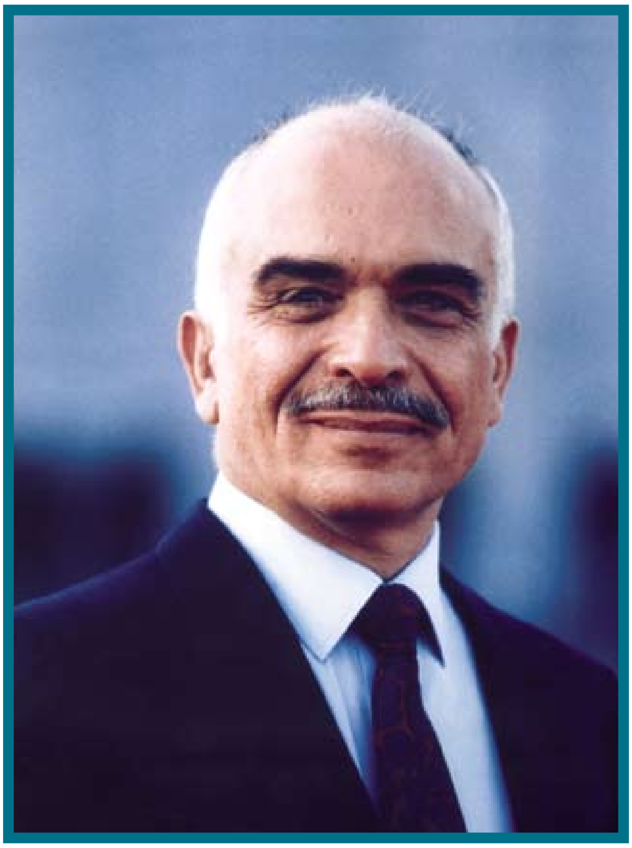
His Majesty
King Abdullah II bin Al Hussein



His Majesty the Late
King Hussien I bin Talal

Contents:

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 Jordan Ahli Bank staff, and guarantee competitive and growing salaries for them

Towards Society :

Develop banking products that contribute 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 Ahli Bank's strategic objectives come 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" , which we are committed to implement it 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

H.E. Dr. Rajai. S. Muasher .... Chairman

Mr. Nadim Y. Muasher .... Deputy Chairman

Kuwait Investment Authority .... Represented by Mr. Ahmad Tahous Al Rashed

(Government of Kuwait)

Jordan Investor Center .... Represented by H.E. Mr. Wasef Azar

The Social Security Corporation .... Represented by H.E. Dr. Mohammad Abu Hammour

Abraaj Capital (UAE) .... Represented by Mr. Mustafa Abd Al Wadood

Muasher Investment & Trading Co .... Represented by Mr. Emad Y. Muasher

Arabia S.A.L. (Holding) .... Represented by Mr. Hani Fraij

ZI & IME Co. (Saudi Arabia) .... Represented by Mr. Ala-Eddin Sami

Rajai Muasher & Brothers Co. .... Represented by Mr. Rafiq S. Muasher

Mr. Mahmoud Z. Malhas .... Member

Mr. Rajai S. Sukkar .... Member

Mr. Tawfik A. Kawar .... Member

Executive Management

H.E. Dr. Rajai S. Muasher ....Chairman

H.E. Mr. Marwan Awad ....CEO/ General Manager (since October 1st ,2006)

Mr. Khalil Nasr....................Deputy CEO/Head of Group Personal & International Banking

Miss. Lina Bakhit.................Deputy CEO/Head of Group Ahli Capital Markets

Mr. Fuad Werr.................... Deputy CEO/Head of Group Marketing, Sales Support & Jordan Branches Management.

Mr. Ibrahim Ghawi...............Deputy CEO/ Head of Group Finance

Mr. Hani Farraj.....................Deputy CEO/ Head of Group Administration & Logistics (secretary of the Board of Directors)

Mr. Kayed Farah Kayed ....Deputy CEO / Head of Group Remedial, Recoveries & Legal Affairs

Mrs. Hadeel Kayyali............. Deputy CEO / Head of Group Operations

Mr. Samer Sunnuqrot........... Deputy CEO / Head of Group Ahli Investment Banking

Mr. Zahi Fakhoury................ Deputy CEO / Head of Group Credit

Mr. Faleh Al Najjar................ Deputy CEO / Head of SME Banking Services

Mr. Sa'ad Muasher .... Deputy CEO / Head of Group Strategy

Mr. Suleiman Dababneh......... Assistant GM/Accounting & Reporting

Mr. Saleem Ghandour........... Assistant GM/International Banking (Branches Abroad)

Mrs. Dima Aqel..................... Assistant GM/ Head of Group Risk Management

Mr. Kameel Haddad .... Assistant GM / Remedial, Recoveries & Legal Affairs

Mr. Bashar Bakri .... Assistant GM / Head of Group Human Resources

Mr. Basem Isleem................ Internal Auditor/ Head of Group Internal Auditing

Advisors

Mr. Issa Khoury.....................Chairman's Advisor / Acting Head of Group Corporate Banking

Mr. Nahid Hattar..................Chairman's Advisor for Media & Cultural Affairs

Chairman's Letter

To our Dear Shareholders,

It is an honor for me to present to you the fifty- first Annual Report for Jordan Ahli Bank. This report includes an overview of the Bank's major activities, achievements, final accounts for 2006, the future plan for 2007 in addition to the Bank's main financial indicators and economic performance in Jordan.

During 2006, Jordan Ahli Bank focused its efforts on building and refining key elements of the bank's foundations. This has included a major restructuring of credit policy, updating and streamlining banking procedures, as well as beginning to upgrade the bank's core banking systems. We will continue to invest heavily in upgrading all key business and support functions, human resources, and systems in order that we may attain the bank's ambitious vision. Our vision is not only to become one of the largest and most profitable financial institutions in Jordan, but also to leverage our local growth into aggressive regional and ultimately international expansion.

In order to reflect this new spirit of change and ambition at the bank, we have undergone a major re-branding and marketing campaign. The bank has upgraded its logo and brand values in order to reflect a more modern, ambitious, and younger financial institution. In addition, the bank has adopted a new motto, "The Power of Change", to reflect not only the bank's ambitious change strategy, but also to publicly and confidently commit to the bank's powerful transformation. "The Power of Change" begins first and foremost with our people, and in this regard we have made substantial improvements. We have recruited many new and well known banking industry leaders to our top and middle management ranks, and will continue to attract and promote the best and most qualified human resources in the banking industry.

Our team has been actively engaged in building and executing an ambitious action plan that will guide our institution towards accomplishing our vision. This plan is monitored and reviewed on a monthly basis by Group Strategy. The plan encompasses hundreds of different actions dispersed across the whole bank. Broadly speaking, these actions, or "strategic imperatives" as we call them internally, fall within three major categories: income enhancement imperatives, cost reduction imperatives, and risk management imperatives. Our strategy is to gradually and intelligently diversify and magnify our income, whilst reducing our costs and efficiency across all the bank's different functions. Of course, the heart of banking is risk management, and increasing income without properly investing and upgrading our risk management capabilities is not prudent. Therefore, we are also focusing heavily on building world-class risk management systems, policies, and human resources.

Financial Snapshot

Jordan Ahli Bank has succeeded in doubling its capital during the last couple of years to reach JD 110 million. The shareholders were granted 20% stock dividends to raise the Bank's capital, as a first stage, from JD 85 million to JD 102 million during June 2006. Later in the year, Abraaj Capital, a premier private equity firm from the UAE, has acquired a strategic stake in the Bank amounting to 8 million shares at a price of JD 3.38 per share. At the end of 2006, the strategic partners' total stake reached 10.7% of Ahli Bank's paid-up capital. The purpose of raising the capital is to meet the financing requirements for many of the mega projects currently underway in Jordan, as well as enhancing the bank's capital adequacy ratio and preparing for the regional expansion. The Bank's success in raising its capital, at a substantial premium over the par value, clearly indicates the solid shareholders' confidence in the Bank's capability to utilize proceeds of the capital increase in order to achieve high returns and realize sustainable growth. Recently, the Board of Directors decided to distribute 15% cash dividends to shareholders from 2006 profits.

On the back of the Bank's successive achievements in reducing the ratio of non-performing loans to gross facilities, adequate loan provision coverage, high liquidity levels and good capital adequacy, the highly reputable international rating agency, Capital Intelligence, has raised the Ahli Bank's credit rating in December 2006 to (BB) in terms of financial strength and long-term foreign currency. This new rating reinforces Jordan Ahli Bank's growing strength in the Jordanian Economy.

Total assets increased during 2006 by 4% to reach JD 1.74 billion, while total deposits rose by 2.8% to around JD 1.32 billion. Shareholders' equity registered a notable jump of 17.3% to reach JD 212.8 million. Net profits, before tax amounted to JD 30.4 million, while net profit after tax registered about JD 20.2 million, hence achieving a 10.3% return on average equity and a 1.2% return on average assets.

Jordan Ahli Bank continued to apply the highest standards of corporate governance. In this respect, the Board of Directors has resolved to approve the recommendation of the Board's Chairman to appoint H.E. Mr. Marwan Awad as the Chief Executive Officer and General Manager of the Bank. H.E. the CEO enjoys a reputation as one of the most competent and professional banking industry veterans in the country, and the board has granted him all the executive authorities necessary to deliver on the bank's promise for the "Power of Change".

In closing, I would like to extend my greatest appreciation and deep gratitude for our dear customers and loyal shareholders who have always extended us their valuable confidence. I would also like to note my sincere respect and appreciation to the Ahli Bank staff. They have exerted themselves continuously as the bank moves forward in its ambitious plans, and are a model of team spirit and loyalty.

Finally, I would like to praise and thank the efforts and cooperation of the Jordan Central Bank, the capital market institutions, and the Companies Control Department, as their collective efforts have always played a key role in creating a healthy, growing, and dynamic Jordanian banking industry.

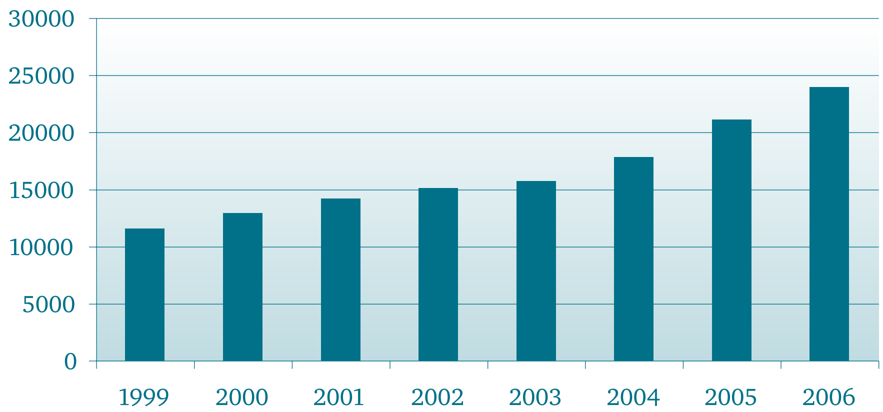
DR. Rajai Muashar
Chairman

The Jordanian Economic Performance

Jordan's commitment to economic and social reform, which has led to an overall economic growth over the last several years, continues with broad public and private support. Therefore, in 2006, a considerable progress has been highlighted in achieving a number of economic objectives that have further reinforced the country's macroeconomic stability, notwithstanding the political instability in the region. In particular, last year marked the end of a three-year plan that the Ministry of Planning and International Cooperation (MOPIC) has embarked on to carry forward national reforms, which resulted in enhancing the overall business and investment climate, encouraging foreign investment, reducing public debt as percentage of GDP as well as minimizing the dependence on foreign aid and grants.

As a result, Jordan ranked 53 world wide and 3rd among Middle Eastern and North African countries in the "Index of Economic Freedom" published by the Heritage Foundation in Washington, D.C., and the Wall Street Journal. Furthermore, after a somewhat prickly start in 2006, the Jordanian economy was able to absorb the impact of surging oil prices and dwindling foreign grants, thus registering a growth rate of 6% in Gross Domestic Product (GDP) at constant prices during FY2006. As a result, Moody's, the international rating agency, upgraded Jordan's economic outlook from "negative" to read as "stable" by the end of the year. Consequently, Jordan is posted on the region's map as a role model in terms of its economic development and policies.

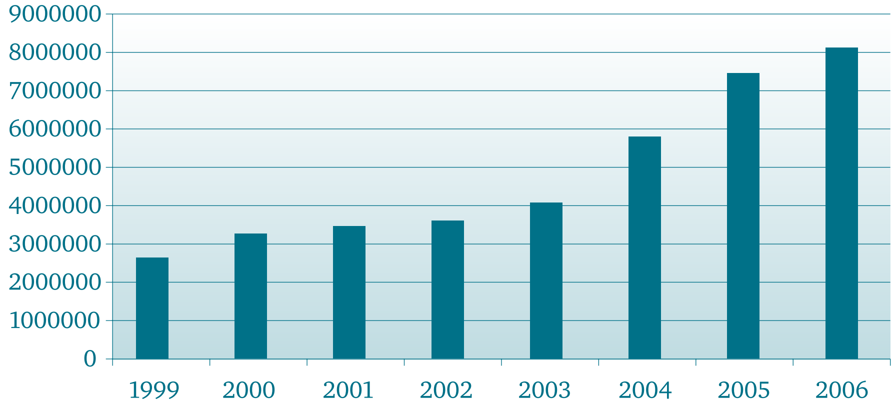
Total Assets of Licensed Banks - Million JD's



The economic growth during 2006 was alleviated by the underpinning growth in foreign direct investment pouring into the national economy, being fuelled, for the most part, by surging oil profits in the Gulf countries. In effect, foreign Investments have been growing at a blistering pace during the last year topping JD1.92 billion by the end of September 2006, thus marking an unprecedented 126% hike compared to the same period in 2005. Such inflows, mainly targeting the Jordanian stock market and the real estate sector, provided a boost in terms of economic growth and were in fact dampening the effect of rising interest rates.

However, notwithstanding the boom in these markets, the impact was a further increase in the money supply, thus pushing the CBJ to increase interest rates in accordance with its policy that was entangled to match the US monetary policy. Therefore, domestic liquidity as measured by the broad money supply (M2) increased by 14% during FY2006, while interest rate hikes as carried out by the CBJ entailed an increase of 100 basis points to reach 7.5% by the end of FY2006 compared with 6.5% in 2005. However, the successive interest rate hikes failed to curb the excessive growth in the money supply, and as a result, higher inflation, as measured by the Consumer Price Index (CPI) has worked itself into the economy registering a worrying 6.25% by end of FY2006. Moreover, foreign currency reserves held at the Central Bank of Jordan have reached a record high in 2006 standing at US$6.1 billion compared with US$4.8 billon in 2005.

