,908	998,350
Balance-End of the year	8,381,696	664,580

\* Deferred tax assets for the Bank's branches in Jordan were reassessed at the end of the year 2005 to become 35%. This reduced the income tax expense by JD 180,943 for the year 2005 (JD 533,109 for the year 2004). Moreover, no deferred tax assets for the Bank's foreign branches have been calculated as the Bank is uncertain that it would benefit from these assets in the future.

- A final settlement with the income tax authorities has been reached for Jordan branches up to the year 2002. Moreover, the Income Tax Department has not yet reviewed the Bank's records for the year 2004 and 2003 yet.

- A final settlement with the Income Tax and Value-Added Tax Department has been reached for Palestine branches up to the end of the year 2004.

- A final tax settlement has been reached for the subsidiary company in Lebanon for the year 2003.
- A final tax settlement has been reached for the Bank's branches in Cyprus up to the end of the year 2002.

b. Deferred Tax Assets / Liabilities:

The details of this item are as follows:

Accounts Included	Beginning Balance as of January 1, 2005 JD	2005 Amounts			Balance End of the Year JD	Deferred Tax JD
		Amounts Released JD	Additions JD			
<b>1. Deferred Tax Assets</b>						
Prior years' provision for non-performing loans	7,989,163	1,084,468	-	6,904,695	2,416,643	
Provision for foreign currencies	168,426	-	142,198	310,624	108,718	
Provision for staff indemnity	1,211,206	222,297	316,270	1,305,179	456,813	
Impairment loss in real estate	1,658,512	321,543	58,512	1,395,481	488,418	
Provision for lawsuits against the Bank	149,768	-	-	149,768	52,419	
	11,177,075	1,628,308	516,980	10,065,747	3,523,011	
<b>2. Deferred Tax Liabilities *</b>						
Cumulative change in fair value of available for-sale financial assets	3,785,534	401,684	10,657,243	14,041,093	3,446,253	
	3,785,534	401,684	10,657,243	14,041,093	3,446,253	

- A final tax settlement has been reached for the subsidiary company in Lebanon for the year 2003.
- A final tax settlement has been reached for the Bank's branches in Cyprus up to the end of the year 2002.

b. Deferred Tax Assets / Liabilities:

The details of this item are as follows:

Accounts Included	Beginning Balance as of January 1, 2005 JD	2004 (Restated) Amounts			Balance End of the Year JD	Deferred Tax JD
		Amounts Released JD	Additions JD			
<b>1. Deferred Tax Assets</b>						
Prior years' provision for non-performing loans	10,527,441	2,538,278	-	7,989,163	2,796,207	
Provision for foreign currencies	1,277,318	314,150	248,038	1,211,206	423,922	
Provision for staff indemnity	701,576		956,936	1,658,512	580,479	
Impairment loss in real estate			168,426	168,426	58,949	
Provision for lawsuits against the Bank		-	149,768	149,768	52,419	
	12,506,335	2,852,428	1,523,168	11,177,075	3,911,976	
<b>2. Deferred Tax Liabilities *</b>						
Cumulative change in fair value of available for-sale financial assets	508,616	376,528	3,653,446	3,785,534	917,215	
	508,616	376,528	3,653,446	3,785,534	917,215	

\* Deferred tax liabilities include JD 3,446,253 against JD 917,215 for the previous years resulting from the revaluation gains on available-for-sale financial assets presented at a net amount within the cumulative change in fair value under equity.

- The movement on deferred tax assets / liabilities was as follows:

Description	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Beginning balance	3,911,976	917,215	4,377,217	57,028
Additions during the year	180,943	2,616,562	533,109	959,026
Deductions	569,908	87,524	998,350	98,839
Ending Balance	3,523,011	3,446,253	3,911,976	917,215

c. A summary of the reconciliation between declared income and taxable income:

	2005 JD	2004 (Restated) JD
Declared income	34,300,594	7,286,394
Tax exempted income	(15,219,692)	(10,139,609)
Un-deductible expenses	7,668,311	4,699,091
Taxable income	26,749,213	1,845,876
Percentage on income tax	29.9%	10.8%

- The income tax rate for banks in Jordan is 35% while the income tax rate in the countries where the Bank has investments or branches ranges from 4.25% to 36%.

## 21. Other Liabilities

This item consists of the following:

	December 31,	
	2005 JD	2004 JD
Accepted cheques	14,238,696	4,515,175
Unearned interest and commission	2,329,956	2,860,058
Unearned revenue	58,336	19,668
Accrued interest-not paid	3,711,570	2,970,485
Temporary deposits	2,961,819	1,465,100
Accrued rents	-	21,310
Checks and transfers-delayed payment	879,596	2,525,586
Trading contracts revaluation differences	885	80,765
Other liabilities	126,769	2,259
Unearned rents and revenues	30,940	13,998
Accrued expenses-not paid	1,705,138	692,050
Other accounts payable	2,206,125	1,777,879
Provision for scientific research	289,151	37,862
Provision for Technical and Vocational Training Support Fund fees	270,508	32,821
Provision for universities fees	281,306	37,862
Board of Directors' remuneration	65,000	65,000
	29,155,795	17,117,878

## 22. Paid-up and Additional Paid-in Capital

In its extraordinary meeting held on April 25, 2005, the Bank's General Assembly of Shareholders decided to increase the Bank's capital by JD 25 million through distributing 6 million free shares by capitalizing the foreign branches reserve balance of JD 4,550,000 and an amount of JD 1,450,000 from the share capital premium as of December 31, 2004, in addition to allocating 6 million shares at JD 1 each without premium to original shareholders and to offer 500,000 shares without premium to employees. They also decided to offer 12/5 million shares for private subscription at JD 4 each with a premium of JD 3 each. On June 1, 2005, the Bank obtained the approval of His Excellency the Minister of Industry and Trade, the General Assembly's decision on May 1, 2005, in addition to the approval of the Securities Commission on June 1, 2005. In their ordinary meeting dated April 25, 2005, the General Assembly of Shareholders decided to pay cash dividends at a rate of 5% of paid-up capital, equivalent to JD 3 million.

The details of the increase in capital are as follows:

	2005 JD	2004 (Restated) JD
Capital as of the end of the year	82,311,249	60,000,000
Number of issued shares	82,311,249	60,000,000
Par value per share premiums	1	1
Share premium	32,903,037	4,235,496

## 23. Reserves

The details of the reserves as of December 31, 2005 are as follows:

### a. Statutory Reserve:

This account represents the accumulated amount of appropriations from income before tax at 10% per year according to the Banking Law. This amount is not to be distributed to shareholders.

### b. Voluntary Reserve

This account represents the accumulated amount of appropriations from income before tax at a maximum rate of 20% during the year and previous years.

The voluntary reserve is to be used according to a resolution by the Board of Directors. The General Assembly has the right to distribute this reserve or any portion therefrom as dividends to shareholders.

### c. General Banking Risks Reserve

This reserve represents the general banking risks reserve in accordance with the Central Bank of Jordan regulations.

The details of the restricted reserves are as follows:

Description	December 31,		Nature of Restriction
	2005 JD	2004 (Restated) JD	
			According to the Central
General banking risks reserve	5,488,231	3,780,449	Bank of Jordan regulations
			According to the law
Statutory reserve	20,616,916	17,607,551	

## 24. Cumulative Change in Fair Value - Net

This item consists of the following:

	2005 Available-for-Sale Financial Assets			2004 (Restated) Available-for-Sale Financial Assets		
	Shares	Bonds	Total	Shares	Bonds	Total
	JD	JD	JD	JD	JD	JD
Beginning balance	2,579,215	289,104	2,868,319	57,025	451,591	508,616
Effects of implementing the amended IAS 39	-	-	-	(14,969)	(42,059)	(57,028)
Unrealized net profits / (losses)	8,621,285	1,619,724	10,241,009	3,745,712	(94,819)	3,650,893
Deferred tax liabilities	(2,276,276)	(252,762)	(2,529,038)	(900,220)	40,033	(860,187)
Foreign currencies differences	-	-	-	-	2,553	2,553
Realized net (profit)-transferred to						
the income statement	(373,962)	(27,722)	(401,684)	(308,333)	(68,195)	(376,528)
Loss on impairment taken to the						
statement of income	416,234	-	416,234	-	-	-
Ending Balance *	8,966,496	1,628,344	10,594,840	2,579,215	289,104	2,868,319

\* The cumulative change in fair value is presented as a net amount after deducting deferred tax liabilities of JD 3,446,253 (against JD 917,215 for the previous years).

## 25. Retained Earnings

The details of this item are as follows:

	2005 JD	2004 (Restated) JD
Beginning balance	4,585,109	(1,225,802)
The effect of implementing the new and amended standards	-	245,551
Adjusted balance-Beginning of the year	4,585,109	( 980,251)
Income for the year	25,890,327	6,612,689
Dividends paid	(3,000,000)	-
Realized income from available-for-sale financial assets	( 37,434)	( 60,900)
Transfers to reserves	(7,726,512)	( 983,319)
Foreign currency exchange differences	( 539)	( 3,110)
Ending Balance	19,710,951	4,585,109

Included in retained earnings is an amount of JD 3,523,011 restricted by the Central Bank of Jordan against deferred tax assets as of December 31, 2005 (JD 3,911,976 as of December 31, 2004).

## 26. Minority Interest

This item consists of the following:

	December 31, 2005			December 31, 2004		
	Percentage of Minority Interest* %	Minority Portion of Net Income JD	Minority Portion of Net Assets JD	Percentage of Minority Interest * %	Minority Portion of Net Income JD	Minority Portion of Net Assets JD
International Bank-Lebanon	2.787	28,571	1,294,543	2.787	9,125	1,195,425
	28,571		1,294,543	9,125	1,195,425	

\* Minority interest in the subsidiary's capital (International National Bank- Lebanon) is 2.787 % of capital while maintaining 11.51% of capital advances.



## 27. Interest Income

This item consists of the following:

	December 31,	
	2005	2004
	JD	JD
Direct credit facilities:		
Discounted bills	3,900,116	3,727,282
Overdraft accounts	13,869,438	10,415,927
Loans and advances	20,225,191	17,805,880
Credit cards	223,995	223,398
Revenues from balances at banks:		
Balances at central bank & difference of present value for long-term financial liabilities		
	31,081,355	6,504,686
Balances and deposits at banks and financial institutions		
	10,816,752	5,647,559
Financial Assets:		
Available-for-sale financial assets	556,568	7,972,823
Held-to-maturity financial assets	4,723,382	1,635,758
Other	5,381,258	61,732
Total	90,778,055	53,995,045

## 28. Interest Expense

This item consists of the following:

	December 31,	
	2005	2004
	JD	JD
Deposits at banks and financial institutions	1,196,236	785,310
Customers deposits:		
Current and demand deposits	809,445	605,481
Saving accounts	847,944	792,325
Time and notice deposits	23,740,050	18,127,946
Certificates of deposit	544,789	60,015
Qushan Certificates	435,807	389,545
Cash margins	2,469,048	1,774,493
Borrowed funds	501,634	613,449
Loan guarantee fees	1,317,229	1,107,178
Total	31,862,182	24,255,742

## 29. Commission Income – Net

This item consists of the following:

	December 31,	
	2005	2004
	JD	JD
Direct credit facilities	3,584,846	3,092,754
Indirect credit facilities	11,236,003	8,395,768
Other commissions	1,331,944	612,133
Debit commissions	( 386,647)	( 189,877)
Net Commissions	15,766,146	11,910,778

## 30. Income from Trading Financial Assets

This item consists of the following:

	Realized Profit	Unrealized (Loss)	Dividends Income	Total
Year 2005	JD	JD	JD	JD
Companies shares	3,180,030	(1,304,036)	45,958	1,921,952
Derivatives	85,034	-	-	85,034
Total	3,265,064	(1,304,036)	45,958	2,006,986
Year 2004				
Companies shares	1,246,167	( 245,751)	42,173	1,042,589
Total	1,246,167	( 245,751)	42,173	1,042,589

## 31. Income from Available-for-Sale Financial Assets

This item consists of the following:

	December 31,	
	2005	2004
	JD	JD
Dividend income	575,550	446,276
Income from the sale of available-for-sale financial assets	361,728	718,418
Impairment in available-for-sale investments	416,234)	(172,916)
Total	521,044	991,778

### 32. Other Operating Income

This item consists of the following:

	December 31,	
	2005	2004
	JD	JD
Rental of safe deposit boxes	51,753	45,512
Gains and losses from trading in contracts and derivatives	40,637	45,533
Collections from provision for impairment in credit facilities *	2,853,242	-
Realized interest in suspense **	1,778,073	2,619,207
Credit cards	5,211	6,501
Portfolio management	524,147	-
Brokerage commissions	6,690,566	1,706,403
Collections from debts written off	453,299	124,884
Income from checkbooks	150,676	72,390
Grants revenue	751,158	-
Cash differences	11,155	1,429
Real estate rent	182,743	224,047
Income from the sales of assets	2,095,460	247,822
Prior years' income	91,340	307,385
Other income	437,708	307,247
	16,117,168	5,708,360

\* The following is the movement on the provision for the impairment in direct credit facilities:

	December 31,	
	2005	2004
	JD	JD
Provision for direct credit facilities recovered (relating to off-balance sheet items)	1,062,799	-
Provision for direct credit facilities recovered (relating to accounts transferred from Philadelphia Bank)	1,790,443	-
	2,853,242	-

\*\* The following are the details of recovered interest in suspense:

	December 31,	
	2005	2004
	JD	JD
Interest in suspense recovered from on-balance sheet items (Note 8)	1,536,028	2,619,207
Interest in suspense recovered form off-balance sheet items	242,045	-
	1,778,073	2,619,207

### 33. Employees Expenses

This item includes the following:

	December 31,	
	2005	2004
	JD	JD
Salaries, bonuses and employees' benefits	18,585,294	14,129,187
Bank's share of social security	1,611,891	1,413,577
Bank's share of provident fund	935,555	780,826
End-of-service indemnity	525,820	422,960
Medical expenses	1,152,095	909,100
Staff training expenses	281,441	179,934
Travel expenses	351,700	138,519
Employees life insurance	130,009	122,993
Employees meals	161,876	122,414
Employees uniforms	28,170	24,799
	23,763,851	18,244,309

### 34. Other Expenses

This item consists of the following:

	December 31,	
	2005	2004
	JD	JD
Insurance	780,285	558,748
Security	175,540	176,193
Maintenance and repairs	1,672,702	1,459,024
Rent	805,689	721,189
Utilities	390,899	475,956
Fees and subscriptions	1,900,701	1,460,472
Legal fees and expenses	1,056,225	747,231
Telephone & postage	731,189	615,172
Stamps	101,249	82,307
Stationery and printing	938,967	646,896
Entertainment	96,050	110,381
General Assembly meeting expenses	235,197	210,105
Engineering and technical consultations	1,371,258	171,607
Real estate appraisal expenses	35,934	40,372
Advertisement	1,464,625	734,587
Professional fees	249,559	146,119
Transportation	447,467	476,698
Cash differences	2,136	60,531
Loss of property impairment (Note 14)	213,833	-
Loss of real estate impairment	48,184	956,936
Loss on sale of fixed assets	100,437	370,745
Donations	389,607	129,716
Other expenses	245,250	53,201
Scientific research provision	270,193	37,862
Technical and Vocational Education and Training Fund fees	269,585	32,813
Provision for universities fees	270,193	37,862
Board of Director's remuneration	65,000	65,000
	14,327,954	10,577,723

### 35. Earnings Per Share - Bank Shareholders

The details of this items are as follows:

	December 31,	
	2005 JD	2004 JD
Income for the year	25,890,327	6,612,689
Weighted average number of shares	70,770,155	66,000,000
Earnings Per Share - Bank Shareholders	36/58%	10/02%

The weighted average number of shares has been calculated based on 66,000,000 shares instead of 60,000,000 shares for the year 2004 as part of the increase in the current year's shares resulting from capitalizing the foreign branching reserve balance of JD 4,550,000 and an amount of JD 1,450,000 representing share premium.

### 36. Cash and Cash Equivalents

The details of this items are as follows:

	December 31,	
	2005 JD	2004 JD
Balances at central banks due within 3 months	405,470,097	316,260,798
Add: Balances at banks and financial institutions due within 3 months	334,952,872	499,089,447
Less: Banks and financial institutions deposits due within 3 months	70,029,352	41,456,603
Restricted balances	9,677,850	3,874,263
	660,715,767	770,019,379

### 37. Transactions with Related Parties

The Bank's consolidated financial statements include the Bank's financial statements (Jordan branches) and the financial statements of the following subsidiaries and associates:

Company's Name	Percentage of Ownership	Paid-up Capital	
		2005	December 31, 2004
Al-Ahli International Bank – Lebanon	97/921	3,386,269	3,386,269
Beaches Hotels & Tourist Spas Co. *	47	10,000,000	7,000,000
Ahli Micro Finance Co.	100	750,000	750,000
Zarqa National College	99/98	800,000	800,000
Al-Liwan for Hotels and Tourist Utilities Co.	50	3,400,000	-
Resources Company for Development and Investment	31/145	11,000,000	11,000,000
Arab Printers Co.	48/823	1,625,000	1,625,000
General Arab Insurance Co.	49/44	2,000,000	-

\* During the year 2005, AL-Ahli for Real Estate Investments Company was merged with Beaches Hotels & Tourist Spas Co. according to letter No. Msh/merge/12401 dated July 17, 2005 issued by H.E. the Minister of Trade and Industry. The bank's percentage of ownership amounted to 47% of the net shareholders' equity of the new company. The result of the merger was a loss of JD 486,925, taken to the consolidated statement of income.

The Bank entered into transactions with sister companies, major shareholders, Board of Directors, and executive management within the normal banking practice and according to the normal interest rates.

The following is a summary of the transactions with related parties during the year:

On-Balance-Sheet items:	Related Party					Total	
	Subsidiaries JD	Associates JD	Board of Directors Members JD	Executive Management JD	Major Shareholders JD	Other JD	December 31, 2005 JD
Credit facilities	156,957	13,176,936	134,284	824,083	455,920	40,634,079	55,382,259
Customers' deposits	916,121	4,025,111	5,538,287	241,960	4,862,029	6,631,256	22,214,764
Cash margins	-	-	-	-	500,000	3,089,752	3,589,752
<b>Off-Balance Sheet Items:</b>							
Letters of guarantee	-	1,312,521	-	-	220,000	8,005,746	9,538,267
<b>Statement of Income:</b>							
Interest and commissions income	155,760	1,550	1,766	35,251	37,415	881,405	1,113,147
Interest and commissions expenses	30,603	73,285	95,040	10,719	57,391	197,498	464,536
Provision for direct credit facilities	-	4,097,878	-	-	-	-	4,097,878
Interest in suspense	-	48,440	-	-	-	83,879	132,319
<b>Other Information:</b>							
Interest in suspense	-	1,655,809	-	-	-	598,709	2,254,518
Provision for the impairment in direct credit facilities	-	9,794,078	-	-	-	4,152,730	13,946,808



The following is a summary of the transactions with related parties during the year:

On-Balance-Sheet items:	Related Party					Total	
	Subsidiaries JD	Associates JD	Board of Directors Members JD	Executive Management JD	Major Shareholders JD	Other JD	December 31, 2004 JD
Credit facilities	100,000	11,577,848	110,964	542,916	1,451,285	38,979,343	52,762,356
Customers' deposits	6,170,193	-	4,390,341	347,526	27,348,354	6,908,564	45,164,978
Cash margins	-	-	-	-	525,271	6,802,920	7,328,191
<b>Off-Balance Sheet Items:</b>							
Letters of guarantee	-	1,107,612	1,000	-	643,471	8,639,881	10,391,964
<b>Statement of Income:</b>							
Interest and commissions income	6,906	-	2,126	-	57,129	1,099,244	1,165,405
Interest and commissions expenses	27,204	-	48,053	-	331,687	87,845	494,789
Provision for direct credit facilities	-	2,150,654	-	-	-	-	2,150,654
Interest in suspense	-	385,543	-	-	-	-	385,543
<b>Other Information:</b>							
Interest in suspense	-	1,607,369	-	-	-	514,830	2,122,199
Provision for the impairment in direct credit facilities	-	5,696,200	-	-	-	6,183,202	11,879,402

- Salaries and benefits for the executive management of the Bank and its subsidiaries amounted to JD 1,698,172 for the year 2005 (JD 1,425,217 for the previous year), in addition to other bonuses and incentives relating to productivity.

### 38. Fair Value Financial instruments

The details of this items are as follows:

The financial instruments include the cash balances and deposits at banks and Central Banks, direct credit facilities, other financial assets, customers deposits, banks deposits and other financial liabilities.

- The following table shows the book and fair value of the on-and off-balance sheet financial instruments, the fair value of which is significantly different from their value.

Financial Instruments	December 31, 2005			December 31, 2004		
	Book Value JD	Fair Value JD	Difference JD	Book Value JD	Fair Value JD	Difference JD
Held-to-maturity investments	59,093,480	59,055,498	( 37,982)	84,252,548	82,978,175	(1,274,373)
Available-for-sale financial assets-						
Unlisted *	15,642,584	15,642,584	-	19,576,400	19,576,400	-

\* As mentioned in note (9) to the financial statements, available-for-sale financial assets include unlisted financial assets of JD 15,642,584 as of December 31, 2005 (against JD 19,576,400 as of December 31, 2004), shown at cost as their fair value can not be reliably estimated.

### 39. Financial Derivatives

This item consists of the following:

Year 2005	Positive Fair Value JD	Negative Fair Value JD	Total Nominal Amounts JD	Maturity of Nominal Value			
				Within 3 Months JD	More than 3 Months up to 12 Months JD	From 1 Year up to 3 Years JD	More than 3 Years JD
Trading Derivatives:							
Forward sales contracts							
in foreign currencies	-	(251,604)	(252,060)	(252,060)	-	-	-
Forward purchase contracts							
in foreign currencies	251,573	-	251,845	251,845	-	-	-
Total	251,573	(251,604)	(215)	(215)	-	-	-
Year 2004							
Trading Derivatives:							
Forward sales contracts							
in foreign currencies	-	(8,305,592)	(7,822,557)	(7,822,557)	-	-	-
Forward purchase contracts							
in foreign currencies	8,315,342	-	7,817,554	7,817,554	-	-	-
Total	8,315,342	(8,305,592)	(5,003)	(5,003)	-	-	-

\* The nominal value represents the deals value outstanding at year-end and does not represent market risks or credit risks.

### 40. Risks Management Policies

The Bank's risks are managed with regards to recognition, measurement, management, and control through the Bank's application of the best international practices concerning risks management, organization, and risks management instruments congruent with the Bank's size, the complexity of its operations, and the types of risks it is exposed to.

The Bank's organizational structures integrate with regards to risks management each according to its level. The Corporate Governance Committee, on the level of the Board of Directors, decides on the strategies and special risks policies of the Bank. It ensures that executive management performs risks management. This entails ensuring the proper setting and control of the policies and regulations consistent with the levels of the risks to which the

Bank is exposed until achievement of the return accepted by the shareholders without affecting the Bank's financial strength. In this context, the work of the Risks Management Directorate complements the work of the committees ensuing from executive management. These committees are the Assets and Liabilities Committee, Credit Facilities Committee, and Quality Assurance Committee.