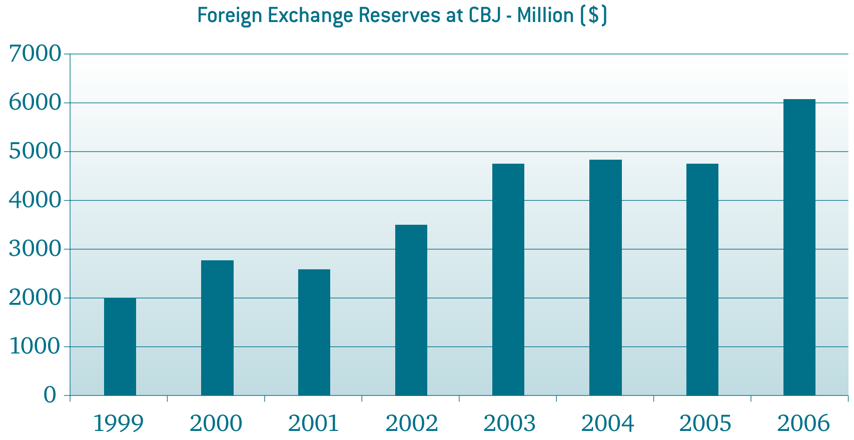
National Imports (Thousand JD's)



Jordan has been running a current account deficit for the last three years topping JD1.15 billion by the end of September 2006, which is 14.8% of estimated GDP for FY2006. The current account deficit has been fueled by the huge deficit in the trade balance that has reached JD4.45 billion by the end of FY2006, on the back of a significant oil bill that has jumped over 18% during 2006. However, the growth of trading activity in terms of imports and exports that expanded by 12.3% in 2006, signals healthy performance of the Jordanian economy in terms of trade liberalization strategies and global economic integration.

On the other hand, foreign aid and grants have also dropped drastically during the last two years, thus adding to the burden of the current account deficit. Foreign aid and grants registered JD322.1 million by the end of FY2006, marking a drop of 39.5% compared to JD533.1 million reported in FY2005.

Nevertheless, the current account deficit is being financed by a huge surplus in the capital account mainly driven by inward investment flows, especially in the real estate sector. Such inflows, however, may not be sustainable as they may drop or even be withdrawn under certain political circumstances, and therefore, underlie the vulnerability and rather structural weakness that is embedded in the balance of payments account.



The majority of Arab stock exchanges have gone through a major downward correction movement during 2006 following an exceptional performance in 2005. This decline wave, which included Amman Stock Exchange (ASE), caused the general index to lose one third of year 2005 gains. In effect, trading value dropped by 15.8% to settle at JD14.2 billion in 2006 versus JD16.8 billon in 2005, while market capitalization stood at JD21.08 billion by the end of 2006, shedding 20.95% of its value compared to 2005 level.

The successive Jordanian governments have been running a chronic deficit that reached JD450 million by end of FY2006, or 4.5% of GDP, marking a 5.6% drop when compared to JD476.8 million recorded in 2005. The fiscal deficit has been closely associated with foreign grants that have been locked into a downward trend since 2004, in parallel with the government embarking on a number of tax reforms to counter the effects of the diminishing foreign aid.

Net outstanding external public debt increased by almost 3.3% to touch JD5.22 billion (52.5% of estimated GDP) by the end of November 2006, compared to JD5.05 billion (56.1% of GDP) at the end of 2005. However, the increase in external debt has had a positive contribution on the performance of the Jordanian economy, where the percentage of external debt in terms of GDP dropped as the latter has been growing at a faster rate than external debt. In terms of domestic public debt, it dropped by 19.7% to reach JD2.03 billion (20.5% of estimated GDP) versus JD2.43 billion (27% of GDP) at the end of 2005.

An increase of only 1.36% was added to the trade deficit that stood at JD4.45 billion by the end of FY2006, as national exports have been accelerated at a faster rate than imports during that year. On one hand, total imports increased by 9% to stand at JD8.11 billion, of which crude oil imports accounted for JD1.43 billion or 17.7% of total imports. On the other hand, total exports (including re-exports) have been boosted by almost 20.1% topping JD3.66 billion being mainly driven by garment production. Finally, in terms of construction activity in the Kingdom, the area of land licensed for building expanded by only 5.6% during 2006 compared to 22% in 2005, while the number of permits during 2006 dropped by almost 10%.

The Board of Directors' Report for 2006

The management team's efforts were focused during 2006 on reorganizing and restructuring the workflow to ensure smooth operations within a comprehensive process. This will help the Bank to institutionalize procedures and upgrade its operations. The purpose of standardization and systemization of operations is to shorten the time period required to extend the various products and services of the Bank. Moreover, the automation will also assist the Bank in applying the best international banking practices and standards, especially with regards to meeting customers' needs and expectations.

The Bank has already achieved great success with respect to management restructuring, rationalizing operational expenses, increasing the productive efficiency of branches and distribution channels, introducing new products, and improving the quality of services rendered to the public.

The Profit Centers Sector: -

This sector includes all profit centers in the Bank, which encompass the following groups and departments: -

1. The Credit Facilities Group:

A. Group Corporate Banking Services: -

This Group continued to lead the Bank's revenues, and succeeded in registering notable growth rates through direct and indirect credit facilities accounts as well as increasing customer deposits accounts and cash collaterals. This Group has managed to attract a large number of good accounts distributed over balanced sectors in order to diversify credit portfolio risks and maximize its profitability. The Bank continued to enhance its communications with existing customers and maintain their distinguished relationship. Furthermore, the Bank consistently searched for opportunities to assist customers in developing and uplifting their businesses and meeting their requirements by presenting new products and services.

B. Group Small and Medium Enterprises Banking Services:-

Jordan Ahli Bank aims at capturing the largest possible market share in the area of financing the small and medium enterprises sector to be a pioneer in this field. This group has managed to transform its function from a support role for branches to a proactive role. This new mechanism aims at enabling the Group to increase its business development activities and attract new customers, whether from the newly–established enterprises or existing ones. The Group also targets the companies that deal with other banks and aims at increasing the size of facilities extended to current customers. This Group has achieved a sharp growth of 25% in terms of expanding its customer base during 2006. Moreover, The Group now pays more attention to increase cross – selling activities, as well as increasing the amount of selling time for the various banking products presented by the Bank.

C. Group Personal and Premium Banking Services (PPBS):-

The business nature of this sector has a large potential for brisk growth. This sector represents a major source of the deposit base at the Bank. Therefore, the Bank aims at intensifying the selling efforts for the products of this sector in order to distribute the risks over a large number of small – size accounts, thus achieving a better control of credit risk.

The efficiency of the personal banking services has improved, especially during 2006 as a result of capitalizing on the Bank's strengths such as: - the historical name of Jordan Ahli Bank over fifty years, the large and diversified size of customers base combined with the diverse and various channels of distributions within a wide branch network.

The business growth that was realized in the personal banking services during 2006 was centered upon applying a new vision that focused on excellence in rendering the banking products and services. The new vision also caters for meeting the needs of the entire demographic segments, concentrating on marketing all services for current customers, as well as intensifying the selling efforts geared towards attracting new customers. Moreover, the Bank aims at distinguishing itself with respect to managing customers' relationships through building profitable and fruitful relations with them. In this regard, the Bank was active in organizing and arranging special marketing packages and programs targeted for institutions and large companies. These packages were specifically tailored in the area of housing loans to target individuals who are benefiting from the projects related to housing and real estate development companies. These housing loan packages focused specifically on financing the limited and average income individuals.

In the field of credit cards, the extensive advertising campaign conducted to promote the revolving Ahli Bank MasterCard cards has attracted a large number of new customers. Additionally, the Bank has started implementing the SMS service to serve cardholders. The Master Points System was activated for revolving cards in order to encourage and embed the use of credit cards in purchasing habits. The Bank has also partnered with many merchants to give away various gifts and in-kind prizes to Ahli Bank cardholders when exchanging accumulated points. On a different note, the Bank has participated in establishing the National Payment Gateway along with the consortiums of the Visa Jordan Company and STS co. This gateway system is expected to increase the volume of using and acquiring all different kinds of cards through the Internet in a safe mechanism. The Bank has also expanded its base of qualified merchants to use the point of sale machines to reach 4,275 merchants.

D. Group Credit Remedial and Follow-Up: -

This Group has made a notable achievement in 2006 as it managed to exceed the specific targets set in the area of collecting non-performing loans and converting them to regular accounts. This led to reducing the ratio of non-performing loans to gross facilities to acceptable levels, and then to international standards in 2007. It should be mentioned that the coverage ratio of provisions to non-performing loans has improved substantially during 2006 with the availability of a large reserve of provisions and interest in suspense.

The functions and workflow of this department was segmented into different groups that are in line with the Bank's efforts to restructure and reorganize itself. These segments were classified to control and monitor corporate credit accounts, small and medium enterprises accounts and the retail accounts.

2. Group Capital Markets and Treasury Operations:-

The Treasury Department continued to add many investment products and services to meet the needs and requirements of customers that are in line with the policy directed at increasing business development and diversifying products. More attention was given on presenting additional specialized services in the derivatives markets, particularly the services related to interest rates and international commodities. The Bank now provides customers with new techniques for hedging against price fluctuation risks. This Group has expanded its customer base substantially in that area as a result of the multiple and diverse set of products presented to customers, whether for hedging, investment or speculation purposes.

The year 2006 witnessed ongoing success for the wealth management department as the range of financial instruments and services were expanded. This expansion has contributed to increased number of customers, and paved the way for new horizons of creativity in the world of financial engineering, thus presenting all investment products for large customers through a comprehensive department.

This Group focused during 2006 upon quality training, where a number of employees attended highly specialized training programs and were awarded international certificates. The Group has also completed setting up a solid foundation for investment and risk policies, as well as work manuals and procedures, in order to prepare for applying international standards. This Group will also implement new international banking systems during 2007 in the areas of risk management and asset / liability management in order to attain the best banking practices and to comply with the Basel II requirements.

3. Group Investment Banking:-

Ahli Investment Banking Group has managed to achieve a large and distinguished leap forward in the field of initial public offerings (IPO's) and new subscriptions to increase companies' capitals. The Bank was appointed as a lead manager to establish eight public shareholding companies with a total capital amounting to JD 16.75 million. The Bank was also assigned as an Issue Manager for another eight companies to increase their capital via private placements. The AIB Group offered these capital increase shares for the public and listed them on the Amman Stock Exchange (ASE). Jordan Ahli Bank was also appointed as an Issue Agent for receiving public and private subscriptions for many companies with a total offering amount of about JD 24 million.

It should be noted that the Ahli Investment Banking Group presents to its customers and investors advisory services through a professional team with specialized knowledge and expertise. These services include advising the best financial solutions away from risks, whether by discovering new investment opportunities or providing the required financing for projects.

The Investment Research Unit provides customers and other parties interested in the Jordanian capital market with research reports, advisory services, and financial analysis for listed companies and their related economic sectors. Moreover, this unit presents specialized technical analysis for stock price trends through monitoring the movement of " Ahli Bank 35" Index consisting of the best 35 companies listed on the Amman Bourse.

Ahli Investment Banking Group will specifically concentrate in 2007 on corporate finance activities and operate as a financial advisor and Issue Manager for a number of companies to enable them to raise the funds required for financing their projects or restructuring their balance sheets.

4. Group International Banking Services:-

A. AL-Ahli International Bank S.A.L (A Subsidiary of Jordan Ahli Bank in Lebanon):-

The year 2006 was supposed to be the year of expansion and growth; however, the events that took place in Lebanon has led to postponing or canceling a number of plans, hence negatively affecting the balance sheet of the Bank. For example, AIB has put off raising its capital by $15 million through a private placement for new investors. However, AIB achieved a good growth in customers' deposits and certificates of deposits by 8.1% to reach $292.5 million despite the drawings of non-residents due to the war. The performing facilities rose by 22% to reach $88.8 million against a drop of 15.8% in net non-performing facilities. This drop was realized after finalizing quite a few settlements of these loans to benefit from the incentives offered by the monetary authorities to the banks that make settlement agreements for their troubled loans under certain conditions.

AIB established a Private Banking Department to take care of premium clients and high net worth individuals in order to attract their deposits and offer them premium-banking services. The Bank now works on expanding its branch network inside Lebanon, where a new branch will be opened in Beirut and another in Tyre. AIB continued to draw in new customers working in diversified economic sectors, where the Bank focused on financing their commercial businesses to retain them as loyal customers. Furthermore, the Bank continued its active role in the field of introducing specialized banking products for the various retail loans.

AIB has also established the Planning and Projects Department, which was furnished with high caliber employees. A number of new systems were operated, such as " I Bank " and " Ahli Net " in addition to other automated systems. AIB has also completed the implementation of the Control and Risk Self – Assessment system " CARE 2004 ". The system's elements were identified and evaluated in order to start testing the efficiency of control procedures to reduce and monitor risks.

B. Cyprus Branch:

Despite the unstable regional circumstances in Lebanon, the Cyprus branch celebrated yet another year full of achievements, which culminated in increasing profits by 150%, compared to 2005. Furthermore, at the beginning of 2006, the Central Bank of Cyprus has amended the licenses extended to International Banking Units to permit them to operate in the local Cypriot market and render the banking services to Cypriot individuals and institutions. The Cyprus branch continues to present its international banking services, especially in the field of financing regional trade, processing international payments, dealing in money market operations and trading in foreign currencies and commodities.

C. Branches in Palestine:

The Bank's branches in Palestine achieved a growth of 7% in customers' deposits as well as a reduction of 5% in the general and administrative expenses. Total assets rose by 22% after raising the capital of Palestinian branches from $5 million to $20 million during 2006.

Our Regional Management in Palestine will focus on risk management in order to increase the size of lending in a safe and scientific approach. Moreover, the branches in Palestine will introduce and execute some programs in the area of retail loans, such as the Soft Installments Program. A special program to support Small and Medium Enterprises (SME) is under study in cooperation with the Palestinian European Fund.