Notes from (41) to (47) represent the most significant banking risks to which the Bank is exposed and their management method.

#### **41. Assets and Liabilities Credit Concentration Risks**

The daily banking practices expose the Bank to many risks including credit risks resulting from the default of the other party to the financial instrument to pay its obligations to the Bank. This causes losses. Moreover, the most significant duties of the Bank and its management are to make sure that these risks do not exceed the limits predetermined by the Bank in its credit policy and to maintain their level within the balanced relationship among risks, returns, and liquidity. The Bank's credit risks are managed by several committees from upper and executive management. Ceilings for credit facilities to be granted to individuals or corporations are determined, in addition to other related accounts, in compliance with the rates approved by the Central Bank of Jordan. This is conducted through distributing credit facilities into credit portfolios to credit managers and sectors taking into consideration geographical areas in a manner that achieves a proper balance among returns, risks, and optimal uses of the available resources. Moreover, the Bank's ability to diversify lending to customers and economic activities is enhanced.

The Bank monitors credit risks. Moreover, customers credit standings are evaluated periodically according to the customers' risks valuation system based on credit risk factors and non-payment probabilities due to administrative, financial, or competition reasons. In addition, proper guarantees are obtained from customers where required according to the risk level of each customer and each credit facilities extension transaction.

The Bank constantly monitors credit risk and continuously evaluates the credit standings of customers. Additionally, the Bank obtains proper guarantees from customers.

The Bank's policy to manage credit risks includes the following:

1. Determination of credit ceilings and concentrations:

The credit policy includes clear and specified rates for the ceiling of the likely credit to be extended to customers. Moreover, there are ceilings for the credit that can be extended by each management level.

2. Specifying risks mitigation methods: the Bank's management of risks depends on several methods to reduce risk such as the following:

- Guarantees and their liquidity including their coverage of the credit granted.
- Obtaining approval from the credit facilities committee prior to extending credit.
- Varying credit approval authority from one management level to another. This depends on the size of the customer's portfolio, maturity, and degree of customer's risk.

3. Restricting the assets and liabilities concentration risk: the Bank manages this aspect efficiently. Moreover, the Bank's annual plan aims at distributing credit to various sectors while concentrating on the promising ones. In addition, the plan includes the distribution of credit to several geographical areas inside and outside Jordan.

4. Credit study control and follow-up: the Bank developed the policies and procedures necessary for determining the credit study method, maintenance of the neutrality and integrity of decision-making procedures, ensuring that credit risks are properly assessed, approved, and constantly monitored.

The general framework of the credit policy includes setting credit approval authorities, clarification of credit limits, and method of determining the risk degree.

Within the Bank's organizational structure, there is segregation between the work responsible

for the granting of credit and the work units responsible for controlling credit with regards to granting terms, validity of the credit decision, and ascertaining the implementation of all of the credit extension terms and adherence to the ceilings and determinants mentioned in the credit policy and related instructions.

Moreover, there are certain procedures for following up on performing credit facilities so as to keep them operating, and for non-performing credit facilities so as to fix them.

The Bank restricts the concentration of assets and liabilities through distributing its activities over several sectors and geographical areas inside and outside Jordan. Moreover, the Bank adopts a specific strategy showing the credit ceilings granted to countries with high credit standings. These credit ceilings are constantly monitored by the Bank's Asset/Liability management and Credit Assessment Approval. Furthermore, the Bank's investment policy sets the investment distribution rates and their specifications so as to distribute them in a manner that achieves a high return and reduces risk.

The details of the direct credit facilities portfolio are shown in Note (8). Furthermore, the Bank's off-balance sheet liabilities exposed to credit risks are shown in Note (51).

## 42. The concentration of assets, liabilities and off-balance sheet items according to geographical areas and sectors

are as follows:

A. According to Geographical Areas:	December 31, 2005			December 31, 2004 (Restated)		
	Assets	Liabilities	Off-Balance	Assets	Liabilities	Off-Balance
	JD	JD	Sheet Items JD	JD	JD	Sheet Items JD
Within the Kingdom	1,041,884,523	1,181,262,419	242,808,369	783,721,888	1,209,276,843	373,293,925
Other Middle East countries	302,183,877	427,507,841	202,891,708	287,302,357	311,744,941	93,079,816
Europe	261,529,521	36,338,053	120,829,966	461,099,229	28,392,201	193,572,601
Asia *	17,027,228	14,282,982	36,876,210	13,002,521	12,132,752	163,840,163
Africa *	-	-	332,422	-	-	-
America	18,482,870	11,178,590	51,501,566	16,433,167	8,525,219	119,031,380
Other countries	31,154,141	1,692,275	55,693,590	10,803,713	2,290,919	66,352,392
Total	1,672,262,160	1,672,262,160	710,933,831	1,572,362,875	1,572,362,875	1,009,170,277

\* Excluding Middle East Counters

B. According to Sectors:	December 31, 2005			December 31, 2004 (Restated)		
	Assets	Liabilities	Off-Balance	Assets	Liabilities	Off-Balance
	JD	JD	Sheet Items JD	JD	JD	Sheet Items JD
Public sector	422,104,361	111,758,920	20,365,334	346,957,597	136,578,120	10,477,695
Private sector	1,250,157,799	1,560,503,240	690,568,497	1,225,405,278	1,435,784,755	998,692,582
Companies accounts	776,559,776	594,350,439	566,683,778	771,673,501	497,560,714	629,137,642
Personal accounts	319,193,553	853,645,854	123,884,719	327,047,121	876,957,921	364,626,411
Others	154,404,470	112,506,947	-	126,684,656	61,266,120	4,928,529
Total	1,672,262,160	1,672,262,160	710,933,831	1,572,362,875	1,572,362,875	1,009,170,277

\* Excluding Middle East countries.

## 43. Market Risks

According to the Bank's approved investment policies, the amount of acceptable risks is specified. Such risks are controlled monthly by an Assets and Liabilities management Committee which provides its recommendations thereon. Moreover, the available systems calculate the impact of the fluctuation in interest rates, foreign currency rates, and stock prices.

#### **44. Interest Rate Risks**

Interest rate risks arise from the likely impact of the changes in interest rates on the value of financial instruments. The Bank is exposed to interest rate risks due to the incompatibility or existence of a gap in the amounts of assets and liabilities according to the various maturities or revision of interest rates within a certain period. Moreover, the Bank manages these risks by reviewing interest rates on assets and liabilities through a risk management strategy.

Furthermore, the Bank manages interest rate risk relating to its assets or liabilities on an aggregate basis. All interest rate risk exposure elements are considered when managing risks. During its periodic meetings, the Assets and Liabilities Management Committee reviews the interest rate gaps report and interest rate expectations report to identify short-term and long-term interest rate risks and make decisions to limit these risks in light of the interest rates trend expectations through the adoption of some or all of these methods:

- Reprising deposits and/or loans
- Changing the maturities and size of assets and liabilities sensitive to interest rates.
- Buying and selling financial investments.
- Using financial derivatives for interest rate hedging.

#### **45. Liquidity Risks**

Liquidity risk represents the Bank's inability to make available the necessary funding to fulfill its obligations on their maturities. To protect the Bank against these risks, management diversifies funding sources, manages assets and liabilities, matches their maturities, and maintains an adequate balance of cash and cash equivalents and marketable securities.

The Bank's liquidity management policy aims at enhancing the procurability of liquidity at the lowest costs possible. Through managing liquidity, the Bank seeks to maintain reliable and stable funding sources at a proper cost rate.

Management, measurement, and control of liquidity are conducted based on normal and emergency conditions. This includes the analyses of the maturities of assets and various financial ratios.



The Bank diversifies its funding sources to achieve financial flexibility and lower funding costs.

Moreover, the Bank has a large client base comprising individuals and corporations. In addition, the Bank's ability to access cash markets, due to its financial strength, represents additional, available funding sources.

The existence of the Bank in most of the cities of the country (40 branches) in addition to its branches in Palestine and Cyprus and its subsidiary company in Lebanon enable the Bank to diversify its funding sources and not to rely on one geographical area as a source of funding.

In order to comply with the instructions of the regulatory authorities, the Bank maintains part of its customers' deposits at central banks as a restricted cash reserve that can not be utilized except for specified conditions and keeps liquidity ratios at levels higher than the minimum imposed by central banks.

The contractual maturity dates of the assets and liabilities in the schedule have been determined based on the remaining period from the date of the balance sheet until the contractual maturity date regardless of the actual maturities reflected by historical events relating to maintaining deposits and the availability of liquidity.

a. As of December 31, 2005 :

Year 2005	Interest Rate Sensitivity							Non-Interest Bearing JD	Total JD	%
	Less than One Month JD	More than 1 Month Up to 3 Months JD	More than 3 Months Up to 6 Months JD	More than 6 Months Up to 1 Year JD	From 1 Year Up to 3 Years JD	More than 3 Years JD				
<b>Assets:</b>										
Balances at central banks	63,279,609	240,928,105	25,000,000	12,402,961	10,229,584	-	101,262,383	453,102,642	1.4-3	
Balances at banks and financial institutions	268,964,339	64,197,759	-	-	-	-	1,790,774	334,952,872	.71-4.5	
Deposits at banks and financial institutions	-	-	982,223	-	23,578	-	-	982,223	3.25	
Trading financial assets	-	-	-	1,195,194	81,119,905	665,895	5,022,149	6,906,816	7	
Direct credit facilities - net	134,546,919	69,461,681	79,543,276	80,515,852	23,852,257	92,503,727	22,455,806	560,147,166	3.19-10	
Available-for-sale financial assets	-	-	5,481,237	4,312,322	16,967,339	54,356,721	32,243,170	120,245,707	5.14-8	
Held-to-maturity financial assets	-	2,000,000	8,188,414	2,401,019	-	29,498,726	-	59,055,498	9	
Investment in affiliates - Net	-	-	-	-	-	-	15,633,309	15,633,309		
Fixed assets - net	-	-	-	-	-	-	46,701,744	46,701,744		
Intangible assets	-	-	-	-	-	-	5,640,587	5,640,587		
Other assets	-	-	-	-	-	-	65,370,585	65,370,585		
Deferred tax assets	-	-	-	-	-	-	3,523,011	3,523,011		
<b>Total Assets</b>	<b>466,790,867</b>	<b>376,587,545</b>	<b>119,195,150</b>	<b>100,827,348</b>	<b>132,192,663</b>	<b>177,025,069</b>	<b>299,643,518</b>	<b>1,672,262,160</b>		
<b>Liabilities and Shareholders' Equity</b>										
Banks and financial institutions deposits	62,114,640	7,914,712	-	-	-	150,000,000	-	220,029,352	3-1	
Customers' deposits	583,161,278	138,848,533	41,043,212	73,831,520	14,780,148	-	219,794,290	1,071,458,981	4.5-2.75	
Cash margins	23,118,931	23,752,474	18,043,280	46,464,733	29,890,320	275,276	2,308,006	143,853,020	7.5-1	
Borrowed funds	1,400,179	250,000	-	250,000	1,000,000	5,500,000	-	8,400,179	6.21-4	
Various provisions	-	-	-	-	-	-	10,625,543	10,625,543		
Income tax provision	-	-	-	-	-	-	6,302,182	6,302,182		
Deferred tax liabilities	-	-	-	-	-	-	29,155,795	29,155,795		
Other liabilities	-	-	-	-	-	-	3,446,253	3,446,253		
Minority interest	-	-	-	-	-	-	1,294,543	1,294,543		
Shareholders' equity	-	-	-	-	-	-	177,696,312	177,696,312		
<b>Total Liabilities and Shareholders' Equity</b>	<b>669,795,028</b>	<b>170,765,719</b>	<b>59,086,492</b>	<b>120,546,253</b>	<b>45,670,468</b>	<b>155,775,276</b>	<b>450,622,924</b>	<b>1,672,262,160</b>		
Sensitivity difference of balance sheet items	(203,004,161)	205,821,826	60,108,658	(19,718,905)	86,522,195	21,249,793	(150,979,406)	-		
Sensitivity of off-balance sheet items	45,849,590	13,099,882	6,549,941	-	-	-	-	(65,499,413)		
<b>Sensitivity Difference of Balance Sheet Items</b>	<b>(157,154,571)</b>	<b>61,767,137</b>	<b>128,425,736</b>	<b>108,706,831</b>	<b>195,229,026</b>	<b>216,478,819</b>	<b>65,499,413</b>	<b>-</b>		