Cost Centers Sectors: -

1. Group Operations:

This Group presents all support services and activities for profit centers in the Bank, such as providing the technical requirements needed for implementing programs related to improving customers' service and producing quality reports. Moreover, the Group Operations continued to render support services to the branches with regards to training, granting authorizations, organizing and upgrading operations on the current banking system. This Group includes the branches operations and automation department, treasury operations department, electronic services department, trade finance department and the procedures and processes department.

The Group currently concentrates on updating and developing systems and banking processes to realize the Bank's objectives in terms of centralizing all technical and specialized operations. Additionally, more attention is being given to upgrade the electronic services systems, which provide alternative banking service channels. The purpose of upgrading electronic services is to convert branches into sales centers to present banking services for the public. The Group will always ensure the availability of unified and consistent banking applications as well as the existence of a sound implementation of its operations.

2. Group Information Technology: -

The major task for this group during 2006 was to review and evaluate the core banking system in order to replace the old one with a new state-of- the art system. The desired sophisticated system will gradually enable and empower the Bank to achieve it strategic objectives. The implementation of the new system should also accommodate the Bank's latest changes in terms of re-engineering the banking processes, restructuring management and reorganizing business segments. Therefore, the process of changing the banking system has become an urgent imperative to match the restructuring process currently underway in the Bank. The main objective lies on reviewing, evaluating, and selecting a supplier of the system with the right technology and solutions. This will assist and support the Bank's vision and its objectives in streamlining and accelerating processes above and beyond meeting customers' needs.

The IT Group prepared a Request For Information (RFI) letter and was sent to eleven companies specialized in the area of banking software development. Eight companies responded, and they were short- listed to only five companies after conducting a comprehensive review by a team of experts from Jordan Ahli Bank. Based on the responses of the qualified companies and the strategic plan criteria of the Bank, the IT Group has also prepared a Request For Proposals (RFP) document. According to this process, the Bank requested from the initially qualified companies to present their proposals by the end of August 2006. These presentations aimed at providing the Bank with higher level of details for the proposed systems as well as evaluating their compatibility with the needs and requirements of Jordan Ahli Bank. The Bank later formed a team consisting of 35 staff members to evaluate the companies' proposals for selecting the best banking system.

3. Group Branches Management, Marketing and Sales Support: -

The Group's functions were centered on accomplishing the change and modernizing campaign, where the Bank has successfully changed its name and logo. The revamped corporate identity goes in line with the sophisticated vision of Jordan Ahli Bank. The first of its kind pilot branch was established in Abdoun to serve as an ideal branch for the Bank, and to provide a bright picture of Jordan Ahli Bank. The pilot branch is also designed towards attracting customers from the new generation of the youth segment. The change and modernizing project also separated branches into sectors that each serves a specific segment of customers. The segments were classified in the following categories: - personal and premium banking services sector, small and medium enterprises banking services sector, corporate banking sector, investment banking sector and capital markets sector. The Bank also organized and executed an extensive advertising campaign that encompassed the different advertising channels.

A new service quality unit was established to achieve a main objective for the Bank, namely, " Caring to the Customer ". This objective will be carried out through adopting and applying a standard action plan to attain an ideal level of performance and distinguished services. Moreover, a new Customer Relationship Management Unit (CRM) was established. The purpose of this unit is to compile comprehensive data and information on customers with respect to their age brackets, marketing trends, preferences, incomes, nature of financial and banking product needs, residential areas and social status, in addition to other information related to the customers' behavior. The Call Center was also revamped to complement the establishment of the above – mentioned two units. The Call Center represents the main gateway for outgoing and incoming information linked to the CRM system. The center aims at providing customers with the largest possible size of information about the Bank's various products and services. This will reduce the number of visits customers make to the branch for performing their transactions.

The most important functions of the Call Center are the following: -

1. Assisting branches in marketing the Bank's products to customers.
2. Assisting branches in following up with customers with regards to the branch.
3. Reducing the work pressure on branch staff through responding to customers' daily inquiries, and thus dedicating the branch staff for selling activities.
4. Coordinating between branches and prospective customers to obtain the Bank's products.
5. Increasing customer satisfaction through rendering quality services efficiently, and attempting to solve customer complaints quickly and effectively.

The Bank has established the Branching Department in order to prepare continuous studies on the banking sector and branching opportunities, which provides greater potential for the Bank to have a wider outreach. Studies conducted in this regard will also evaluate the best alternative channel of distributing the Bank's products, whether through standard branches, small points of sale, or through electronic channels such as ATMs. Furthermore, a specialized unit was established to supervise the Bank's website, which was updated and matched with the new corporate identity of Jordan Ahli Bank.

4. Group Logistics and Administrative Affairs: -

This Group has procured all the necessary logistics with regards to converting the Abdoun branch to a Pilot Branch. This ideal branch will operate according to the most recent international banking standards. The branch was renovated and furnished with the latest technical specifications for office equipment, safety systems and IT systems. The Bank has also completed the renovation of its building in the commercial district of Shmaisani to relocate all departments and units related to the credit function. The Bank has also finished constructing two additional floors in its head quarters building. Additionally, the Bank has installed the new signs that reflect the new corporate identity in all branches and sites of the Bank.

5. Group Finance: -

Jordan Ahli Bank has contracted with a specialized international company to apply the Oracle Business Suite system. This system will provide a highly sophisticated and comprehensive management information system, which will benefit all sectors of the Bank. This Group has introduced and developed analytical data and financial reports to measure and follow up the performance of branches based on customer segments. Additionally, a new methodology was developed to prepare the annual budget for the Bank in order to attain an integrated budget for each customer segment. Such a methodology was designed through introducing new and advanced forms, which assist in monitoring the performance of branches and segments on a monthly basis. All branches were also classified into different categories according to their size and activity based on specific criteria.

6. Group Human Resources:

Jordan Ahli Bank considers its human resource as a strategic partner and key player in realizing its general goals. The new era of the Bank, which has commenced in year 2006 within a contemporary framework, was based upon a solid foresight and strong belief from the Bank's management in its distinctive young staff. In that respect, it is worth mentioning that the majority of top management, middle management and supervisory vacant positions, which emerged in parallel with the new structure of the Bank, have been occupied by resorting to internal human resources.

The training strategy has relied on utilizing internal resources and expertise in order to organize intense courses concerning training of trainers for a number of employees. This was conducted in collaboration with regional specialized centers, besides adopting advanced training programs and methodologies to establish the cornerstone of our progressive educational policy. Consequently, these training programs stood out in terms of quality, holding in their folds various subjects and fields that were deemed pertinent to required job paths. Moreover, the training courses, workshops and forums covered all banking specializations in addition to management, technical and behavioral skills. Therefore, the management of the bank expressed its high appreciation to those who contributed to this successful campaign through rewarding them financial incentives based on a profit-sharing scheme in accordance with their performance, which in turn boosted their job satisfaction. Furthermore, an internally designed automated system was adopted to facilitate the performance appraisal mechanism via Internet network. This tailor-made system was designed and developed in a way that complies with the different specialties within the Bank, and assures fairness and objectivity.

Control & Risk Management Departments

1. Group Risk Management:

This Group has designed a modernized early alarm system for credit facilities that monitors any degrade in the quality of existing accounts, products or the overall portfolio. The main role of this system is to detect possible defaults that might occur, which help the Bank take the required procedures to rectify the situation. The system comprises specific functions to follow up on remedial operations, which contributed significantly to decreasing the size of accounts under surveillance. Also, special follow-up reports were prepared to keep due accounts and credit accounts under close surveillance in order to assure the adequacy of deposited collaterals, in addition to report any changes in the rating of such accounts. The function of this system also extends to analyze the movement of accounts on the spot, as well as creating a points-scorecard to help the bank take appropriate lending decisions in cooperation with a specialized company in this field.

The Group has drawn a policy for operational risks along with developing the investment policy. Besides that, it has set up a progressive business plan in addition to finishing a plan to overcome disasters for the Branch of Cyprus. Furthermore, the Group has nailed down an electronic system for loan application that complies with the international standards. It has also successfully prepared the Gap analysis in a manner that fulfils the requirements of Basel II committee, and within a context of a business plan and application to assure an early commitment to these requirements.

2. Credit Administration, Control and Documentation Department:

This department performs its control and supervisory functions via two parts: The first one is credit control, and the second is administering and supporting the credit process. This department audits and activates the extended facilities. Moreover, the soundness of credit decisions are ensured and checked against their consistency with the Bank's credit policy and the regulations of monetary authorities. Periodic reviews are carried out over the facilities contracts, their guarantees, as well as the correctness of all documents associated with these contracts.

3. Group Internal Audit:

This group has undergone an internal management restructuring during 2006 in response to the development and restructuring process currently underway at Jordan Ahli Bank. The restructuring process aims at achieving higher levels of effectiveness and using the same resources currently available at the Bank.

The Group Internal Audi focuses on contributing to the achievement of the broad goals of the Bank. This will be carried out through directing the existing resources towards the banking activities, which bear high risks in their nature. The risk-based approach is applied on all functions and activities of the Bank. This Group also pays high attention to ensure that all directives and regulations of the monetary authorities are adhered to. The above-mentioned implementation is expected to support and bolster the overall supervision process.

Social and Cultural Responsibility:

In translating the principles of Jordan Ahli Bank's code of conduct, and the Bank's commitment to the social responsibility, the management continuously tracks the administration and financing of social and cultural projects for all types of social and non-profit organizations. Therefore, the Bank will firmly provide full support to all social institutions based on fair standards and principles.

Jordan Ahli Bank continued during 2006 its efforts towards encouraging the social, productive and scientific initiatives. Additionally, the Bank strives for improving the living standards of the less fortunate people through grants and donations. The Bank also continues to support and sponsor the cultural institutions and activities, especially in the area of publishing books and administering public awareness seminars.

Group Strategy

Group Strategy plays a central role in the development and execution of Ahli Bank's ambitious strategy.

- Strategic Planning: the strategic planning unit has completed, in coordination with the Board of Directors and all of the Bank's divisions, an ambitious, 2- year detailed action plan for the Bank. The plan sets clear and detailed goals and targets all divisions within the Bank that will ensure the successful implementation of Ahli Bank's ambitious strategy. The plan stipulates all the changes that are required in order to upgrade the quality of the Bank's overall policies and procedures (including risk management, human resources, technology infrastructure, sales and delivery channels, corporate governance, strategic thinking, and financial planning) to world-class best practice levels. Strategic Planning is currently tracking and enforcing the execution of this plan. While it is a hugely ambitious endeavor, execution of the action plan will also guarantee that Ahli Bank develops a state-of-the-art, best practice banking foundation in Jordan that can be safely used as a solid and powerful base for regional expansion in the next 5 years.
- Strategic Projects & Reengineering: sensitive and critically important projects throughout the Bank are selected and transformed into Strategic Projects. These projects are then guided, managed and coordinated directly by the Strategic Projects unit in Group Strategy. The Strategic Projects & Reengineering units have supervised and implemented many key projects in the Bank that have

directly reduced costs, improved income, and strengthened risk management throughout the Bank. The Strategic Projects Unit adopts the most critical projects and initiatives in the Bank to ensure their proper and timely execution, and has become a key force in Ahli Bank's successful transformation.

- Strategic Ventures: Group Strategy is always looking for Strategic Partners with which they can create mutually beneficial relationships, and has succeeded in attracting the largest and most successful regional Private Equity firm, Abraaj Capital, to invest $56 million to acquire a 10% stake in the Bank. Group Strategy will continue to explore major strategic ventures and partnerships with both local and regional corporations and institutional investors that will help facilitate the execution of Ahli Bank's vision and strategic objectives.
- Strategic Research: in 2006, Group Strategy established a Strategic Research unit that conducts extensive research analysis and studies aiming at assisting in the Bank in the development of fact-based strategies. In addition, the Strategic Research unit identifies unique expansion and investment opportunities for the Bank.

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 Ahli Bank and its subsidiaries and affiliates in Jordan and in other countries, which the Bank has presence. This charter obligates all employees at all levels to adhere to the following commitments, responsibilities and duties:-

1. Responsibilities Towards Shareholders:-

a. 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 the Bank'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. Jordan Ahli Bank 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 the Bank's 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 team work, 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 Ahli 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. The Bank 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 Ahli Bank. The enhancement of this culture requires from all members of Jordan Ahli Bank 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 Jordan Ahli Bank staff to create the future strategic planning culture.
- **Advanced Technology- by applying the optimal use of information technology.**

Future Plan For the Year 2007

Top management has established a detailed working plan to include the Bank's entire segments and departments. The plan states precisely and clearly what the major goals are, which intimately correspond to the Bank's mission and future outlook, as there would be a tight monitoring system undergone on a monthly basis to ensure that tasks are on the right track. The following points highlight the plan's main outcomes that we expect to achieve:

1. Educate the Bank's entire team about the profession of selling within various levels, and intensify their training courses in order to further improve the services provided for our customers.
2. Achieve the maximum operating efficiency possible, along with the strategic tasks within the Bank's various segments.
3. Ensure the highest level of customer satisfaction and loyalty towards the Bank through enhancing the quality of goods and services provided.
4. Continuous improvement and utilization of managing assets and liabilities in essence of attaining higher profit margins for the Bank.
5. Affirm the understanding of innovation and great achievement in developing value added products and services for the Bank's customers.
6. Establishing a corporate culture that is backed by a healthy team spirit, discipline, attention, leisure activities, and compliance, to reach a high degree of professionalism.
7. Attaining a larger market share for the Ahli Bank, both inside Jordan and outside, and strictly targeting the retail sector and the small and medium commercial centers.
8. Recruit and train the best human resources in the financial sector while maintaining the Bank's unique competencies.
9. Establishing and improving 8 distinctive branches that match the bank's reformation and upgrading project, in parallel to expanding the ATM network, reorganizing selling channels for all branches of the Bank, and splitting them into different centers that are specialized in specific sectors.
10. Improving and developing new products and services that suit the needs of the local financial market, such as the issuance of all different types of Visa cards and providing various insurance programs and products in participation with the General Arabia Insurance Company.
11. Constantly working on improving the quality of the credit facilities portfolio, lowering the level of non-performing loans, and increasing the provisions ratio for such loans.
12. Implementing the prepared plan in full to meet the requirements of the Central Bank in accordance to BASEL (II) prerequisites.