b. As of December 31, 2004

Year 2004	Interest Rate Sensitivity								Total JD	%
	Less than One Month JD	More than 1 Month Up to 3 Months JD	More than 3 Months Up to 6 Months JD	More than 6 Months Up to 1 Year JD	From 1 Year Up to 3 Years JD	More than 3 Years JD	Non-Interest Bearing JD			
Assets:										
Balances at central banks	157,402,286	68,338,953	42,500,000	-	-	11,344,000	90,619,559	370,104,798	2.65-3.2	
Balances at banks and financial institutions	20,341,054	477,999,809	-	-	-	-	748,584	499,089,447	1.75-5.2	
Deposits at banks and financial institutions	-	-	716,560	-	-	-	-	716,560	4.5	
Trading financial assets	-	2,145,760	-	-	2,111,867	5,503,088	3,578,448	13,339,163	9	
Direct credit facilities - net	41,620,691	54,579,811	66,566,379	59,609,899	64,581,535	78,979,177	59,505,041	425,442,533	5-11	
Available-for-sale financial assets	-	5,339,639	1,924,304	8,814,494	26,946,133	25,831,878	68,856,448	4.25-10.50		
Held-to-maturity assets - net	1,410,945	1,881,260	8,997,052	4,470,337	40,999,892	25,218,689	-	82,978,175	2.06-3.4	
Investment in associates	-	-	-	-	-	-	3,490,874	3,490,874	-	
Fixed assets - net	-	-	-	-	-	-	50,845,020	50,845,020	-	
Intangible assets	-	-	-	-	-	-	4,627,362	4,627,362	-	
Other assets	-	-	-	-	-	-	48,960,519	48,960,519	-	
Deferred tax assets	-	-	-	-	-	-	3,911,976	3,911,976	-	
<b>Total Assets</b>	<b>220,774,976</b>	<b>604,845,593</b>	<b>24,119,630</b>	<b>66,004,540</b>	<b>116,507,788</b>	<b>147,991,087</b>	<b>292,119,261</b>	<b>1,572,362,875</b>		
Banks and financial institutions deposits	33,101,177	8,355,426	-	3,250,000	-	-	-	44,706,603	1.75-3	
Customers' deposits	771,381,220	109,318,329	35,723,321	74,560,769	3,896,788	-	266,764,504	1,261,644,931	1-3	
Cash margins	9,578,309	36,062,333	19,699,831	39,555,091	25,788,855	261,058	4,544,925	135,490,402	1-2.5	
Borrowed funds	-	250,000	3,197,382	250,000	2,400,179	1,000,000	-	7,097,561	5.5-6.45	
Various provisions	-	-	-	-	-	-	2,918,744	2,918,744	-	
Income tax provision	-	-	-	-	-	-	585,469	585,469	-	
Other liabilities	-	-	-	-	-	-	17,117,878	17,117,878	-	
Deferred tax liabilities	-	-	-	-	-	-	917,215	917,215	-	
Minority interest	-	-	-	-	-	-	1,195,425	1,195,425	-	
Shareholders' equity	-	-	-	-	-	-	100,688,647	100,688,647	-	
<b>Total Liabilities and Shareholders' Equity</b>	<b>814,060,706</b>	<b>153,986,088</b>	<b>58,620,534</b>	<b>117,615,860</b>	<b>32,085,822</b>	<b>1,261,058</b>	<b>394,732,807</b>	<b>1,572,362,875</b>		
Sensitivity difference in balance sheet items	(593,285,730)	450,859,505	65,499,096	(51,611,320)	84,421,966	146,730,029	(102,613,546)	-		
Sensitivity in off balance sheet items	27,444,008	7,841,145	3,920,573	-	-	-	-	39,205,726		
Accumulated sensitivity difference in interest rates	(565,841,722)	(107,141,072)	37,721,403	(89,332,723)	(4,910,757)	141,819,272	39,205,726	-		

#### **45. Liquidity Risks**

Liquidity risk represents the Bank's inability to make available the necessary funding to fulfill its obligations on their maturities. To protect the Bank against these risks, management diversifies funding sources, manages assets and liabilities, matches their maturities, and maintains an adequate balance of cash and cash equivalents and marketable securities.

The Bank's liquidity management policy aims at enhancing the procurability of liquidity at the lowest costs possible. Through managing liquidity, the Bank seeks to maintain reliable and stable funding sources at a proper cost rate.

Management, measurement, and control of liquidity are conducted based on normal and emergency conditions. This includes the analyses of the maturities of assets and various financial ratios.

The Bank diversifies its funding sources to achieve financial flexibility and lower funding costs.

Moreover, the Bank has a large client base comprising individuals and corporations. In addition, the Bank's ability to access cash markets, due to its financial strength, represents additional, available funding sources.

The existence of the Bank in most of the cities of the country (40 branches) in addition to its branches in Palestine and Cyprus and its subsidiary company in Lebanon enable the Bank to diversify its funding sources and not to rely on one geographical area as a source of funding.

In order to comply with the instructions of the regulatory authorities, the Bank maintains part of its customers' deposits at central banks as a restricted cash reserve that can not be utilized except for specified conditions and keeps liquidity ratios at levels higher than the minimum imposed by central banks.

The contractual maturity dates of the assets and liabilities in the schedule have been determined based on the remaining period from the date of the balance sheet until the contractual maturity date regardless of the actual maturities reflected by historical events relating to maintaining deposits and the availability of liquidity.

a. The table below illustrates the maturities of assets and liabilities as of December 31, 2005:

Assets	Up to 1 Month JD	More than 1 Month up to 3 Months JD	More than 3 Months up to 6 Months JD	More than 6 Months up to a Year JD	More than 1 Year up to 3 Years JD	More than 3 Years JD	Without Maturity Dates JD	Total JD
Balances at central banks	164,541,992	240,928,105	25,000,000	12,402,961	10,229,584	-	-	453,102,642
Balances at banks and other financial institutions	270,461,672	64,491,200	-	-	-	-	-	334,952,872
Deposits at banks and other financial institutions	-	-	982,223	-	-	-	-	982,223
Trading financial assets	-	-	-	1,195,194	23,578	665,895	5,022,149	6,906,816
Credit facilities - net	134,546,919	69,461,681	79,543,276	80,515,852	81,119,905	92,503,727	22,455,806	560,147,166
Available-for-sale financial assets	-	-	5,481,237	4,312,322	23,852,257	54,356,721	32,243,170	120,245,707
Held-to-maturity investments - net	-	2,000,000	8,188,414	2,401,019	16,967,339	29,498,726	-	59,055,498
Investments in affiliates and subsidiary companies	-	-	-	-	-	-	15,633,309	15,633,309
Fixed assets - net	-	-	-	-	-	-	46,701,744	46,701,744
Intangible assets	-	-	-	-	-	-	5,640,587	5,640,587
Other assets	3,584,161	10,869,789	1,837,521	2,944,412	23,190,081	3,740,323	19,204,298	65,370,585
Deferred tax assets	-	-	-	-	-	-	3,523,011	3,523,011
<b>Total Assets</b>	<b>573,134,744</b>	<b>387,750,775</b>	<b>121,032,671</b>	<b>103,771,760</b>	<b>155,382,744</b>	<b>180,765,392</b>	<b>150,424,074</b>	<b>1,672,262,160</b>
<b>Liabilities and Shareholders' Equity</b>								
Customers' deposits	62,114,640	7,914,712	-	-	-	150,000,000	-	220,029,352
Deposits of banks and other financial institutions	802,849,940	138,954,161	41,043,212	73,831,520	14,780,148	-	-	1,071,458,981
Cash margins	25,426,937	23,752,474	18,043,280	46,464,733	29,890,320	275,276	-	143,853,020
Borrowed funds	1,400,179	250,000	-	250,000	1,000,000	5,500,000	-	8,400,179
Other provisions	-	-	-	-	-	-	10,625,543	10,625,543
Provision for income tax	-	-	-	-	-	-	6,302,182	6,302,182
Other liabilities	16,376,990	4,346,424	2,544,460	3,817,992	1,521,252	-	548,677	29,155,795
Deferred tax liabilities	-	-	-	-	-	-	3,446,253	3,446,253
Minority interest	-	-	-	-	-	-	1,294,543	1,294,543
Shareholders' equity	-	-	-	-	-	-	177,696,312	177,696,312
<b>Total Liabilities and Shareholders' Equity</b>	<b>908,168,686</b>	<b>175,217,771</b>	<b>61,630,952</b>	<b>124,364,245</b>	<b>47,191,720</b>	<b>155,775,276</b>	<b>199,913,510</b>	<b>1,672,262,160</b>
Gap per category	(335,033,942)	212,533,004	59,401,719	(20,592,485)	108,191,024	24,990,116	(49,489,436)	-
Cumulative Gap	(335,033,942)	(122,500,938)	(63,099,219)	(83,691,704)	24,499,320	49,489,436	-	-

b. The table below illustrates the maturities of assets and liabilities as of December 31, 2004:

Assets	Up to 1 Month JD	More than 1 Month up to 3 Months JD	More than 3 Months up to 6 Months JD	More than 6 Months up to a Year JD	More than 1 Year up to 3 Years JD	More than 3 Years JD	Without Maturity Dates JD	Total JD
Cash and balances at central banks	164,386,535	148,000,000	42,500,000	-	-	11,344,000	3,874,263	370,104,798
Cash at banks and other financial institutions	496,716,219	2,373,228	-	-	-	-	-	499,089,447
Deposits at banks and other financial institutions	-	-	716,560	-	-	-	-	716,560
Trading financial assets	-	2,145,760	-	-	2,111,867	5,503,088	3,578,448	13,339,163
Credit facilities - net	41,620,691	54,579,811	66,566,379	59,609,899	64,581,535	78,979,177	59,505,041	425,442,533
Available-for-sale financial assets	-	-	5,339,639	1,924,304	8,814,494	26,946,133	25,831,878	68,856,448
Held-to-maturity investments - net	1,410,945	1,881,260	8,997,052	4,470,337	40,999,892	25,218,689	-	82,978,175
Investments in affiliates and subsidiary companies	-	-	-	-	-	-	3,490,874	3,490,874
Fixed assets - net	-	-	-	-	-	-	50,845,020	50,845,020
Intangible assets	-	-	-	-	-	-	4,627,362	4,627,362
Other assets	15,742,216	3,113,770	753,963	1,541,955	4,428,279	2,339,819	21,040,517	48,960,519
Deferred tax assets	-	-	-	-	-	-	3,911,976	3,911,976
<b>Total Assets</b>	<b>719,876,606</b>	<b>212,093,829</b>	<b>124,873,593</b>	<b>67,546,495</b>	<b>120,936,067</b>	<b>150,330,906</b>	<b>176,705,379</b>	<b>1,572,362,875</b>
<b>Liabilities and Shareholders' Equity</b>								
Deposits of banks and other financial institutions	35,394,519	6,062,084	-	3,250,000	-	-	-	44,706,603
Customers' deposits	1,037,695,209	109,667,258	35,723,321	74,560,769	3,998,374	-	-	1,261,644,931
Cash margins	30,530,408	19,400,310	19,699,831	39,555,091	26,043,704	261,058	-	135,490,402
Borrowed funds	-	250,000	3,197,382	250,000	2,400,179	1,000,000	-	7,097,561
Other liabilities	4,484,124	5,096,384	1,643,011	1,281,503	853,475	922,656	2,836,725	17,117,875
Various provisions	-	-	-	-	-	-	2,918,744	2,918,744
Provision for income tax	-	-	-	-	-	-	585,469	585,469
Deferred tax liability	-	-	-	-	-	-	917,215	917,215
Minority interest	-	-	-	-	-	-	1,195,425	1,195,425
Shareholders' equity	-	-	-	-	-	-	100,688,647	100,688,647
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,108,104,260</b>	<b>140,476,036</b>	<b>60,263,545</b>	<b>118,897,363</b>	<b>33,295,732</b>	<b>2,183,714</b>	<b>109,142,225</b>	<b>1,572,362,875</b>
Gap per category	(388,227,654)	71,617,793	64,610,048	(51,350,868)	87,640,335	148,147,192	67,563,154	-
Cumulative Gap	(388,227,654)	(316,609,861)	(251,999,813)	(303,350,681)	(215,710,346)	(67,563,154)	-	-

#### 46. Foreign Currencies Risks

The Board of Directors sets the financial position of each currency, and this position is monitored daily through the treasury and investment department. for ensuring the maintenance of foreign currencies positions within the approved limits. Moreover, the Bank follows hedging strategies to reduce foreign currencies risks by using the financial derivatives.

The table below shows the Bank's foreign currency risks:

Net Currency Position	December 31, 2005		December 31, 2004	
	Amount	Equivalent in JD	Amount	Equivalent in JD
US Dollar	11,986,157	8,498,186	6,792,091	4,815,593
Pound Sterling	3,712,387	4,536,746	3,181,350	4,329,800
Euro	53,841	37,450	( 754,729)	( 729,233)
Swiss Franc	25,442	3,613	( 2,872)	( 1,753)
Japanese Yen	15,304,711	95,874	12,705,480	86,909
Other currencies *	-	952,014	-	( 2,903,173)
Total		14,123,883		5,598,143

\* This amount represents the Jordanian Dinar equivalent of a basket of other foreign currencies.

#### 47. Equity Securities Price Risks

The Bank's management follows a specified policies in diversifying securities investments in various geographical areas within a specific percentage dedicated in advance. Moreover, these investments are monitored on a daily basis. Such investments are concentrated in a very reputable a market with a high liquidity ratio for facing any risks may arise.

#### 48. Information on the Bank's Activity Sectors

For management purposes, the bank is organized into three major activity sectors and financial brokerage and consultation services. Moreover, the Bank owns an associate specialized in insurance services. The details are as follows:

- Accounts of individuals: include following up on individual customers deposits, granting them loans, debts, credit cards, and other services.
- Accounts of corporations: include following up on deposits, credit facilities, and other banking services relating to corporations.
- Treasury: includes providing dealing, treasury, and fund management services.
- Insurance services: providing most insurance services.
- Financial brokerage services: practicing most of the financial brokerage and consultation services.

The following is information on the Bank's activity sectors according to activities:

	Individuals JD	Corporations JD	Corporation Financing JD	Treasury JD	Other JD	Total December 31, 2005 JD	2004 JD
Total revenues	8,230,304	41,215,146	-	34,773,596	11,993,959	96,213,005	52,186,285
Provision for impairment in credit facilities	-	-	-	-	19,738,505	19,738,505	11,885,626
Results of sectors' operations	8,230,304	41,215,146	-	34,773,596	(7,744,546)	76,474,500	40,300,659
Undistributable expenses	-	-	-	-	42,250,678	42,250,678	32,984,851
Bank's portion from profits (losses) of affiliates	-	-	-	-	76,772	76,772	(29,414)
Income before taxes	8,230,304	41,215,146	-	34,773,596	(49,918,452)	34,300,594	7,286,394
Income tax expense	-	-	-	-	8,381,696	8,381,696	664,580
Income for the year	8,230,304	41,215,146	-	34,773,596	(58,300,148)	25,918,898	6,621,814

#### Other information

Sectors' assets	319,193,553	776,559,776	-	-	422,104,361	1,517,857,690	1,445,678,219
Investment in affiliates	-	-	-	-	15,633,309	15,633,309	3,490,874
Undistributable expenses	-	-	-	-	138,771,161	138,771,161	123,193,782
Total Assets	319,193,553	776,559,776	-	-	576,508,831	1,672,262,160	1,572,362,875
Sector's Liabilities	853,645,854	594,350,439	-	-	111,758,920	1,559,755,213	1,511,096,755
Undistributable expenses	-	-	-	-	112,506,947	112,506,947	61,266,120
Total Liabilities	853,645,854	594,350,439	-	-	224,265,867	1,672,262,160	1,572,362,875
Capital expenditures					12,339,074	12,339,074	10,799,798
Depreciation & Amortization					3,667,444	3,667,444	3,731,732



b. Information on geographical distribution:

This sector represents the geographical distribution of the Bank's operations. Moreover, the Bank operates mainly in the kingdom, and this represents its local operations.

Additionally, the Bank conducts international activities through its branches in Palestine, Cyprus & the subsidiary company in Lebanon.

The following is the distribution of the Bank's revenues and capital expenditures according to geographical sectors:

	Inside Kingdom		Outside Kingdom		Total	
	2005	2004	2005	2004	2005	2004
	(Restated)		(Restated)		(Restated)	
	JD	JD	JD	JD	JD	JD
Total revenue	83,219,433	41,309,148	12,993,572	10,877,137	96,213,005	52,186,285
Total assets	1,041,884,523	783,721,888	630,377,637	788,640,987	1,672,262,160	1,572,362,875
Capital expenditures	4,900,539	3,170,026	7,438,535	7,629,772	12,339,074	10,799,798

#### 49. Capital Adequacy

Capital adequacy ratio is calculated according to the instructions of the Central Bank of Jordan based on Basel Committee's guidelines. The following table shows the capital adequacy ratio in comparison with that of the year 2004.

	December 31,	
	2005	2004
	JD	JD
	(Thousand)	(Thousand)
Regulatory capital	166,296	95,314
Primary Capital	155,999	87,477
Regulatory capital to risk-weighted assets ratio	15.91%	11.28%
Primary capital to risk - weighted assets ratio	14.93%	10.34%

## 50. Fiduciary Accounts Managed for Clients

	December 31,	
	2005 JD	2004 JD
Fiduciary Accounts Managed for Clients	14,385,958	25,629,693

## 51. Contingent Liabilities and Commitments

### a. Credit commitments and liabilities:

	December 31,	
	2005 JD	2004 JD
Letters of credit	404,039,932	721,521,510
Letters of credit issued	98,062,533	76,383,255
Letters of credit received	305,977,399	645,138,255
Acceptances	41,266,190	39,356,538
<b>Guarantees:</b>		
Payment	102,692,232	80,868,096
Performance	58,907,011	47,798,812
Other	31,387,860	27,060,609
<b>Total</b>	<b>638,293,225</b>	<b>916,605,565</b>
Unutilized lines of credit	65,499,413	39,205,725
	703,792,638	955,811,290

### b. Contractual Liabilities:

	December 31,	
	2005 JD	2004 JD
Other purchases contracts	7,141,194	53,358,987
	7,141,194	53,358,987
	710,933,832	1,009,170,277

- No guarantees provided by the Bank.
- The operating lease agreements amounted to JD 263,837 with periods ranging from one year to nine years.
- No guarantees provided by the Bank.
- The operating lease agreements amounted to JD 263,837 with periods ranging from one year to nine years.
- There are no capital-guaranteed investment portfolios conducted by the Bank on behalf of customers.

## **52. Litigation Against the Bank**

There were lawsuits against the Bank claiming amounts totaling JD 9,366,269 as of December 31, 2005 (JD 8,596,891 as of December 31, 2004). According to the Bank's lawyer, no financial obligations are expected to arise higher than the recorded provision of JD 705,619 as of December 31, 2005.

## **53. Merging Jordan National Bank with Palestine Commercial Bank**

On December 21, 2004, a Memorandum of Understanding between the Jordan National Bank and Palestine Commercial Bank was signed. According to the memorandum, it was agreed to merge the operating branches of the Jordan National Bank in Palestine and the Palestine Commercial Bank under the new name "the Palestine National Commercial Bank". Moreover, no approvals from the Palestinian Monetary Authority, the Palestinian Council of Ministers, and the Central Bank of Jordan have been obtained on the merger.

## **54. Comparative Figures**

As stated in Note (2), in compliance with International Accounting Standard No. (8) relating to changes in accounting policies, some comparative figures for the year 2004 have been retroactively adjusted to comply with the new and amended International Financial Reporting Standards which have become effective since January 1, 2005. The details are as follows:

	After Adjustment 2004	Before Adjustment 2004	Difference
Assets:	JD	JD	JD
Direct credit facilities – net	425,442,533	420,208,016	5,234,517
Fixed assets – net	50,845,020	51,822,600	( 977,580)
Intangible assets	4,627,362	-	4,627,362
Other assets	48,960,519	57,686,760	(8,726,241)
Deferred tax assets	3,911,976	3,133,316	778,660
<b>Total Changes in Assets</b>			<b>936,718</b>
<b>Liabilities and Owners' Equity Liabilities:</b>			
Other provisions	2,918,744	3,265,646	( 346,902)
Deferred tax liabilities	917,215	-	917,215
Other liabilities	17,117,878	20,447,972	(3,330,094)
<b>Total Changes in Liabilities</b>			<b>(2,759,781)</b>
<b>Owners' Equity:</b>			
General banking risks reserve	3,780,449	-	3,780,449
Cumulative change in fair value – net	2,868,319	3,785,534	( 917,215)
Retained earnings	4,585,109	3,751,844	833,265
<b>Total Changes in Owners' Equity</b>			<b>3,696,499</b>
<b>Income:</b>			
Income for the year	6,612,689	5,888,474	724,215

The change in Owners' equity resulted from recording the general banking risks reserve as appropriation from income for the year in addition to the change in deferred tax assets and liabilities.

## Disclosures Required by the Jordan Securities Commission

### 1. Shareholdings of the Board of Directors in the Bank's Capital

No.	Name	No of Shares 2005	* %	No of Shares 2004	%
1	H.E. Dr. Rajai Muasher	8,144	0.01 %	6,120	0.01%
2	Mr. Nadim Muasher	992,026	1.37 %	817,394	1.36%
3	Jordan Investor Center	5,392,000	7.43 %	5,000,000	8.33%
4	Kuwait Investment Authority	5,795,143	7.99 %	4,829,287	8.05%
5	The Social Security Corporation	4,440,629	6.12 %	3,554,498	5.92%
6	Mouasher Investment & Trading Co.	5,660,162	7.80 %	4,719,636	7.87%
7	Mr. Anton Dababneh	1,806,654	2.49 %	1,500,000	2.50%
8	Arabia S.A.L ( Holding)	1,215,290	1.68 %	1,036,093	1.73%
9	Mr. Mahmoud Malhas	870,816	1.20 %	725,680	1.21%
10	Mr. Tawfek A. Kwar	417,812	0.58%	348,178	0.58%
11	Rajai Muasher & Brothers Co.	155,171	0.21 %	150,584	0.25%
12	Mr. Rajai Sukkar	28,838	0.04 %	24,032	0.04%
13	ZI & IME	540,000	0.74 %	450,000	0.75%
	<b>Total</b>	<b>27,322,685</b>	<b>37.66 %</b>	<b>23,161,502</b>	<b>38.60</b>

\* Percentage of the new Capital.