Major Financial Indicators for 2006

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 JD 1,740,841,639 as of Dec.31st 2006, compared with JD 1,674,647,045 as of Dec.31st 2005 – an increase of JD 66,194,594. With the inclusion of contra accounts, the 2006 total would amount to JD 2,387,676,321 compared with JD 2,385,580,876 - an increase of JD 2,095,445 over the preceding period.
2. Cash in hand and at banks amounted to JD 751,878,269 at the end of 2006, compared with JD 789,037,737 at the end of 2005 – a decrease of JD 37,159,468.
3. The value of securities and investments amounted to JD 240,465,861 at the end of 2006 compared to JD 201,841,330 at the end of 2005. This amount includes JD 173,822,556 of Jordan government bonds and various other government guaranteed bonds, and corporate bonds issued by public institutions and companies, compared to JD 148,942,702 at the end of 2005.
4. The balance of credit facilities (before provisions and interest in suspense) amounted to JD 739,070,006 at the end of 2006, compared with JD 703,045,028 at the end of 2005 – an increase of JD 36,024,978 over the preceding year. This amount includes discounted commercial bills amounting to JD 62,159,949 in addition to outstanding overdraft accounts amounted to JD 148,281,724, credit cards, loans and advances amounting to JD 528,628,333.
5. The net book value of real estate, machinery and equipment, and furniture (after depreciation) amounted to JD 49,463,250 at the end of 2006, compared with JD 46,701,744 at the end of 2005.

Liabilities

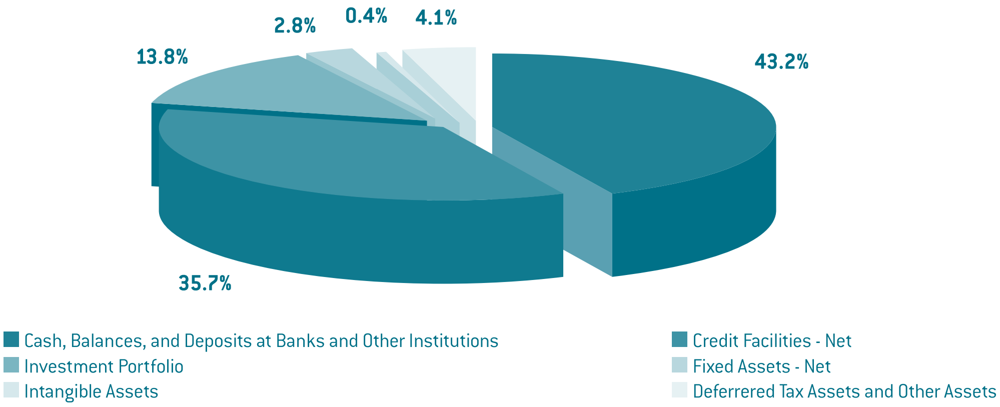
1. The balance of current and call accounts, savings, term and bank deposits amounted to JD 1,328,059,783 at the end of 2006, compared with JD 1,291,488,333 at the end of 2005 – an increase of JD 36,571,450.
2. The balance of reserves and various provisions amounted to JD 40,388,776 on December 31st 2006, compared with JD 42,783,778 at the end of 2005.

Contra Accounts

1. The outgoing letters of credit account decreased from JD 98,062,533 in 2005 to JD 69,481,153 in 2006, while also the incoming letters of credit decreased from JD 305,977,399 in 2005 to JD 249,669,677 in 2006.
2. The balance of guarantees increased to JD 193,174,294 at the end of 2006, compared with JD 192,987,103 at the end of 2005.
3. The balance of acceptances for consumers' accounts increased to JD 46,851,200 at the end of 2006, compared with JD 41,266,190 at the end of 2005.

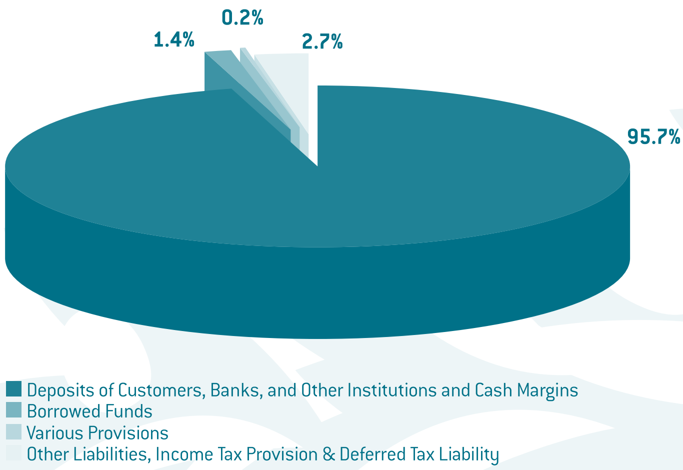
Assets	2006	2005	% change	weight 2006	weight 2005
Cash, Balances, and Deposits at Banks and Other Institutions	751,878,269	789,037,737	-4.7%	43.2%	47.1%
Credit Facilities - Net	621,668,426	560,147,166	11.0%	35.7%	33.4%
Investment Portfolio	240,465,861	201,841,330	19.1%	13.8%	12.1%
Fixed Assets - Net	49,463,250	46,701,744	5.9%	2.8%	2.8%
Intangible Assets	6,134,459	5,640,587	8.8%	0.4%	0.3%
Deferrered Tax Assets and Other Assets	71,231,374	71,278,481	-0.1%	4.1%	4.3%
Total Assets	1,740,841,639	1,674,647,045	4.0%	100.0%	100.0%

Weight 2006

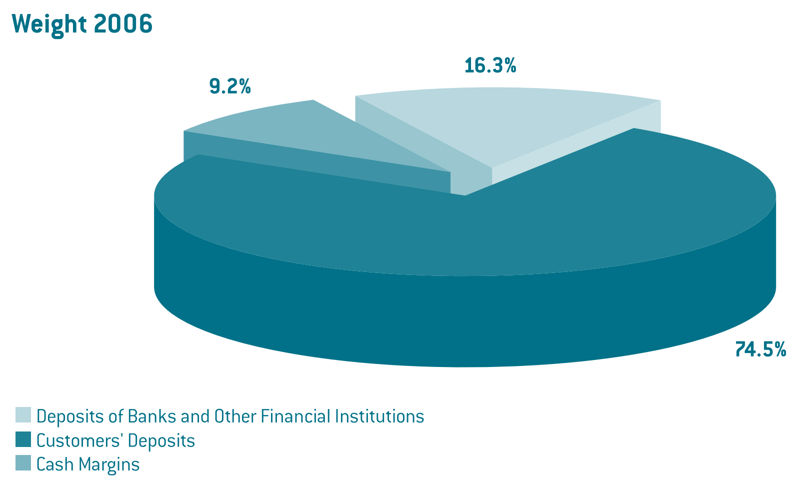


Liabilities	2006	2005	% change	weight 2006	weight 2005
Deposits of Customers, Banks, and Other Institutions and Cash Margins	1,462,489,704	1,435,341,353	1.9%	95.7%	96.1%
Borrowed Funds	21,437,196	8,400,179	155.2%	1.4%	0.6%
Various Provisions	3,247,982	10,625,543	-69.4%	0.2%	0.7%
Other Liabilities, Income Tax Provision & Deferred Tax Liability	40,918,278	38,904,230	5.2%	2.7%	2.6%
Total Liabilities	1,528,093,160	1,493,271,305	2.3%	100.0%	100.0%

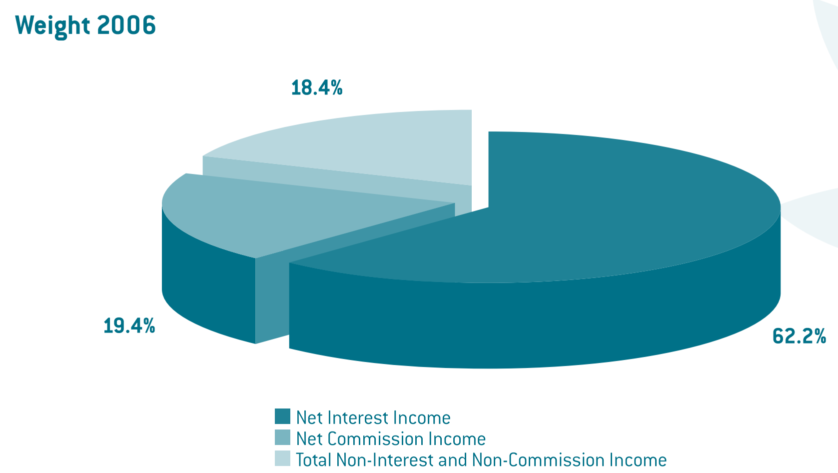
Weight 2006



Deposits and Cash Margins	2006	2005	% change	weight 2006	weight 2005
Deposits of Banks and Other Financial Institutions	238,087,648	220,029,352	8.2%	16.3%	15.3%
Customers' Deposits	1,089,972,135	1,071,458,981	1.7%	74.5%	74.6%
Cash Margins	134,429,921	143,853,020	-6.6%	9.2%	10.0%
Total Deposits and Borrowed Funds	1,462,489,704	1,435,341,353	1.9%	100.0%	100.0%

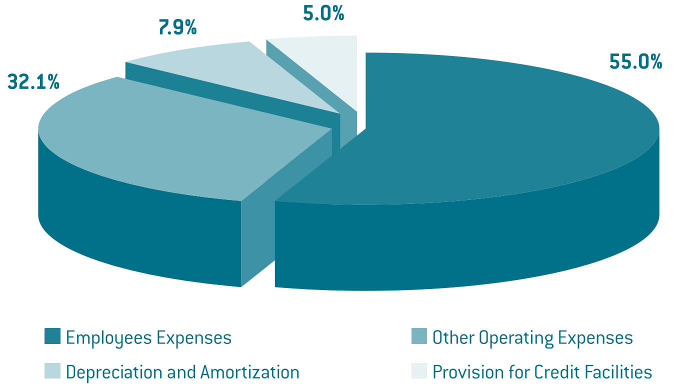


Non-Interest and Non-Commission Income	2006	2005	% change	weight 2006	weight 2005
Net Interest Income	47,290,542	58,915,873	-19.7%	62.2%	61.2%
Net Commission Income	14,738,715	15,766,146	-6.5%	19.4%	16.4%
Total Non-Interest and Non-Commission Income	13,970,355	21,607,758	-35.3%	18.4%	22.4%
Net Operating Income	75,999,612	96,289,777	-21.1%	100.0%	100.0%



Operating Expenses	2006	2005	% change	weight 2006	weight 2005
Employees Expenses	25,066,390	23,763,851	5.5%	55.0%	38.3%
Other Operating Expenses	14,648,336	14,327,954	2.2%	32.1%	23.1%
Depreciation and Amortization	3,580,531	3,667,444	-2.4%	7.9%	5.9%
losses due to liquidating subsidiary company	-	486,925	-	-	0.8%
Provision for Credit Facilities	2,295,230	19,738,505	-88.4%	5.0%	31.8%
Other Various Provisions	-	4,504	-	-	0.0%
Total Operating Expenses	45,590,487	61,989,183	-26.5%	100.0%	100.0%

Weight 2006



Independent Auditor's Report

AM/ 4716
To the Shareholders of Jordan Ahli Bank
Amman – Jordan

We have audited the accompanying financial statements of Jordan Ahli Bank, which comprise the consolidated balance sheet as of December 31, 2006, and the consolidated statement of income, statement of changes in equity and cash flows, statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

The Bank maintains proper accounting records and the accompanying consolidated financial statements are in agreement therewith and with the financial data presented in the Board of Directors' report. We recommend that the General Assembly of Shareholders approve these financial statements.
The accompanying financial statements are a translation of the statutory financial statements which are in the Arabic language to which reference should be made.

Deloitte & Touche (M. E.) - Jordan
Amman – Jordan March 7, 2007

Consolidated Balance Sheet

ASSETS	Note	December 31, 2006 JD	2005 (Restated) JD
Cash and balances at central banks	4	342,553,370	453,102,642
Balances at banks and financial institutions	5	405,446,094	334,952,872
Deposits at banks and financial institutions	6	3,878,805	982,223
Trading financial assets	7	34,619,573	6,906,816
Direct credit facilities - net	8	621,668,426	560,147,166
Available-for-sale financial assets	9	121,916,406	120,245,707
Held-to-maturity investments - net	10	67,374,268	59,055,498
Investments in associates and unconsolidated subsidiary companies	11	16,555,614	15,633,309
Fixed assets - net	12	49,463,250	46,701,744
Intangible assets	13	6,134,459	5,640,587
Other assets	14	65,669,966	65,370,585
Deferred tax assets	21	5,561,408	5,907,896
TOTAL ASSETS		1,740,841,639	1,674,647,045

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	December 31, 2006 JD	December 31, 2005 (Restated) JD
LIABILITIES :			
Banks and financial institutions deposits	15	238,087,648	220,029,352
Customers deposits	16	1,089,972,135	1,071,458,981
Cash margins	17	134,429,921	143,853,020
Borrowed funds	18	21,437,196	8,400,179
Various provisions	19	3,247,982	10,625,543
Provision for income tax	20	11,593,388	6,302,182
Deferred tax liabilities	20	746,936	3,446,253
Other liabilities	21	28,577,954	29,155,795
TOTAL LIABILITIES		1,528,093,160	1,493,271,305
OWNERS' EQUITY			
Equity - Bank Shareholders:			
Paid-up capital	22	110,000,000	82,311,249
Share premium	22	43,272,534	32,903,037
Treasury shares	22	(4,972,239)	-
Statutory reserve	23	23,669,927	20,616,916
Voluntary reserve	23	8,355,765	5,840,034
Special reserve	23	213,054	213,054
General banking risks reserve	23	4,902,048	5,488,231
Translation of foreign currencies		18,000	18,000
Cumulative change in fair value - net	24	2,042,052	10,594,840
Retained earnings	25	23,946,990	22,095,836
Total Equity - Bank Shareholders		211,448,131	180,081,197
Minority interest	26	1,300,348	1,294,543
TOTAL OWNERS' EQUITY		212,748,479	181,375,740
TOTAL LIABILITIES AND OWNERS' EQUITY		1,740,841,639	1,674,647,045

Chairman of board of directors | Chief executive officer

The accompanying notes from 1 to 53 constitute an integral
Part of these statements and should be read with them.