## 2. Profile on The Board of Directors:

Name	Position	Date of Birth	Nationality	Educational Qualifications	Experience
H.E Dr. Rajai Muasher	Chairman	1944	Jordanian	PHD of Business Admin - marketing / USA. MBA / USA. B.A of Chemistry / AUB.	Former Minister of Industry and Trade. Minister of Supply for several times. Senate member for several times. Chairman and board member of several companies.
Mr. Nadim Muasher	Deputy Chairman	1950	Jordanian	Masters of Civil Engineering / USA. B.A. of Architectural Engineering.	Chairman of Arab International Hotels Co, El-Zay Ready Wear Manufacturing Co, Jordan Worsted Mills Co, Ad-Dawliya for Hotels & Malls Co, and Business Tourism Co.
H.E Mr. Wasef Azar <i>Rep. of</i> Jordan Investor Center	Member	1936	Jordanian	Masters of Economics and Development Management / USA. B.A in Law / Damascus.	Long experience in the public and private sectors. Former Minister of Industry and Trade. Manager for many companies and institutions.
Mr. Ahmad Tahoos Al Rashed <i>Rep. of</i> Kuwait Investment Authority	Member	1957	Kuwaiti	B.A Economics / Kuwait University. Local and International courses in the investment field.	BOD member of many companies. Kuwait Investment Authority is the investment arm of the government of Kuwait.
Mr. Thabit Al-Werr <i>Rep. of</i> The Social Security Corporation	Member	1957	Jordanian	B.A of Mechanical Engineering	Executive Manager of National Company for Mineral Water (Sabeel). Managers' Committee Chairman of Al-Mafraq Company for Trade. Managers' Committee Chairman of National Company for Electronic Techniques manufacturing Deputy Chairman of Al-Zarqa Chamber of Industry. BOD member of many companies.

Name	Position	Date of Birth	Nationality	Educational Qualifications	Experience
Mr. Emad Y. Muasher <i>Rep. of</i> Muasher Investment & Trading Co. (MITACO.)	Member	1957	Jordanian	Masters of International Business Administration / USA. B.A of Economics.	Deputy Chairman and BOD member of many companies. MITACO is a member of the Muasher Group.
Mr. Anton Dababneh	Member	1936	Jordanian	Diploma of Engineering.	Chairman and BOD member of many companies.
Mr. Hani Frajj <i>Rep. of</i> Arabia S.A.L. - Lebanon	Member	1940	Lebanese	B.A of Business / AUB.	G.M of Atallah Frajj Institution – Beirut. Deputy Chairman of Arab Insurance co. – Beirut. Chairman of Andlosya Company – Beirut.
Mr. Mahmoud Zuhdi Malhas	Member	1935	Jordanian	B.A of Economics / AUB Lebanon	Prominent businessman who owns Al-Mahmoudiah trading company
Mr. Tawfek A. Kwar	Member	1927	Jordanian	B.A of Law / University of London	1952 – 1957: Board’s secretary of Jordan Phosphate Mines (JOPH), Manager of JOPH, Marketing and Exports Manager (JOPH). 1957: G.M of Amin Kwar & sons Company. 1965: Chairman of Amin Kwar Company. BOD member of many companies.
Mr. Rafiq S. Muasher <i>Rep. of</i> Rajai Muasher & Brothers Co.	Member	1949	Jordanian	M.A. of Construction Engineering  M.A of Engineering Projects Management / USA	1976 – 1980: Ranco Contracting and Trading co. 1980 – 1985: Rajai Muasher and Bros. Company. 1985 – 1988: Al-Ahlia Financial Investments. 1988 – to date: National Securities co.

Name	Position	Date of Birth	Nationality	Educational Qualifications	Experience
Mr. Rajai S. Sukkar	Member	1942	Jordanian	B.A of Business Administration / AUB.	Working in different shipping and insurance companies.
Mr. Alaeddin Sami <i>Rep. of</i> ZI & IME Co.	Member	1953	Egyptian	Masters of Financial Management. BA. Accounting	Deputy Chairman of Al-Zahid Group / Saudia Arabia Chairman of Arab-Sudanese Trucks co. BOD /Arab Sudanese Trucks co. BOD of Lagona Tourism Development co./ Egypt.



## 3. Shareholdings of Senior Executive Staff in the Bank's Capital:

No.	Name	Title	No of Shares	
			2005	2004
1	H.E. Dr. Rajai Muasher	Chairman	8,144	6,120
2	Mr. Rasheed Dawoudi	Deputy CEO-Acting General Manager	800	0
3	Mr. Christopher Batt	Chief Operating Officer	0	0
4	Mr. Khalil Nasr	Deputy CEO-Branches Abroad Head of Group International Banking Services ( GM Branches Abroad )	198,800	200,000
5	Mr. Hani Farraj	Deputy CEO -Administration Head of Group Logistics	800	0
6	Mr. Fuad Werr	Deputy CEO-Marketing & Sales Support Head of Group Marketing & Sales Support	2,800	2,500
7	Mr. Kayed Farah Kayed	Deputy CEO- Risk Management Head of Group Risk Management	800	0
8	Mr. Ibrahim Ghawi	Deputy CEO-Finance Head of Group Finance.	800	0
9	Ms. Lina Bakhit	Deputy CEO-Treasury & Capital Markets Head of Group Capital Markets	11,060	8,550
10	Mr. Firas Suhaimat	Deputy CEO-Group Corporate Credit Head of Group Corporate Banking Services	800	0
11	Mr. Samer Sunnuqrot	Deputy CEO -Investment Banking Head of Group Investment Banking	6,800	5,000
12	Mrs. Hadeel Kayyali	Deputy CEO-Operations Head of Group Operations	2,288	1,240
13	Mr. Waqar Khan	Deputy CEO- Head of Group PBBS	800	0
14	Mr. Faleh Al-Najjar	Deputy CEO- Head of Group SMES	10,850	5,000
15	Mr. Sa'ad Muasher	AGM-Strategy Head of Group Strategy	254,783	185,972
16	Mr. Zahi Fakhoury	AGM-Facilities	66,800	55,000
17	Mr. Suleiman Dababneh	AGM-Accounting & Finance	14,289	11,241
18	Mr. Saleem Ghandour	AGM-Branches Abroad	13,400	10,000
19	Mrs. Dima Aqel	AGM-Risk Systems	0	0
20	Mr. Farouq Amawy	AGM - Internal Auditing Head of Group Audit	800	0
21	Mr. Issa Khoury	Chairman's Advisor	3,699	2,417
22	Mr. Nahed Hattar	Chairman's Advisor / Media & Culture	0	0
23	Mr. Bashar Bakri	Head of Group Human Resources	800	-

## 4. Profile on the Senior Executive Staff:

Name	Position	Date of Birth	Nationality	Educational Qualifications	Experience
H.E Dr. Rajai Muasher	Chairman	1944	Jordanian	PHD of Business Admin./ Marketing / USA. MBA Degree / USA. B.A of Chemistry / AUB.	Former Minister of Industry and Trade. Minister of Supply for several times. Senate member for several times. Chairman and board member of several companies.
Mr. Rasheed Dawoudi	Deputy CEO/ Acting General	1955	Jordanian	B.A of Business Administration / North Carolina Uni./ USA	Assistant Deputy GM / Cairo Amman Bank Deputy CEO / Saudi American Bank – CitiBank
Mr. Christopher Batt	Manager Chief	1943	British	MSC – Imperial College MA – Cambridge University	He has presented consulting services to 150 banks in 50 countries
Mr. Khalil Nasr	Operating Officer Deputy CEO – Branches Abroad (GM Branches Abroad)	1953	Jordanian	Masters of Finance / University of Jordan	Regional Manager for Branches Abroad / Cyprus Manager at Chase Manhattan Bank Marketing & Credit Facilities Manager / Bank of Jordan
Mr. Hani Farraj	Deputy CEO - Adminis- tration Secretary of the BOD	1946	Jordanian	B.A of Literature Diploma in Management	Wide Experience for 27 years in administrative, financial and legal fields in the Radio & Television Institution and the Arab Radio Stations Union. AGM – Administration and Finance at the Radio & Television Institution AGM – Administration at Jordan National Bank since 1995

Name	Position	Date of Birth	Nationality	Educational Qualifications	Experience
Mr. Fuad Werr	Deputy CEO – Marketing and Sales Support	1950	Jordanian	Masters of Finance / USA	Head of Marketing Department / Saudi American Bank Branch Manager - CitiBank Deputy GM / Societe Generale De Banque – Jordan
Mr. Kayed F. Kayed	Deputy CEO – Risk Management	1946	Jordanian	B.A of Economics / USA	AGM / Saudi American Bank Deputy CEO / Faisal Islamic Bank Credit Facilities Team Manager / Arab National Bank / Saudi Arabia
Mr. Ibrahim Ghawi	Deputy CEO – Finance	1954	Jordanian	B.A of Accounting	Financial Manager / Cairo Amman Bank Financial Manager / Palestine Telecom
Ms. Lina Bakhit	Deputy CEO – Capital Markets	1963	Jordanian	B.A of Business Administration / AUB	Treasury Manager / Jordan Investment & Finance Bank
Mr. Firas Suhaimat	Deputy CEO – Corporate Credit	1965	Jordanian	B.A in Finance / Yarmouk University	Financial Auditor for Allied Accountants – Jordan and Saudi Arabia, Saudi Oger Company Head of Credit-Arab National Bank
Mr. Samer Sunnuqrot	Deputy CEO – Investment Banking	1965	Jordanian	Masters of Financial Markets B.A of Business Administration / Georgia State University / USA	Jordan National Bank since 1995 Licensed as an Investment Manager and Trustee by Jordan Securities Commission Member of the Association of Certified Capital Market Professionals

Name	Position	Date of Birth	Nationality	Educational Qualifications	Experience
Mrs.Hadeel Kayyali	Deputy CEO - Opera- tions	1959	Jordanian	B.A of Business Administration / AUB	Jordan National Bank since 1997 Business Bank since 1990
Mr.Waqar Khan	Deputy CEO - Personal & Premium Banking Services	1951	Jordanian	B.A Economics	Branch Manager at BCCI / AGM Union Bank/Deputy Chairman Merrill Lynch / Jordan Regional Manager / Standard Chartard Bank
Mr.Faleh Alnajjar	Deputy CEO – SMEBS	1955	Jordanian	B.A Law and Political Science - Alrebat	Bank of Jordan ABC Bank National Bank of Kuwait
Mr.Sa'ed Muasher	AGM – Group Strategy	1974	Jordanian	Masters of Business / USA	AGM at Ad-Dawlya for Hotels and Malls – Sheraton Hotel
Mr.Zahi Fakoury	AGM – Facilities	1951	Jordanian	B.A of Accounting	Arab Bank BCCI
Mr.Suleiman Dababneh	AGM – Accounting & Finance	1957 1943	Jordanian Jordanian	B.A of Business	Al-Najah Clearance est. Elias Nino Auditing Co. Manufacturing & Assembling Construction Company
Mr.Saleem Ghandour	AGM – Branches Abroad	1968	Jordanian	High School	Credit Facilities Manager / Petra Bank Branch Manager / ANZ Bank
Mrs.Dima Aqel	AGM – Risk Systems	1951	Jordanian	Masters of Finance-London/ Masters of Financial Markets-Arab Academy For Financial Studies	Credit Policies Manager- Housing Bank/Credit Risk Manager-Arab Bank
Mr.Farouq Amawy	AGM Internal Auditing			Diploma in Business Administration Technology	CitiBank / London Middle East Investment Bank Arab Jordan Investment Bank

Name	Position	Date of Birth	Nationality	Educational Qualifications	Experience
Mr. Bashar Bakri	Head of Group Human Resources	1963	Jordanian	B.A. Business Administration University of Jordan	15 years at Royal Jordanian 6 years of a leading holding co./ Saudia Arabia
Mr. Issa Khoury	Chairman's Advisor	1941	Jordanian	Public Administration Diploma / Ber Zait University	Deputy GM - Facilities AGM / Petra Bank
Mr. Nahid Hattar	Chairman's Advisor – Media & Culture	1960	Jordanian	Masters of Philosophy in Islamic Studies	Media and cultural expert and has many articles, books and publications.

5. The independent auditor specialized provides Specialized advisory services, concerning the application of international accounting standards besides the training courses ,where total auditors' fees paid for 2005 amounted to JD 249,559.

6. Total Salaries , benefits and remunerations paid to the senior executive staff during 2005 amounted to JD 1,698,172 representing about 7.1 % of total salaries of the bank.

7. Major shareholders' who own more than 5 % in the Bank's capital:

No.	Name	No of Shares 2005	* %	No of Shares 2004	%
1	Jordan Investor Center	5,392,000	7.43 %	5,000,000	8.33%
2	Kuwait Investment Authority	5,795,143	7.99 %	4,829,287	8.05%
3	Mouasher Investment & Trading Co.	5,660,162	7.80 %	4,719,636	7.87%
4	Jordan Worsted Mills	4,696,797	6.47 %	3,904,863	6.51%
5	The Social Security Corporation	4,440,629	6.12 %	3,554,498	5.92%
	<b>Total</b>	<b>25,984,731</b>	<b>35.82 %</b>	<b>22,008,284</b>	<b>36.68%</b>

\* Percentage of the new capital.

8. Total donations granted to different parties amounted to JD 381,430 during 2005 , which included payments for the participation in the environment and the local community by sponsoring and financing various social , cultural and human activities.

9. Jordan National Bank supports the preservation of the environment through maintaining and servicing "Al Ahali Park" which is opposite to Jordan National Bank head office.

10. Neither Jordan National Bank nor any of its products possess any government protection or privileges according to the laws and regulations.

11. There are no patents or franchises enjoyed by Jordan National Bank.
12. There are no decisions declared by the government or any international organization that have material effect on the Bank, its products, or its competitiveness.
13. The Bank has specific quality standards for its activities, especially what concerns the quality of products and services provided by the Bank as well as testing the quality of internal audit activities.
14. There are no major specific suppliers or major clients, either internally or externally, which form 10% of purchases or the Bank's revenues.
15. During 2005, No non-recurring Activities have taken place, except the merger with Philadelphia Investment Bank, which occurred in the first quarter of 2005 and had no negative effect on the Bank.
16. The Bank has not signed any contracts, projects, or commitments with the Chairman, Board of Directors, the General Manager, or any other employee in the Bank or their relatives.
17. In 2005, the Bank did not encounter any transaction or major event that had any effect, except the merger with Philadelphia Investment Bank, which took place in the first quarter of 2005 and had no negative effect on the Bank.
18. The Bank still has an intention to expand its operations in Iraq ,United Arab Emirates, and Syria.

## 19. Major Subsidiaries and Affiliates :

No.	Company Name	Work Nature	% of Ownership
1	Ahli Micro Financing Co.	Financing small and micro-projects	% 100
2	Zarqa National College	Educational services	% 100
3	Al-Ahli International Bank SAL	Financial institution – Lebanon	% 97.92
4	Resources Company for Development and Investment	Industrial Zones Development	% 31.1
5	Beaches for Hotels and Spas Co.	Hotels	47 %
6	Al-liwan for Hotels & Tourism Utilities Co.	Hotels	50 %
7	General Arabia Insurance	Insurance	% 49.4
8	Arab Printing Press	Issuing and printing newspapers	% 48.8

20. Achievements : As described in Chairman's letter and Board of Directors Report.

21. Competitiveness : Jordan National Bank holds 4th position regarding the size of capital and 3rd position regarding owners' equity , and 6th position regarding Net Profits achieved in 2005 .

22. Main Financial indicators of JNB for the past five years :

Financial Year	Shareholders' Equity – Net Million JD	Cash Dividends %	Pre-Tax Profits Million JD	Market Price/Share JD
2001	69.3	-	(0.468)	1.25
2002	64.1	-	(2.776)	0.96
2003	73.1	-	0.14	1.4
2004	97.0	% 5	7.3	4.13
2005 *	179	15% **	34.0	4.80

\* The paid up capital has been increased to JD 72,55 million paid in full, and will be increased to JD 100 in 2006.

\*\* There will be a 20 % free stock dividends .



### 23. JNB Employees numbers, categories , and qualifications :

	Below High School	High School	Community College	Bachelor	Masters	PhD	Total
Jordan's Branches	173	208	219	575	73	2	1250
Branches Abroad	29	74	38	130	11	-	282
Total	202	282	257	705	84	2	1532

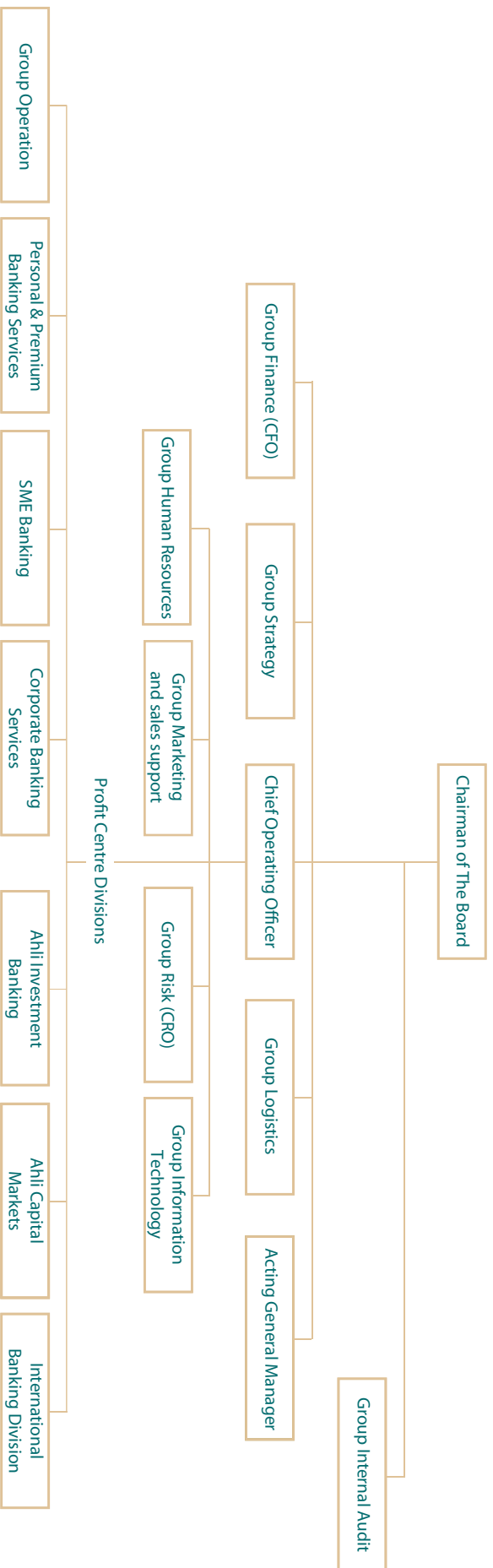
### Number of Employees in Subsidiaries and Affiliates :

- Cyprus: 23 employees
- Palestine: 103 employees
- Lebanon: 156 employees ( Al-Ahli International Bank )

### 24. Employment Policy :

The Bank's employment policy relies on attracting and recruiting the scientific and practical competencies through setting interviews for the specialized and experienced candidates. This workflow takes place after determining the Bank's need of qualified manpower through the specialized human resources committee and after obtaining the approval of the Chairman on all the recommendations made by the committee. This shall also take place in accordance with the stated working policies and the strategic plan declared by the Board of Directors.

## 25. TOP TEAM ORGANIZATION STRUCTURE



# JORDAN NATIONAL BANK

## BRANCHES & OFFICES

### GENERAL MANAGEMENT & HEAD OFFICE

Amman - Queen Noor Street - Shmeisani  
 P.O.Box 3103 , Amman 11181 , Jordan  
 Tel : 5622282 / 5 , 5622621 / 3 ,  
 Fax : 5622281 , Tlx : 23501  
 Swift : JONB JOAX  
 Web Site : <http://www.ahli.com> ,  
 E-mail : [info@jnb.com.jo](mailto:info@jnb.com.jo)

### JORDAN BRANCHES MANAGEMENT

Jabal Amman , 3rd Circle  
 P.O.Box 1578 , Amman 11118 , Jordan  
 Tel : 4642391 / 3 , 4657601  
 Fax : 4628809 , Tlx : 21820

### BRANCHES ABROAD MANAGEMENT

Queen Noor Street , Shmeisani  
 P.O.Box 3103 , Amman 11181 , Jordan  
 Tel : 5622282 / 5 , 5622621 / 3 , 5696741  
 Fax : 5689355 , Tlx : 23501

### Dealing Room

Tel: 4649367 / 9, Fax: 4649460  
 Jabal Amman, 3rd Circle

### Investment Banking

P.O.Box 3103 Amman, 11181 Jordan  
 Tel: 5689851 / 7, Fax: 5689864  
 E-mail: [researchunit@jnb.com.jo](mailto:researchunit@jnb.com.jo)

### Private Banking

Tel: 5624807, Fax: 5624806  
 General Management - Shmeisani

### Corporate Finance Unit

Tel: 4642391 , 4657601/ 3  
 Fax: 4611176  
 Jabal Amman, 3rd Circle

### Brokerage Department

P.O.Box 3103 Amman, 11181 Jordan  
 Tel: 5624361/ 5674124 Fax: 5624362  
 E-mail: [brokerage@jnb.com.jo](mailto:brokerage@jnb.com.jo)

### BRANCHES IN JORDAN

#### Amman Main Branch

Reda Street - Amman  
 P.O. Box 791  
 Amman 11118, Jordan  
 Tel: 4625126 / 7, Mgr: 4624218  
 Fax: 4625120, Tlx: 21820

#### Saqf Al-Sail

Commercial Area  
 P.O. Box 151390  
 Amman 11115, Jordan  
 Tel: 4616742 / 3, Mgr: 4637916  
 Fax: 4658318

#### Middle East Circle

Middle East Circle - Wehdat  
 P.O. Box 620190  
 Amman 11162, Jordan  
 Tel: 4777279 / 80, Mgr : 4777288  
 Fax: 4777289

#### Qwaismeh

Madaba Str., Near Customs Dept.  
 P.O. Box 38108  
 Amman 11593, Jordan  
 Tel: 4778951, Fax: 4746996

#### Al - Yarmouk Street

Wadi Al - Nasr,  
 P.O. Box 6643  
 Amman 11118, Jordan  
 Tel: 4910801 / 2, Fax: 4920803  
 Mgr: 4923062

#### Ras Al - Ain

Jerusalem Str.  
 P.O. Box 151174  
 Amman 11115, Jordan  
 Tel: 4757201 / 2, Fax: 4757203  
 Mgr: 4749889

**Marka**

Opposite To Military Hospital  
P.O. Box 15397  
Amman 11134, Jordan  
Tel: 4894825 / 7, Mgr: 4890970  
Fax: 4890360

**Amman Customs Office**

Main Bldg. - Amman Customs  
P.O. Box 38108  
Amman 11593, Jordan  
Telfax: 4756954

**Al - Hashmi Al - Shamali**

Prince Rashed Str.  
P.O. Box 230120  
Amman 11123, Jordan  
Tel: 4901343 / 4901363  
Mgr: 4901334, Fax: 4901302

**Zerka**

Zerka - King Hussein Street  
P.O. Box 111  
Zerka 13110 , Jordan  
Tel: 05 3983363 , 3983150  
Fax: 05 3996555 , Mgr: 05 3983150