Consolidated Statement of Income

	Note	December 31, 2006 JD	2005 (Restated) JD
Interest income	27	89,739,778	90,778,055
Interest expense	28	42,449,236	31,862,182
Net Interest Revenue		47,290,542	58,915,873
Commission revenue-net	29	14,738,715	15,766,146
Net Interest and Commission Revenue		62,029,257	74,682,019
Foreign exchange income		2,510,638	2,885,788
(Loss) income from trading financial assets	30	(4,523,652)	2,006,986
Income from available-for-sale financial assets	31	4,251,180	521,044
Bank's share from associates income		-	76,772
(Loss) from selling shares of associates and unconsolidated subsidiary companies'		(45,964)	-
Other revenue	32	11,778,153	16,117,168
Total Non-Interest and Non-Commission Revenue		13,970,355	21,607,758
Gross Income		75,999,612	96,289,777
Expenses:			
Employees expenses	33	25,066,390	23,763,851
Depreciation and amortization	12 & 13	3,580,531	3,667,444
Other expenses	34	14,648,336	14,327,954
Loss from subsidiary liquidation	11	-	486,925
Provision for impairment in direct credit facilities - net	8	2,295,230	19,738,505
Other various provisions	19	-	4,504
Total Expenses		45,590,487	61,989,183
Income before Taxes		30,409,125	34,300,594
Income tax expense	20	10,180,030	8,871,524
Income for the Year		20,229,095	25,429,070
Pertain to:			
Bank shareholders		20,223,290	25,400,499
Minority interest	26	5,805	28,571
		20,229,095	25,429,070
Earnings per Share for Bank Shareholders	35	0.191	0.25

Chairman of board of directors

Chief executive officer

The accompanying notes from 1 to 53 constitute an integral
Part of these statements and should be read with them.

Consolidated Statement Of Changes In Owners' Equity

	Bank Shareholders' Equity													
				Reserves										
Year 2006	Paid-up Capital JD	Share Premium JD	Treasury Shares JD	Statutory Reserve JD	Voluntary Reserve JD	Special Reserve JD	Foreign Branches Reserve JD	General Banking Risks Reserve JD	Translation of Foreign Currencies JD	Cumulative Change in Fair Value JD	Retained Earnings JD	Total Shareholders' Equity JD	Minority Interest JD	Total Owners' Equity JD
Balance - beginning 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	22,095,836	180,081,197	1,294,543	181,375,740
Foreign currency exchange differences	-	-	-	-	-	-	-	-	-	-	(3,616)	(3,616)	-	(3,616)
Change in fair value - net	-	-	-	-	-	-	-	-	-	(8,552,788)	-	(8,552,788)	-	(8,552,788)
Income for the year	-	-	-	-	-	-	-	-	-	-	20,223,290	20,223,290	5,805	20,229,095
Other	-	-	-	-	-	-	-	-	-	-	9,332	9,332	-	9,332
Increase in paid-up capital	27,688,751	10,369,497	-	-	-	-	-	-	-	-	-	38,058,248	-	38,058,248
Transfers to reserves	-	-	-	3,053,011	2,515,731	-	-	(586,183)	-	-	(5,627,852)	(645,293)	-	(645,293)
Dividends paid	-	-	-	-	-	-	-	-	-	-	(12,750,000)	(12,750,000)	-	(12,750,000)
Treasury shares (at cost)	-	-	(4,972,239)	-	-	-	-	-	-	-	-	(4,972,239)	-	(4,972,239)
Balance - End of the Year	110,000,000	43,272,534	(4,972,239)	23,669,927	8,355,765	213,054	-	4,902,048	18,000	2,042,052	23,946,990	211,448,131	1,300,348	212,748,479
Year 2005 (Restated)														
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
Minority interest	-	-	-	-	-	-	-	-	-	-	-	-	70,547	70,547
Realized income from available-for-sale	-	-	-	-	-	-	-	-	-	-	(37,434)	(37,434)	-	(37,434)
Effect of deferred tax assets	-	-	-	-	-	-	-	-	-	-	2,874,713	2,874,713	-	2,874,713
Income for the year	-	-	-	-	-	-	-	-	-	-	25,400,499	25,400,499	28,571	25,429,070
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 (Note 22)	-	-	-	-	-	-	-	-	-	-	(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	22,095,836	180,081,197	1,294,543	181,375,740

- Retained earnings include an amount of jd 5,561,408 as of december 31, 2006 (jd 5,907,896 as of december 31, 2005) restricted by the central bank of jordan against deferred tax assets.
- 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 53 constitute an integral part of these statements and should be read with them.

Consolidated Statement Of Cash Flows

	Note	For the Year Ended December 31, 2006	2005
Cash flows from operating activities:		JD	JD
Net income before tax		30,409,125	34,300,594
Adjustments for:			
Depreciation and amortization		3,580,531	3,667,444
Provision for impairment in direct credit facilities - net		2,295,230	19,738,505
Provision for the impairment in real estate		600	262,017
Provision for employees end-of-service indemnity		416,185	525,820
Provision for impairment in available for-sale assets		-	416,234
Provision for foreign currency price decline		105,597	142,198
Loss on sale of real estate		72,624	100,437
(Gains) on the sale of available-for-sale assets		(3,289,865)	(361,728)
(Gain) on the sale of fixed assets		(617,617)	(2,095,460)
Losses on trading financial assets		3,636,088	1,304,036
(Gain) on associates securities		-	(76,772)
Loss from sale of associates and unconsolidated subsidiary companies' shares		45,964	-
Effect of exchange rate fluctuations on cash and cash equivalents		(2,510,638)	(1,853,035)
Other provisions		-	4,504
Net Income before Changes in Assets and Liabilities		34,143,824	56,074,794
Changes in Assets and Liabilities :			
(Increase) decrease in cash and balances at banks due after 3 months and restricted balances		(146,182,937)	407,868
(Increase) in deposits at banks and financial institutions due after 3 months		(2,896,582)	(265,663)
(Increase) decrease in trading financial assets		(31,348,845)	5,128,311
(Increase) in direct credit facilities		(64,407,177)	(154,443,138)
(Increase) in other assets		(7,775,459)	(18,205,234)
Increase in banks and financial institutions deposits due after 3 months		-	146,750,000
Increase (decrease) in customers deposits		18,513,154	(190,185,950)
(Decrease) increase in cash margins		(9,423,099)	8,362,618
(Decrease) increase in other liabilities		(577,841)	12,037,917
(Decrease) increase in various provisions		(500,382)	7,043,687
Net Cash (used in) Operating Activities before Tax		(210,455,344)	(127,294,790)
Income tax paid		(4,538,443)	(852,714)
Net Cash Flows (used in) Operating Activities		(214,993,787)	(128,147,504)
Cash Flows From Investing Activities:			
(Increase) in investments in unconsolidated subsidiaries and associates - net		(968,269)	(12,065,663)
(Increase) in available-for-sale investments - net		(9,681,829)	(41,226,179)
Collections from (acquisition of) held-to-maturity investments - net		(8,318,770)	23,922,677
Proceeds from sale of fixed assets		594,527	13,012,695
(Purchase) of fixed assets		(5,355,974)	(9,522,614)
(Increase) in intangible assets		(1,456,845)	(1,932,014)
Net Cash Flows (used in) Investing Activities		(25,187,160)	(27,811,098)
Cash Flows From Financing Activities:			
Increase in borrowed funds		13,037,017	1,302,618
Increase in paid-up capital		27,688,751	16,311,249
Increase in share premium		10,369,497	30,117,541
Purchase of treasury stock		(4,972,239)	-
Increase in minority interest		-	70,547
Dividends paid		(12,750,000)	(3,000,000)
Net Cash Flows from Financing Activities		33,373,026	44,801,955
Effect of exchange rate fluctuations on cash and cash equivalents		2,510,638	1,853,035
Net (Decrease) in Cash and Cash Equivalents		(204,297,283)	(109,303,612)
Cash and cash equivalents - beginning of the year		660,715,767	770,019,379
Cash and Cash Equivalents - End of the Year	36	456,418,484	660,715,767

The accompanying notes from 1 to 53 constitute an integral Part of these statements and should be read with them.

Jordan Ahli Bank (A Public Shareholding Limited Company)
Amman – Jordan
Notes To The Consolidated Financial Statements

1. General

Jordan Ahli Bank was established in the year 1955 as a Jordanian public shareholding limited company in accordance with the Companies Law for the year 1927, 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.

During the year 2005, final approval was granted to merge Philadelphia Investment Bank into Jordan Ahli Bank Company Ltd. effective July 1, 2005.

- The Bank conducts all of its banking and financial operations relating to its activities through its headquarter, branches (41 branches in Jordan and 6 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 January 24, 2007 and are subject to the approval of the General Assembly of Shareholders.

2. Significant Accounting Policies

Basis of Preparation

- 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 International Financial Reporting 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 consolidated financial statements are prepared under the historical cost convention except for financial assets held for trading, available for sale financial assets, and financial derivatives stated at fair value on the date of the consolidated financial statements. Hedged assets and liabilities are also stated at fair value.
- The reporting currency of the consolidated financial statements is the Jordanian Dinar, which is the functional currency of the Bank.
- Minority interest represents the part of equity not owned by the Bank in the subsidiary companies.
- 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 Bank has applied IAS (12) relating to the tax on the Bank's branches in Palestine. Deferred tax benefits have been calculated and recorded. Consequently, deferred tax assets of Palestine branches have been recorded within the Bank's assets. Additionally, the retained earnings as of December 31, 2004 have been increased by the same amount. Accordingly, the income tax expense, the provision for income tax, and deferred tax assets for the years 2005 and 2006 have been adjusted. This has led to adjusting the comparative financial statements for the year 2005 in compliance with the requirements of IAS (8) relating to the changes in accounting policies. The following is the financial impact of those adjustments on the financial statements for the year 2005:

	For the Year Ended December 31, 2005		
Item	Before Adjustment JD	After Adjustment JD	Difference JD
Assets			
Tax assets	3,523,011	5,907,896	2,384,885
Shareholders' Equity:			
Retained earnings	19,710,951	22,095,836	2,384,885
Income			
Income for the year	25,890,327	25,400,499	(489,828)
Income tax			
Income tax expense	8,381,696	8,871,524	489,828
Provision for income tax	6,302,182	6,302,182	-

Basis of Consolidation and Presentation

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.
- Al- Ahli Financial Brokerage Company.
- Zarqa National College. -Ahli Micro Finance Company.

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

b. Al- Ahli International Bank - Lebanon is 97.921% owned by Jordan Ahli Bank. The capital of Al-Ahli International Bank - Lebanon is equivalent to JD 3,386,268. Its total assets amounted to JD 247,335,835 and total liabilities to JD 231,636,456 as of December 31, 2006, while its total revenues amounted to JD 19,387,242, and total expenses to JD 18,582,576 for the year ended December 31, 2006. 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 - Lebanon is subject to the prevailing laws in Lebanon including the Banking Confidentiality Law.

c. Zarqa National College is a wholly owned subsidiary by Jordan Ahli Bank. Its activities include establishing colleges for higher academic education as well as schools and Kindergartens in Jordan. Its capital amounted to JD 800,000, total assets to JD 907,875, and total liabilities to JD

26,869 as of December 31, 2006. Its total revenues amounted to JD 396,800, and total expenses to JD 385,115 for the year ended December 31, 2006.

d. Ahli Micro Finance Company is a wholly owned subsidiary by Jordan Ahli Bank. The company's objectives are to grant loans to limited income individuals. Its capital amounted to JD 2,500,000, total assets to JD 3,805,410, and total liabilities to JD 588,898 as of December 31, 2006. Its total revenues amounted to JD 842,544 and total expenses to JD 567,492, for the year ended December 31, 2006.

e. Al- Ahli Financial Brokerage company was established on May 21, 2006 with a capital of JD 10 million, and is wholly owned by Jordan Ahli Bank. During the year 2006, the Company increased its capital to become JD 20 million. Its total assets amounted to JD 52,801,154 and its total liabilities to JD 33,390,543 as of December 31, 2006. Moreover, its revenues amounted to JD 1,197,605, and its expenses to JD 1,786,994 for the year ended December 31, 2006.

f. Ahluna for Cultural and Social Works Company was established on November 8, 2006 as a non-profit entity with a capital of JD 2 million. The Bank's ownership percentage in the Company's capital is 99.9%.

3. New International Financial Reporting Standards.

The International Accounting Standards Board issued amendments to the International Accounting Standards and new International Financial Reporting Standards which have become effective January 1, 2006. The adoption of these standards and related interpretations has had no material effect on the financial statements.

The following are the most significant new and amended standards:

- International Accounting Standard No. 39 (Amendments) on the Fair Value Option. This amendment changes the definition of financial instruments classified according to fair value and charged to the consolidated statement of income and restricts the determination of financial instruments as part of this classification.
- IFRIC 4 which requires determination of whether the agreements include leasing depending on the content of the agreement.

Moreover, the International Accounting Standards Board issued new financial reporting standards and amendments to the prevailing International Accounting Standards as follows:

- Amendments to International Accounting Standard No. 1 – Disclosure on Capital.
- Amendments to International Accounting Standard No. 1 – Financial Statements Presentation require disclosing information to enable evaluation of the policies and procedures adopted by the Company to manage capital. The amendments are to be applied effective from January 2007.
- IFRS (7) Financial instruments: disclosures.
- This standard requires further disclosures to the financial instruments and their impact on the financial position and performance in addition to information about the extent of exposure to risks arising from the financial instruments. This standard is to be applied effective from January 1, 2007.
- IFRS (8) Operating segments. This standard requires amendments to the method through which information on the operating segments is disclosed*
- Interpretations issued by the International Financial Reporting Interpretation Committee:

- IFRIC 8: Scope of IFRS 2 *
- IFRIC 9: Reassessment of embedded derivatives
- IFRIC 11: Group and treasury share transactions
- IFRIC 12: Service concession arrangements **

* May not be adopted prior to endorsement, expected in June 2007.

** May not be adopted prior to endorsement for arrangements currently accounted for under IFRIC 4.

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 amounts due to 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 and applicable laws in the subsidiary's country.
- 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 (if any), 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 the 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. Moreover, 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 available-for-sale 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. Less any provisions from impairment loss.

Fair Value:

The fair value of a listed financial asset is based on its closing market price prevailing on the date of the consolidated financial statements. 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 at 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' 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 consolidated 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 if the impairment is temporary.

Investment in Associates and Unconsolidated Subsidiary 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 according to the equity method in the consolidated financial statements. Moreover, investments in non – profit subsidiary and unconsolidated companies under liquidation in which the Bank owns more than 50% are stated according to the equity method.

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
Furniture, fixtures and equipment	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 consolidated 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

Hedges are classified as follows: For hedge accounting purposes, the financial derivatives are stated atfair value.