**Free Zone / Zerka**

Free Zone  
P.O.Box 60  
Zerka 13134 , Jordan  
Tel : 05 3826214 , Telfax : 05 3826200  
Mgr: 05 3826171

**Al - Rusaifeh**

King Hussein's Street  
P.O. Box 2000 - Rusaifeh  
Amman 13710, Jordan  
Tel: 053 746190 , 746191  
Fax: 053 746192  
Mgr: 053 746190

**Queen Noor Street**

Shmeisani  
P.O.Box 941273  
Amman 11194 , Jordan  
Tel : 5685905 / 5672495  
Manager : 5685901  
Fax : 5699867 , Tlx : N.P. 21343

**Prince Mohammad Street**

P.O.Box 182352  
Amman 11118 , Jordan  
Tel : 4645701 / 3  
Fax : 4611531, Mgr : 4654163

**Marj Al - hamam**

Princess Taghreed Street  
P.O.Box 776  
Amman 11732 , Jordan  
Tel : 5716133 / 4  
Fax : 5716915, Mgr : 5716902

**Chamber Of Industry Building**

2nd Circle P.O.Box 2958  
Amman 11181 , Jordan  
Tel : 4644896 , 4644391  
Fax : 4649564 , Mgr : 4641142

**Jabal Amman**

3rd Circle , P.O.Box 35011  
Amman 11180 , Jordan  
Tel : 4653645 / 6 , Mgr : 4628819  
Fax : 4611541

**Sweifeh**

Haddad Commercial Center  
P.O.Box 850663  
Amman 11185 , Jordan  
Tel : 5865401 , Fax : 5865402  
Mgr : 5825651

**Bayader Wadi Seer**

Main Street  
P.O.Box 140278  
Amman 11814 , Jordan  
Tel : 5857791 , Fax : 5819834  
Mgr : 5859934

**Um - Uthaina**

7th Circle , P.O.Box 850664  
Amman 11185 , Jordan  
Tel : 5817920 , 5828717  
Mgr : 5857782 , Fax : 5817921

**Abdoon**

Cairo Street  
P.O.Box 850454  
Amman 11185 , Jordan  
Tel : 5929431 , 5929397 Fax : 5929652

**Shmeisani**

Al-Thaqafeh Street  
P.O.Box 940017  
Amman 11194 , Jordan  
Tel : 5681382 , Fax : 5681326  
Mgr : 5673578

**Wasfi Al - Tal Street**

Wasfi Al-Tal Str. , Muhtaseb Bldg  
P.O.Box 1114  
Amman 11953 , Jordan  
Tel : 5682124 , Mgr : 5682177 Fax : 5682188

**Jabal Al-Hussein**

Jabal Al-Hussein , Beer Al-Sabe'a St.  
P.O.Box 921085  
Amman 11192 , Jordan  
Tel : 5667216 , Mgr : 5673984 Fax : 5698069

**Sweileh**

Main Street , P.O.Box 15  
Amman 11910 , Jordan  
Tel : 5343143 / 4 , Mgr : 5343357  
Fax : 5333632

**Deir Alla**

Main Street , P.O.Box 99  
Deir Alla 18110 , Jordan  
Tel : 05 3573057 , Mgr : 05 573161  
Fax : 05 3573186

**Salt**

Municipality Street  
P.O.Box 50  
Salt 19110 , Jordan  
Tel : 05 3555771 /2/3 , Mgr : 05 3558015  
Fax : 05 3555774

**Al-Balqa' Applied University Office**

Salt - Balqa' University  
P.O.Box 50 Salt 19110 , Jordan  
Via Balqa University Telephones  
Tel : 05 3532691/2 Ext. : 3610  
Fax: 05 3532690

**Mecca Street**

P.O.Box 973  
Amman 11821 , Jordan  
Tel : 5856017 , 5866197  
Fax : 5866097, Mgr : 5852511

**Queen Rania Al-Abdullah Street**

Arab Printers Bldg  
Sport City Circle  
P.O.Box 19285  
Amman, 11196, Jordan  
Tel : 5698883 , 5698619  
Mgr : 5699042, Fax : 5699742

**Irbed**

Irbed - Army Street  
P.O.Box 61  
Irbed 21110 , Jordan  
Tel : 02 7242201 / 2 , Mgr : 02 7242686  
Fax : 02 7276146

**Hakama Street**

Irbed - Hakama Street  
P.O.Box 368  
Irbed 22110 , Jordan  
Tel : 02 7278613 , 7254377  
Fax : 02 7278614 , Mgr : 7254378

**Ramtha**

Banks Street  
P.O.Box 198  
Ramtha 21410 , Jordan  
Tel : 02 7383817 , Fax : 02 7382610  
Mgr : 02 7381670

**Mafraq**

Mafraq - Al-Shaheed Farhan Al-Husban Str.  
P.O.Box 510 Mafraq 25110 , Jordan  
Tel : 02 6231550 / 1 , Mgr : 02 6236239  
Fax : 02 6230303

**Jerash**

Jerash - King Abdulla Street  
P.O.Box 125 Jerash 26110, Jordan  
Tel : 02 6351891/ 2 , Mgr : 02 6351890  
Fax : 02 6351893

**Industrial City Office / Irbed**

P.O.Box 61 Irbed 21110 , Jordan  
Telfax : 02 7400055

**Aqaba**

Aqaba , Hammamat Street  
P.O.Box 49 Aqaba 77110 , Jordan  
Tel : 03 2022351 / 2 , Mgr : 03 2022354  
Fax : 03 2022353

**Maan**

Maan - King Hussein Street  
P.O.Box 114 Maan 71111 , Jordan  
Tel: 03 2132347 / 8  
Fax : 03 2132799 , Mgr : 03 2133749

**Tafila**

Tafila - Main Street  
P.O.Box 13  
Tafila 66110 , Jordan  
Tel : 03 2241120 , Fax :03 2241710  
Mgr: 03 2243945

**Kerak**

Kerak - Italian Hospital Street  
P.O.Box 177 Kerak 61110 , Jordan  
Tel : 03 2351248 / 9 , Mgr : 03 2355749  
Fax : 03 2351676

**Sahab**

Sahab - Main Street  
P.O.Box 2  
Sahab 11511 , Jordan  
Tel : 4021092 , Fax : 4021609  
Mgr : 4025673

**Madaba**

Madaba - Municipality Bldg.  
P.O.Box 295  
Madaba 17110 , Jordan  
Tel : 05 3244254 , Mgr : 05 3245181  
Fax : 05 3240260

**Khreibet El-Suq**

Madaba Street - Near Taibeh Bridge  
P.O.Box 665  
Amman 11621, Jordan  
Tel : 4125080 , 4125079  
Mgr : 4125088 , Fax : 4127610

## BRANCHES ABROAD

### PALESTINE

#### Regional Management

Palestine Branches  
Al-Quds Street , Elbireh  
P.O.Box 550 Ramallah  
Tel : +970 / 2 / 2959343/4  
Mgr : +970 / 2 / 2959340  
Fax : +970 / 2 / 2959341  
E-mail : jnb@palnet.com

#### Nablus Branch

Commercial Center B , Building No. 8  
P.O.Box 40  
Tel : +970 / 9 / 2382280/1  
Mgr : +970 / 9 / 2374501  
Fax : +970 / 9 / 2382283  
E-mail : jnb-nab@alqudsnet.com

#### Shallalah Street Branch - Hebron

No. 15 Shallalah Street  
P.O.Box 623  
Tel : +970 / 2 / 2224801/3  
Mgr : +970 / 2 / 2224804  
Fax : +970 / 2 / 2224805  
E-mail : jnb-shal@alqudsnet.com

#### Elbireh - Ramallah Branch

Al-Zahra' Street , Ramallah  
P.O.Box 550 Ramallah  
Tel : +970 / 2 / 2986310/13  
Mgr : +970 / 2 / 2986373  
Fax : +970 / 2 / 2986311  
E-mail : jnb-ram@alqudsnet.com

#### Al - Salam Street Branch - Hebron

Al-Salam Street  
P.O. Box 718  
Tel : +970 / 2 / 2226713/4  
Mgr : +970 / 2 / 2212770  
Fax : +970 / 2 / 2226712  
E-mail : jnb-sal@alqudsnet.com

#### Bethlehem Branch

Al-Mahed Street  
P.O.Box 807  
Tel : +970 / 2 / 2770351/2  
Mgr : +970 / 2 / 2770353  
Fax : +970 / 2 / 2770354  
E-mail : jnb-beth@alqudsnet.com

**Jerusalem Branch:Temporarily Closed .**

### CYPRUS

#### International Banking Unit

Pecora Tower , 2nd floor, 1 , Anexartisias Str.  
P.O.Box 53587 , 3303 Lemesos - Cyprus  
Tel : +357 / 25 / 356669,  
Fax : +357 / 25 / 356673

#### Dealing Room :

Tel : +357 / 25 / 371118  
Reuters Code : JNBC  
Swift Code : JONB CY 2I  
E-mail : jnb@cytanet.com.cy

## **Al-Ahli International Bank (S.A.L) Branches (Subsidiary)-Lebanon**

### **General Management**

Bab Idris , P.O.Box 11 - 5556  
Beirut - Lebanon  
Tel : +961 / 1 / 970921 - 970927  
Fax : +961 / 1 / 970935 Operations  
Fax : +961 / 1 / 970946 Facilities

### **Treasury & Private Banking**

Tel : +961 / 1 / 970960 - 970957-8  
Fax : +961 / 1 / 970959  
Emails : gm@ahli.com.lb Management  
info@ahli.com.lb International  
Swift : JNB BLBBE  
Tlx : 20512 LE , 21416 LE , 42423 LE  
Web Site : www.ahli.com

### **Bab Idris Branch**

Bab Idris - Al-Ahli International Bank Building  
P.O.Box 11 - 5556  
Beirut , 11072200 - Lebanon  
Tel : +961 / 1 / 970921 - 970927  
Fax : +961 / 1 / 970952

### **Verdun Branch**

Diamon Tower Building , Verdun Street  
P.O.Box 5186 Beirut  
Tel : +961 / 1 / 797078 , Mgr : 790083  
Fax : +961 / 1 / 790082  
E-mail : verdun@ahli.com.lb

### **Jdeideh Branch**

Barber Abu Joudeh St. , Bousharieh  
P.O.Box 90012 Beirut  
Tel : +961 / 1 / 881719 , Mgr : 883880  
Fax : 883891  
Tlx : 42270 LE NATIOB  
E-mail : jdeideh@ahli.com.lb

### **Hamra Branch**

Emile Eddeh St. , Hamra  
Tel : +961 / 1 / 340270  
Fax : +961 / 1 / 742843  
E-mail : hamra@ahli.com.lb

### **Dora Branch**

Dora Highway  
Tel : +961 / 1 / 899121  
Fax : +961 / 1 / 894721  
Mgr : +961 / 1 / 883722  
E-mail : dora@ahli.com.lb

### **Kaslik Branch**

Zouk Highway , Kaslik  
Tel : +961 / 9 / 210783 , 210769  
Fax : +961 / 9 / 210760  
Mgr : +961 / 1 / 210770  
E-mail : kaslik@ahli.com.lb

### **Tripoli Branch**

Awqaf Building - Abdul-Hamid Karami  
St. , Tripoli  
P.O.Box 900 Tripoli  
Tel : +961 / 6 / 430106  
Fax : +961 / 6 / 430105  
E-mail : tripoli@ahli.com.lb

### **Saida Branch**

Mukhalisieh Building , Awqaf St.  
P.O.Box 116 Saida  
Tel : +961 / 7 / 721270 , Mgr : 720418  
Fax : +961 / 7 / 728931  
E-mail : saida@ahli.com.lb