Hedged Financial Assets

- 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 shareholders' equity. On the other hand, the ineffective portion is recognized in the consolidated statement of income. on the other fund, 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 merging are stated at fair value at the date of acquisition, while other intangible assets purchased otherwise 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.

Treasury Stock

Treasury stock is stated at cost and deducted from shareholders' equity. Treasury stock is not entitled to dividends paid to shareholders nor do they have the right to participate or vote in the Bank's General Assembly meeting. Moreover gains or losses resulting from selling treasury Stock are not booked in the consolidated statement of income but shown within shareholders' 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.

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 for 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,	
	2006	2005
	JD	JD
Cash in vaults	20,315,134	16,922,684
Balances at central banks:		
Current accounts	6,094,221	22,987,758
Time and notice deposits	14,023,415	8,331,066
Mandatory cash reserve	92,533,790	102,161,134
Certificates of deposit	209,586,810	302,700,000
Total Balances at Central Banks	322,238,236	436,179,958
Total Cash and Balances at Central Banks	342,553,370	453,102,642

- In addition to the cash reserve at the Central Bank of Jordan, there are also restricted balances amounting to JD 139,566 as of December 31, 2006 (against JD 460,850 as of December 31, 2005).
- Included in cash balances at central banks is an amount of JD 193,843,255 as of December 31, 2006 (against JD 47,632,542 as of December 31, 2005) maturing within a period exceeding three months.
- Certificated of deposit maturing within less than three months amounted to JD 166,000,000 at an interest rate of 6.06% while certificates of deposit maturing after more than three months amounted to JD 43,586,810 at an interest rate of 6.78%.

5. Balances at Banks and Financial Institutions

This item consists of the following:

	December 31, 2006 JD	December 31, 2005 JD
Local Banks and Financial Institutions:		
Current accounts	1,927,746	315,226
Deposit accounts (3 months and less)	24,359,136	16,343,668
Total Local	26,286,882	16,658,894
External Banks and Financial Institutions:		
Current accounts	11,151,722	14,730,531
Deposits accounts (3 months and less)	368,007,490	303,563,447
Total External	379,159,212	318,293,978
	405,446,094	334,952,872

- Non-interest bearing balances at banks and financial institutions amounted to JD 4,099,184 as of December 31, 2006 (compared to JD 1,790,774 as of December 31, 2005).
- Restricted balances amounted to JD 9,510,511 as of December 31, 2006 (compared to JD 9,217,000 as of December 31, 2005).

6. Deposits at Banks and Financial Institutions

This item consists of the following:

Description	Local Banks and Financial Institutions December 31,		Banks and Financial Institutions Abroad December 31,		Total December 31,	
	2006	2005	2006	2005	2006	2005
Maturity Period	JD	JD	JD	JD	JD	JD
From 3 months to 6 months	-	-	3,878,805	982,223	3,878,805	982,223
Total	-	-	3,878,805	982,223	3,878,805	982,223

7. Trading Financial Assets

This item consists of the following:

	December 31, 2006 JD	December 31, 2005 JD
Bonds and debentures – listed	14,484,216	1,884,667
Equity securities – listed	20,135,357	5,022,149
	34,619,573	6,906,816

8. Direct Credit Facilities - Net

This item consists of the following:

	December 31,	
	2006	2005
	JD	JD
Notes and bills discounted *	62,159,949	58,370,971
Overdraft accounts	148,281,724	176,255,154
Utilized advances and loans **	518,045,862	461,375,659
Credit cards	10,582,471	7,043,244
Total	739,070,006	703,045,028
Less: Provision for direct credit facilities	75,337,228	101,540,668
Interest and commission in suspense	42,064,352	41,357,194
	117,401,580	142,897,862
Net Direct Credit Facilities	621,668,426	560,147,166

* Net after the deduction of interest and commission received in advance in the amount of JD 3,323,794 as of December 31, 2006 (against JD 2,700,731 as of December 31, 2005).

** Net after the deduction of interest and commission received in advance in the amount of JD 4,255,087 as of December 31, 2006 (against JD 3,430,759 as of December 31, 2005).

- Direct credit facilities are distributed over the economical and geographical sectors:

		Middle East		Total December 31,	
	Jordan	Countries	Europe	2006	2005
	JD	JD	JD	JD	JD
Agriculture	13,431,604	186,413	-	13,618,017	22,314,985
Industry and mining	38,833,245	16,844,375	283,600	55,961,220	58,064,280
Construction	36,978,605	26,248,971	-	63,227,576	55,920,838
General trade	168,169,637	39,202,122	19,949,274	227,321,033	231,765,399
Transport services (including air transportation)	9,235,357	293,552	237,450	9,766,359	8,080,544
Tourism, hotels and restaurants	12,650,333	2,250,920	-	14,901,253	16,172,442
Services and public utilities	39,293,156	213,096	-	39,506,252	38,842,747
Financial services	126,114,085	2,328,235	4,850,186	133,292,506	107,142,786
Purchase of stocks	51,556,016	-	-	51,556,016	60,642,091
Real-estate financing	18,045,290	5,956,738	226,694	24,228,722	19,155,232
Car financing	45,142,041	11,978,777	-	57,120,818	48,868,046
Consumer goods financing	17,290,316	2,225,115	-	19,515,431	20,661,523
Other purposes	26,529,979	2,524,824	-	29,054,803	15,414,115
Total	603,269,664	110,253,138	25,547,204	739,070,006	703,045,028

* Except for Milled East countries.

- The credit facilities are distributed over the following sectors:

	December 31, 2006	2005
	JD	JD
Public sector	16,394,973	13,553,945
Private Sector:		
Companies and financial institutions	364,353,047	326,152,618
Individuals	358,321,986	363,338,465
	739,070,006	703,045,028

- Non-performing credit facilities amounted to JD 151,992,966, which is equivalent to 20.57% of total direct credit facilities (against JD 165,353,668, which is equivalent to 23.52% of total direct credit facilities as of December 31, 2005).
- Non-performing credit facilities excluding interest and commissions in suspense amounted to JD 109,928,614, which is equivalent to 15.77% of total direct credit facilities (against JD 123,996,474, which is equivalent to 18.74% of total direct credit facilities as of December 31, 2005).
- Credit facilities granted to / guaranteed by the Government of Jordan amounted to JD 15,621,451, which is equivalent to 2.11% of total direct credit facilities (against JD 8,023,744, which is equivalent to 1.14% of total direct credit facilities as of December 31, 2005).

- Direct credit facilities granted against real estate collaterals amounted to JD 248,313,000 as of December 31, 2006 (against JD 204,944,000 as of December 31, 2005).
- The fair value of guarantees presented as collaterals against granted credit facilities amounted to JD 263,246,032 as of December 31, 2006 (against JD 295,817,000 as of December 31, 2005).
- The balance of non-performing loans transferred off-balance sheet amounted to JD 25,524,291 as of December 31, 2006 (against JD 45,795,314 for the year 2005). 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:

	2006 JD	2005 (Restated) JD
Balance-beginning of the year	101,540,668	88,855,002
Subtracted from revenues during the year	2,295,230	19,738,505
Loans written-off *	(29,131,451)	(2,750,977)
Transferred from general banking risks reserve	590,687	-
Transferred to off-balance sheet items	(12,550)	(4,251,126)
Currency exchange differences	54,644	(50,736)
Balance-End of the Year	75,337,228	101,540,668

The provisions no longer needed due to settlements, debt collections, or offsetting against nonperforming loans amounted to JD 15,184,113 as of December 31, 2006 (against JD 17,668,507 as of December 31, 2005).

Interest and Commission in Suspense

The movement on suspended interest and commission was as follows:

	2006 JD	2005 JD
Balance-beginning of the year	41,357,194	46,773,234
Add: Interest suspended during the year	6,896,646	7,516,788
Less: Interest transferred to revenues	(2,339,837)	(1,536,028)
Suspended interest written-off *	(3,050,704)	(7,058,062)
Transferred to off-balance sheet items	(798,947)	(4,338,738)
Balance-End of the Year	42,064,352	41,357,194

* This item represents the provision for the impairment in direct credit facilities and suspended interest that was written off based on the Board of Directors decisions on March 6 and 7, 2007.

9. Available-for-Sale Financial Assets

The details of this item are as follows:

	December 31,	
	2006	2005
	JD	JD
Quoted Available-for-Sale Financial Assets:		
Treasury bills	28,284,574	13,458,536
Governmental bonds or bonds guaranteed by the Government	50,831,529	58,704,362
Companies bonds and debentures	5,781,530	7,010,028
Other bonds	2,092,614	4,730,611
Companies shares	15,598,340	20,699,586
Total Quoted Available-for-Sale Financial Assets	102,588,587	104,603,123
Unquoted Available-for-Sale Financial Assets:		
Companies bonds and debentures	4,973,825	4,099,000
Companies shares	14,353,994	11,543,584
Total Unquoted Available-for-Sale Financial Assets	19,327,819	15,642,584
Total Available-for-Sale Financial Assets	121,916,406	120,245,707
Bonds and Treasury Analysis:		
Fixed return	39,565,566	85,872,701
Variable return	52,398,506	2,129,836
	91,964,072	88,002,537

- There were investments in the amount of JD 19,327,819 as of December 31, 2006 (against JD 15,642,584 as of December 31, 2005) the fair value of which could not be reliably measured and they are presented at cost.

10. Held-to-Maturity Investments - Net

This item consists of the following:

	December 31,	
	2006	2005
	JD	JD
Quoted Financial Assets:		
Treasury bills	3,200,000	2,000,000
Governmental bonds or bonds guaranteed by the Government	62,081,969	56,984,251
Companies bonds and debentures	2,092,299	71,247
Total Quoted Financial Assets	67,374,268	59,055,498
Bonds Return Analysis:		
Fixed return	67,303,969	58,984,251
Variable return	70,299	71,247
Total	67,374,268	59,055,498

Financial assets held-to maturity become due as follows:

	2006	2005
	JD	JD
During the year	5,222,000	12,589,433
From one to three years	16,909,474	16,967,339
More than three years	45,242,794	29,498,726
	67,374,268	59,055,498

11. Investments in Unconsolidated Associated and Subsidiary Companies

The bank owns several associated companies as of December 31, 2006 and 2005 which its details is the following:

	Country Established in	Ownership Percentage %	December 31, Shareholders' Equity 2006 JD	2005 JD	Nature of Business	Bank's Share of Profit %	Calculation Method
Beach Hotels and Tourist Resorts Company	Jordan	47	6,449,463	6,448,763	Hotel services	47	Equity
Liwan Company for Investment and Tourism Amenities	Jordan	50	1,615,000	1,615,000	Hotel services	50	Equity
Almawared for Development and Investment	Jordan	31.145	3,459,967	3,459,967	Development and investment	31.145	Equity
General Arab Insurance Co.	Jordan	29.998	2,406,159	3,968,179	Insurance	29.998	Equity
Kuwait Real Estate Company *	Lebanon	100	141,400	141,400	Real estate	100	Equity
Invest One Brokerage	Emirates	25	485,625	-	Investment	25	Equity
Ahluna for Social and Cultural Work Company	Jordan	99.9	1,998,000	-	Charity	99.9	Equity
Arab Printers Co.	Jordan	48.823	-	-	Journalism	48.823	Equity
			16,555,614	15,633,309			

* 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 associates :

	2006 JD	2005 JD	The Bank's Portion of Associates Assets and Liabilities	2006 JD	2005 JD
Balance - beginning of the year	15,633,309	3,490,874	Current assets	11,461,327	8,318,254
Additions	2,484,325	12,065,663	Non-current assets	6,912,252	10,597,183
Bank's portion from profit for the year	-	76,772	Current liabilities	615,061	992,963
Sales of shares	(1,562,020)	-	Non-current liabilities	1,202,904	2,289,165
Balance - End of the Year	16,555,614	15,633,309	Net Value	16,555,614	15,633,309

12. Fixed Assets - Net

The details of this item are as follows:

	For the Year Ended December 31, 2006						
	Land JD	Buildings JD	Furniture, Fixtures and Equipment JD	Vehicles JD	Computers JD	Other JD	Total JD
Cost:							
Balance - beginning of the year	12,007,998	28,810,537	21,478,708	1,424,780	8,373,958	533,184	72,629,165
Additions	156,896	244,384	3,267,247	238,803	736,749	41,218	4,685,297
Disposals	(62,700)	(194,468)	(703,346)	(278,429)	(579,480)	-	(1,818,423)
Balance - End of the year	12,102,194	28,860,453	24,042,609	1,385,154	8,531,227	574,402	75,496,039
Accumulated Depreciation:							
Balance - beginning of the year	-	4,273,519	15,906,246	913,038	5,865,358	-	26,958,161
Additions	-	695,659	1,250,685	138,699	532,515	-	2,617,558
Disposals	-	(43,771)	(595,279)	(245,074)	(36,539)	-	(920,663)
Balance - End of the year	-	4,925,407	16,561,652	806,663	6,361,334	-	28,655,056
Net Book Value of Fixed Assets	12,102,194	23,935,046	7,480,957	578,491	2,169,893	574,402	46,840,983
Down payments on fixed assets purchases	-	-	2,622,267	-	-	-	2,622,267
Balance - End of the Year	12,102,194	23,935,046	10,103,224	578,491	2,169,893	574,402	49,463,250

	For the Year Ended December 31, 2005						
Cost:							
Balance - beginning of the year	20,808,613	26,203,123	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	460,212	5,553	1,915,604	49,500	1,548,898	45,963	4,025,730
Disposals	(9,260,827)	(1,408,881)	(846,675)	(89,023)	(438,904)	-	(12,044,310)
Balance - End of the year	12,007,998	28,810,537	21,478,708	1,424,780	8,373,958	533,184	72,629,165
Accumulated Depreciation:							
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	0	4,273,519	15,906,246	913,038	5,865,358	-	26,958,161
Net Book Value of Fixed Assets	12,007,998	24,537,018	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	12,007,998	25,542,447	5,597,773	511,742	2,508,600	533,184	46,701,744

- Fixed assets as of December 31, 2006 include an amount of JD 17,073,772 representing fully depreciated fixed assets against JD 10,136,230 as of December 31, 2005.

13. Intangible Assets

This item consists of the following:

Description	2006		
	Computer Software and Applications	Goodwill *	Total
	JD	JD	JD
Balance - beginning of the year	2,324,681	3,315,906	5,640,587
Additions	1,456,845	-	1,456,845
Amortization for the year	(962,973)	-	(962,973)
Balance - End of the Year	2,818,553	3,315,906	6,134,459

Description	2005		
	Computer Software and Applications	Goodwill*	Total
	JD	JD	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

*Goodwill resulted from the purchase revaluation difference on Al- Ahli International Bank – Lebanon, Kuwait Real Estate Company and National Zarqa College.

14. Other Assets

This item consists of the following:

	December 31,	
	2006	2005
	JD	JD
Real estate for sale *	2,800,927	2,430,584
Real estate seized by the Bank against debts **	21,925,141	16,773,714
Inter-branch balances	2,718,929	1,113,974
Accrued interest and commissions and present value difference on long-term financial liabilities	22,765,306	25,010,081
Prepaid income taxes	-	11,315
State Security Court (Note 19)	-	6,371,536
Foreclosed real estate sold-present value	3,139,361	4,866,299
Advances to employees	170,984	168,317
Revenue stamps	171,619	123,437
Other receivables	448,917	67,674
Refundable deposits	124,793	136,631
Prepaid expenses	2,246,197	2,448,014
Prepaid rents	486,943	401,888
Checks and transfers under collection	3,371,668	2,971,735
Certificate of Alkoshan prizes	289,552	-
Other debit balances	5,009,629	2,475,386
Total	65,669,966	65,370,585

* The fair value of real estate for sale as of December 31, 2006 was JD 2,986,892 (against JD 2,631,022 as of December 31, 2005). The fair value of real estate for sale is evaluated by property experts.

** The movement on real estate seized by the Bank against debts was as follows:

	2006	2005
	JD	JD
Balance - beginning of the year	16,773,714	15,343,865
Additions	8,416,258	9,502,330
Disposals	(3,264,231)	(7,858,648)
Loss on property impairment	(600)	(213,833)
Balance - End of the Year	21,925,141	16,773,714

- According to the instructions of the Central Bank of Jordan, real estates sized by the Bank against debts due from customers should be sold within two years from the date of their acquisition. In exceptional cases, the Central Bank of Jordan may extend this period to two more years as maximum.

15. Banks and Financial Institutions Deposits

This item consists of the following :

	December 31, 2006			December 31, 2005		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	4,188,373	11,649,376	15,837,749	9,605,629	7,844,758	17,450,387
Deposits maturing:						
Deposits due within 3 months	25,561,867	46,688,032	72,249,899	26,023,623	26,555,342	52,578,965
Deposits more than one year	150,000,000	-	150,000,000	150,000,000	-	150,000,000
Total	179,750,240	58,337,408	238,087,648	185,629,252	34,400,100	220,029,352

16. Customers Deposits

This item consists of the following :

	December 31,	
	2006	2005
	JD	JD
Current accounts and demand deposits	285,032,162	293,382,548
Saving accounts	67,117,671	70,224,019
Time and notice deposits	711,348,623	675,843,619
Qoushan certificates of deposit	12,293,679	14,734,795
Certificates of deposit	14,180,000	17,274,000
Total	1,089,972,135	1,071,458,981

- Public sector deposits inside Jordan amounted to JD 78,666,451, which is equivalent to 7.22% of total deposits as of December 31, 2006 (against JD 113,782,647, which is equivalent to 10.62 % of total deposits as of December 31, 2005).
- Non-interest bearing deposits amounted to JD 263,933,558, which is equivalent to 24.21% of total deposits as of December 31, 2006 (against JD 219,794,290 which is equivalent to 20.51% of total deposits as of December 31, 2005).
- Restricted deposits amounted to JD 6,403,910 which is equivalent to 0.59% of total deposits as of December 31, 2006 (against JD 18,382,257 which is equivalent to 1.72% as of December 31, 2005).
- Dormant accounts amounted to JD 34,125,721 as of December 31, 2006 (against JD 37,075,632 as of December 31, 2005).
- Restricted fund deposits amounted to JD 713,278 which is equivalent to 0.07 % of total deposits as of December 31, 2006 (against JD 18,431,586, which is equivalent to 1.72 % as of December 31, 2005).

17. Cash Margins

This item consists of the following:

	December 31,	
	2006	2005
	JD	JD
Cash margins on direct credit facilities	75,455,872	78,657,141
Cash margins on indirect credit facilities	53,695,871	62,097,941
Marginal deposits	4,457,520	2,508,581
Other margins	820,658	589,357
Total	134,429,921	143,853,020

18. Borrowed Funds

This item consists of the following:

Year 2006	Amount JD	Number of Installments Total	Number of Installments Remaining	Frequency of Installments	Guarantees	Interest Rate %
Jordan Mortgage Refinance Co. *	5,000,000	1	1	one-time payment upon maturity		5.95%
Jordan Mortgage Refinance Co. *	1,500,000	14	6	JD 250,000 Semi annual		6.213%
Local banks (current account of a subsidiary) **	14,937,196	-	-	-		7.75%
Total	21,437,196					

* Collaterals against loans submitted by the Jordan Mortgage Refinance Company amounted to JD 14,900,953 as of December 31, 2006.

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%.

** This item represents overdraft accounts with a ceiling of JD 15,000,000 granted to a subsidiary by few local banks with annual interest at a rate of 7.75% calculated on a daily basis but recorded monthly. These credit facilities are granted against the company's guarantee.

Year 2005	Amount JD	Number of Installments Total	Number of Installments Remaining	Installments	Interest Rate
Jordan Mortgage Refinance Co. *	724,179	1	1	one-time payment upon maturity	5.50%
Jordan Mortgage Refinance Co. *	676,000	1	1	one-time payment upon maturity	5.50%
Jordan Mortgage Refinance Co. *	5,000,000	1	1	one-time payment upon maturity	5.95%
Jordan Mortgage Refinance Co. *	2,000,000	16	8	JD 250,000 Semi annual	6.213%
Total	8,400,179				

* 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 percentage ranging from 60% to 80%.

19. Various Provisions

This item consists of the following:

	Balance Beginning of the Year	Provisions Resulting from Merging Philadelfia Bank	Additions	Disposals	Returned to Income	Reconconciliation of Philadelphia Bank Provisions **	Balance End of the Year
	JD	JD	JD	JD	JD	JD	JD
Year 2006							
Provision for staff indemnity	2,542,610	-	416,185	(423,368)	-	-	2,535,427
Provision for foreign currencies	312,462	-	105,597	-	-	-	418,059
Provision for legal claims	705,619	-	-	(53,340)	-	(493,950)	158,329
Other provisions *	7,064,852	-	-	(19,781)	-	(6,908,904)	136,167
	10,625,543	-	521,782	(496,489)	-	(7,402,854)	3,247,982
Year 2005							
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
	2,918,744	7,412,195	672,522	(321,541)	(56,377)	-	10,625,543

* Other provisions consist of the following :

	December 31, 2006	December 31, 2005
	JD	JD
Provision for credit facilities- Philadelphia Bank	-	6,093,851
Provision for contingent liabilities - Philadelphia Bank	-	815,053
Other	136,167	155,948
	136,167	7,064,852

** It was agreed with the Central Bank of Jordan to settle Philadelphia Bank accounts at the end of the year 2006, and close them in the balance of provisions and collections thereon.

20. Income Tax Provision

A. Provision for income tax:

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

	2006	2005 (Restated)
	JD	JD
Beginning balance	6,302,182	585,469
Transferred from Philadelphia Bank	(3,893)	9,410
Income tax paid	(4,520,260)	(852,714)
Income tax for the year	9,815,359	7,992,731
Transfered from prepaid income tax	-	(1,432,714)
Ending Balance	11,593,388	6,302,182

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

	2006 JD	2005 (Restated) JD
Accrued income tax on the year's profit	9,815,359	7,992,731
Accrued income tax on prior years' profit	18,183	-
Deferred tax assets for the year *	(468,619)	(385,495)
Amortization of deferred tax assets/liabilities	815,107	1,264,288
Balance - End of the Year	10,180,030	8,871,524

- A final settlement with the income tax authorities has been reached for Jordan branches up to the year 2004. Moreover, the Income Tax Department has reviewed the Bank's records for the year 2005 but no final decision has been reached 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 2005.
- A final tax settlement has been reached for the subsidiary company in Lebanon up to the end of the year 2003.
- A final tax settlement has been reached for the Bank's branches in Cyprus up to the end of the year 2005.

b. Deferred Tax Assets / Liabilities:

The details of this item are as follows:

	2006				
Accounts Included	Beginning Balance JD	Additions JD	Amounts Released JD	Balance End of the Year JD	Deferred Tax JD
a. Deferred Tax Assets					
Prior years' provision for non-performing loans	11,388,058	586,625	(1,459,829)	10,514,854	3,406,673
Suspended interest	2,730,883	650,314	(260,148)	3,121,049	894,617
Impairment loss in real estate	1,395,481	600	(246,116)	1,149,965	402,488
Provision for foreign currencies	310,624	105,597	-	416,221	145,677
Provision for lawsuits against the Bank	208,828	-	(50,499)	158,329	51,673
Provision for staff indemnity	1,880,778	241,146	(228,482)	1,893,442	621,249
Other provisions	155,948	-	(19,781)	136,167	39,031
	18,070,600	1,584,282	(2,264,855)	17,390,027	5,561,408
b. Deferred Tax Liabilities *					
Cumulative change in fair value of available-for-sale financial assets					
	14,041,093	-	(11,522,489)	2,518,604	746,936
	14,041,093	-	(11,522,489)	2,518,604	746,936

Accounts Included	2005 Beginning Balance as of January 1, 2005 JD	Additions JD	Amounts Released JD	Balance End of the Year JD	Deferred Tax (Restated) JD
a. Deferred Tax Assets					
Prior years' provision for non-performing loans	13,037,290	251,260	(1,900,492)	11,388,058	3,752,371
Suspended interest	2,496,026	334,268	(99,411)	2,730,883	813,612
Impairment loss on real estate	1,658,512	58,512	(321,543)	1,395,481	488,418
Provision for foreign currencies	168,426	142,198	-	310,624	108,718
Provision for lawsuits against the Bank	249,768	-	(40,940)	208,828	70,015
Provision for staff indemnity	1,725,438	412,816	(257,476)	1,880,778	628,301
Other provisions	166,878	4,504	(15,434)	155,948	46,461
	19,502,338	1,203,558	(2,635,296)	18,070,600	5,907,896
b. Deferred Tax Liabilities *					
Cumulative change in fair value of available-					
for-sale financial assets	3,785,534	10,657,243	(401,684)	14,041,093	3,446,253
	3,785,534	10,657,243	(401,684)	14,041,093	3,446,253

* Deferred tax liabilities include JD 746,936 against JD 3,446,253 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	2006 Assets JD	2006 Liabilities JD	2005 (Restated) Assets JD	2005 (Restated) Liabilities JD
Beginning balance	5,907,896	3,446,253	6,786,689	917,215
Additions during the year	468,619	-	385,495	2,616,562
Deductions	(815,107)	(2,699,317)	(1,264,288)	(87,524)
Ending Balance	5,561,408	746,936	5,907,896	3,446,253

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

	2006 JD	2005 JD
Declared income	30,409,125	34,300,594
Tax exempted income	(11,097,191)	(15,219,692)
Un-deductible expenses	12,473,100	7,668,311
Taxable Income	31,785,034	26,749,213
Income Tax Percentage	30.9%	29.9%

-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 15% to 35%.

21. Other Liabilities

This item consists of the following:

	December 31,	
	2006 JD	2005 JD
Accepted cheques	6,826,543	14,238,696
Unearned interest and commission	1,269,318	2,329,956
Unearned revenue	45,252	58,336
Accrued interest - not paid	5,028,709	3,711,570
Temporary deposits	3,238,858	2,961,819
Checks and transfers-delayed payment	829,574	879,596
Trading contracts revaluation	12,991	885
Other liabilities	29,412	126,769
Unearned rents revenues	3,332	30,940
Accrued expenses-not paid	1,772,679	1,705,138
Other accounts payable	3,632,415	2,206,125
Brokerage customers	4,842,179	-
Provision for scientific research	514,917	289,151
Provision for Technical and Vocational Training Support Fund fees	229,896	270,508
Provision for universities fees	236,879	281,306
Board of Directors' remunerations	65,000	65,000
	28,577,954	29,155,795

22. Paid-up Capital, Share Premium and Treasury Shares

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 (the actual shares subscribed by the shareholders amounted to 5,770,434 shares, offered for public subscription 229,566 shares. This resulted in a share premium of JD 937,318) 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 May 8, 2005, the Bank obtained the approval of the Minister of Industry and Trade, as well as that of the General Assembly

of Shareholders', in addition to the approval of the Securities Commission on June 1, 2005.
According to the resolution of the General Assembly of shareholders in their extraordinary meeting held on May 3, 2006, it was decided to increase the Bank's capital by JD 17 million through capitalizing part of share premium and distributing it as free shares to the Bank's shareholders so that the Bank's capital became JD 102 million. Moreover, the Bank obtained the approval of the Ministry of Industry and trade and that of the General Assembly on May 11, 2006, in addition to the approval of the Securities Commission on May 24, 2006. According to the resolution of the General Assembly of Shareholders in their extraordinary meeting held on May 3, 2006, 8 million shares were allocated to the strategic partner (Capital Towers Company) at JD 3.375 per share. The whole amount was paid during September 2006 so for the Bank's capital to become JD 110 million as of December 31, 2006. The Bank obtained the approval of the Ministry of Trade and Industry and that of the General Assembly of shareholders on May 11, 2006, in addition to the approval of the Securities Commission June 29, 2006.

a. The details of the increase in capital are as follows:

	December 31,	
	2006	2005
	JD	JD
Capital as of the end of the year	110,000,000	82,311,249
Number of issued shares	110,000,000	82,311,249
Par value per share	1	1
Share premium	43,272,534	32,903,037

In their extraordinary meeting held on May 3, 2006, the General Assembly of shareholders decided to pay cash dividends at a rate of 15% of the paid – up capital, equivalent to JD 12,750,000.

b. Treasury Stock

Treasury Stock (at cost) as of the end of the current year represents 1,681,060 shares valued at JD 4,972,239 as of December 31, 2006.

23. Reserves

The details of the reserves as of December 31, 2006 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, 2006 JD	December 31, 2005 JD	Nature of Restriction
General banking risks reserve	4,902,048	5,488,231	According to the Central Bank of Jordan regulations
Statutory reserve	23,669,927	20,616,916	According to the law

24. Cumulative Change in Fair Value - Net

This item consists of the following:

	2006 Available-for-Sale Financial Assets			2005 Available-for-Sale Financial Assets		
	Shares JD	Bonds JD	Total JD	Shares JD	Bonds JD	Total JD
Beginning balance	8,966,496	1,628,344	10,594,840	2,579,215	289,104	2,868,319
Unrealized net (losses)/ profits	(4,974,909)	(2,318,464)	(7,293,373)	8,621,285	1,619,724	10,241,009
Deferred tax liabilities	2,342,126	357,191	2,699,317	(2,276,276)	(252,762)	(2,529,038)
Realized net (profit)-transferred to the income statement	(3,947,477)	(3,771)	(3,951,248)	(373,962)	(27,722)	(401,684)
Loss on impairment taken to the statement of income	-	-	-	416,234	-	416,234
Foreign currencies differences	-	(7,484)	(7,484)	-	-	-
Ending Balance	2,386,236	(344,184)	2,042,052	8,966,496	1,628,344	10,594,840

• The cumulative change in fair value is presented as a net amount after deducting deferred tax liabilities of JD 746,936 (against JD 3,446,253 for previous years).

25. Retained Earnings

The details of this item are as follows:

	2006 JD	2005 (Restated) JD
Beginning balance	22,095,836	4,585,109
Income for the year	20,223,290	25,400,499
Effects of implementing deferred tax liabilities	9,332	2,874,713
Dividends paid	(12,750,000)	(3,000,000)
Realized income from available-for-sale financial assets	-	(37,434)
Transfers to reserves	(5,627,852)	(7,726,512)
Foreign currency exchange differences	(3,616)	(539)
Ending Balance	23,946,990	22,095,836

- Included in retained earnings is an amount of JD 5,561,408 restricted by the Central Bank of Jordan against deferred tax assets as of December 31, 2006 (JD 5,907,896 as of December 31, 2005).

26. Minority Interest

This item consists of the following:

	December 31, 2006			December 31, 2005		
	Percentage of Minority Interest*	Minority Portion of Net Income	Minority Portion of Net Assets	Percentage of Minority Interest *	Minority Portion of Net Income	Minority Portion of Net Assets
	%	JD	JD	%	JD	JD
Al - Ahli International Bank - Lebanon	2.787	5,805	1,300,348	2.787	28,571	1,294,543
		5,805	1,300,348		28,571	1,294,543

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

27. Interest Income

This item consists of the following:

	2006 JD	2005 JD
Direct Credit Facilities:		
Discounted bills	4,463,170	3,900,116
Overdraft accounts	13,175,444	13,869,438
Loans and advances	31,506,076	20,225,191
Credit cards	578,078	223,995
Revenues from Balances at Banks:		
Balances at central bank and difference of present value for long-term financial liabilities	11,099,179	31,081,355
Balances and deposits at banks and financial institutions	15,632,748	10,816,752
Financial Instruments:		
Trading financial assets	888,357	556,568
Available-for-sale financial assets	7,730,747	4,723,382
Held-to-maturity financial assets	4,665,979	5,381,258
	89,739,778	90,778,055

28. Interest Expense

This item consists of the following:

	2006 JD	2005 JD
Banks and financial institutions deposits	4,208,340	1,196,236
Customers Deposits:		
Current and demand deposits	482,984	809,445
Saving accounts	873,607	847,944
Time and notice deposits	30,854,646	23,740,050
Certificates of deposit	904,007	544,789
Qushan certificates	305,501	435,807
Cash margins	3,356,530	2,469,048
Borrowed funds	415,967	501,634
Deposit guarantee fees	1,047,654	1,317,229
	42,449,236	31,862,182

29. Commission Revenue – Net

This item consists of the following:

	2006 JD	2005 JD
Direct credit facilities	4,509,138	3,584,846
Indirect credit facilities	9,805,773	11,236,003
Other commissions	910,415	1,331,944
Debit commissions	(486,611)	(386,647)
	14,738,715	15,766,146

30. Income from Trading Financial Assets

This item consists of the following:

	Year 2006			
	Realized (Loss) JD	Unrealized (Loss) JD	Dividends Income JD	Total JD
Companies shares	(1,079,515)	(3,703,129)	254,127	(4,528,517)
Treasury and bonds	-	2,716	-	2,716
Derivatives	2,149	-	-	2,149
	(1,077,366)	(3,700,413)	254,127	(4,523,652)
	Year 2005			
	Realized Profit	Unrealized (Loss)	Dividends Income	Total
Companies shares	3,180,030	(1,304,036)	45,958	1,921,952
Derivatives	85,034	-	-	85,034
	3,265,064	(1,304,036)	45,958	2,006,986

31. Income from Available-for-Sale Financial Assets

This item consists of the following:

	2006 JD	2005 JD
Dividend income	961,315	575,550
Income from the sale of available-for-sale financial assets	3,289,865	361,728
Less : Impairment in available-for-sale investments	-	(416,234)
	4,251,180	521,044

32. Other Revenue

This item includes the following:

	2006 JD	2005 JD
Rental of safe deposit boxes	58,309	51,753
Gains and losses from trading in contracts		
and derivatives	11,149	40,637
Provision for impairment in credit facilities recovered*	1,655,863	2,853,242
Recovered interest in suspense **	2,627,450	1,778,073
Credit cards	1,530	5,211
Portfolio management	70,403	524,147
Brokerage commissions	4,900,472	6,690,566
Recovered from debts written off	494,867	453,299
Income from checkbooks	109,716	150,676
Grants revenue	-	751,158
Cash differences	5,575	11,155
Real - estate rent	146,421	182,743
Income from the sales of assets	617,617	2,095,460
Other income	1,078,781	529,048
	11,778,153	16,117,168

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

	2006 JD	2005 JD
Provision for direct credit facilities recovered (relating to off-balance sheet items)	1,655,863	1,062,799
Provision for direct credit facilities recovered (relating to accounts transferred from Philadelphia Bank)	-	1,790,443
	1,655,863	2,853,242

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

	2006 JD	2005 JD
Interest in suspense recovered from on-balance sheet items (Note 8)	2,339,837	1,536,028
Interest in suspense recovered from off-balance sheet items	287,613	242,045
	2,627,450	1,778,073

33. Employees Expenses

This item includes the following:

	2006 JD	2005 JD
Salaries, bonuses and employees' benefits	19,434,804	18,585,294
Bank's share of social security	1,758,314	1,611,891
Bank's share of provident fund	1,014,412	935,555
End-of-service indemnity	416,185	525,820
Medical expenses	1,376,140	1,152,095
Staff training expenses	311,538	281,441
Travel expenses	332,076	351,700
Employees life insurance	193,814	130,009
Employees meals	200,750	161,876
Employees uniforms	28,357	28,170
	25,066,390	23,763,851

34.Other Expenses

This item consists of the following:

	2006 JD	2005 JD
Insurance	724,152	780,285
Security	201,536	175,540
Maintenance and repairs	1,797,374	1,672,702
Rent and key money	873,633	805,689
Utilities	569,427	390,899
Fees and subscriptions	2,308,405	1,900,701
Legal fees and expenses	511,180	1,056,225
Telephone and postage	517,905	731,189
Stamps	175,790	101,249
Stationery and printing	1,040,999	938,967
Entertainment	75,491	96,050
General Assembly meeting expenses	267,263	235,197
Engineering and technical consultations	1,689,586	1,371,258
Real estate appraisal expenses	68,626	35,934
Advertisement	1,886,630	1,464,625
Professional fees	216,595	249,559
Transportation	420,301	447,467
Cash differences	1,943	2,136
Loss of real estate impairment	600	213,833
Loss of real estate held-for-sale impairment	-	48,184
Loss on sale of fixed assets	72,624	100,437
Donations	342,277	389,607
Other expenses	147,930	245,250
Scientific research provision	225,766	270,193
Technical and Vocational Education and Training Support Fund fees	221,537	269,585
Provision for universities fees	225,766	270,193
Board of Director's remunerations	65,000	65,000
	14,648,336	14,327,954

35. Earnings Per Share - Bank Shareholders

The details of this items are as follows:

	2006 JD	2005 JD
A: Basic Earnings per Share :		
Income for the year	20,223,290	25,400,499
Weighted average number of shares	105,835,616	102,000,000
Earnings Per Share	0.191	0.25
B: Diluted Earnings per Share :		
Income for the year	20,223,290	25,400,499
Weighted average number of shares	104,154,556	100,318,920
Diluted Earnings per Share - Bank Shareholders	0.194	0.253

36. Cash and Cash Equivalents

The details of this items are as follows:

	2006 JD	2005 JD
Balances at central banks due within 3 months	148,710,115	405,470,097
Add: Balances at banks and financial institutions due within 3 months	405,446,094	334,952,872
Less: Banks and financial institutions deposits due within 3 months	(88,087,648)	(70,029,352)
Restricted balances	(9,650,077)	(9,677,850)
	456,418,484	660,715,767

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 December 31, 2006 JD	2005 JD
Al- Ahli International Bank	97.921	3,386,269	3,386,269
Beaches Hotels and Tourist Spas Co.	47	10,000,000	10,000,000
National Micro Finance Co.	100	2,500,000	750,000
Zarqa National College	100	800,000	800,000
Al-Liwan for Hotels and Tourist Utilities Co.	50	3,400,000	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.	29.998	4,000,000	2,000,000
Invest One Financial Brokerage Company	25	1,942,500	-
Al - Ahli Financial Brokerage Company	100	20,000,000	-
Ahluna for Social and Cultural Work Company	99.9	2,000,000	-

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

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

	Related Party						Total
	Subsidiaries	Associates	Board of Directors Members	Executive Management	Major Shareholders	Other	December 31, 2006
	JD	JD	JD	JD	JD	JD	JD
On-Balance-Sheet items:							
Credit facilities	9,900,065	10,083,205	5,281,158	1,715,107	3,358,385	37,625,480	67,963,400
Customers' deposits	1,163,495	2,874,905	835,982	391,563	525,460	4,283,988	10,075,393
Cash margins	-	-	-	-	500,000	4,682,849	5,182,849
Off-Balance Sheet Items:							
Letters of guarantee	-	1,400,000	10,807	-	-	5,107,941	6,518,748
Statement of Income:							
Interest and commissions income	1,130,309	-	86,209	105,208	77,905	1,189,995	2,589,626
Interest and commissions expense	123,778	61,261	50,683	1,526	153	208,083	445,484
Provision for the impairment in direct credit facilities	-	-	-	-	-	8,429	8,429
Interest in suspense	-	-	-	-	-	1,573	1,573
Other Information:							
Interest in suspense *	-	1,655,801	-	-	-	-	1,655,801
Provision for the impairment in direct credit facilities	-	8,875,007	-	-	-	-	8,875,007

* This item represents the provision and interest in suspense relating to the credit facilities extended to Arab Printers Company (associate company). These credit facilities were classified and interest thereon was suspended in prior years, and the investement in this company is amounted to zero (Note 11).

	Related Party						
	Subsidiaries	Associates	Board of Directors Members	Executive Management	Major Shareholders	Other	Total December 31, 2005
	JD	JD	JD	JD	JD	JD	JD
On-Balance-Sheet items:							
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
Off-Balance Sheet Items:							
Letters of guarantee	-	1,312,521	-	-	220,000	8,005,746	9,538,267
Statement of Income:							
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 the impairment in							
direct credit facilities	-	4,097,878	-	-	-	-	4,097,878
Interest in suspense	-	48,440	-	-	-	83,879	132,319
Other Information:							
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

Executive management remuneration of the Bank and its subsidiaries amounted to JD 1,820,371 for the year 2006 (against JD 1,747,624 for the year 2005) in addition to bonuses and incentives related to performance.

38. Fair Value of Financial Instruments 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 balance sheet financial instruments, the fair value of which is significantly different from their value.

	December 31, 2006			December 31, 2005		
	Book Value	Fair Value	Difference	Book Value	Fair Value	Difference
	JD	JD	JD	JD	JD	JD
Financial Instruments						
Held-to-maturity investments	66,017,785	67,374,268	(1,356,483)	59,093,480	59,055,498	(37,982)
Available-for-sale financial assets-						
Unlisted *	19,327,819	19,327,819	-	15,642,584	15,642,584	-

* As mentioned in note (9) to the financial statements, available-for-sale financial assets include unlisted financial assets of JD 19,327,819 as of December 31, 2006 (against JD 15,642,584 as of December 31, 2005), shown at cost as their fair value can not be reliably estimated.

39. Financial Derivatives

The details of financial derivatives at year end consists of the following:

				Maturity of Nominal Value			
	Positive Fair Value	Negative Fair Value	Total Nominal Amounts	Within 3 Months	More than 3 Months up to 12 Months	From 1 Year up to 3 Years	More than 3 Years
	JD	JD	JD	JD	JD	JD	JD
As of December 31, 2006							
Trading Derivatives:							
Forward sales contracts in foreign currencies	-	(70,698)	(70,698)	(70,698)	-	-	-
Forward purchase contracts in foreign currencies	70,965	-	70,965	70,965	-	-	-
Total	70,965	(70,698)	267	267	-	-	-
As of December 31, 2005							
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)	-	-	-

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. 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. Determining 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. Studying, Controlling , and Following up on Credit : 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 units 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 Distribution of Assets, Liabilities and Off-Balance Sheet Items According to Geographical Areas and Sectors are as follows:

	December 31, 2006			December 31, 2005		
	Assets JD	Liabilities JD	Off-Balance Sheet Items JD	Assets JD	Liabilities JD	Off-Balance Sheet Items JD
A. According to Geographical Areas:						
Within the Kingdom	1,071,403,966	1,406,615,970	255,093,608	1,041,884,523	1,181,262,419	242,808,369
Other Middle East countries	275,205,989	310,756,222	136,933,474	304,568,762	429,892,726	202,891,708
Asia *	5,235,053	68,064	22,539,429	17,027,228	14,282,982	36,876,210
Europe	351,673,202	18,563,202	192,067,226	261,529,521	36,338,053	120,829,966
Africa *	-	-	37,685	-	-	332,422
America	6,978,319	1,447,069	6,597,871	18,482,870	11,178,590	51,501,566
Other countries	30,345,110	3,391,112	33,565,389	31,154,141	1,692,275	55,693,590
Total	1,740,841,639	1,740,841,639	646,834,682	1,674,647,045	1,674,647,045	710,933,831

* Excluding Middle East Countries

	December 31, 2006			December 31, 2005		
	Assets JD	Liabilities JD	Off-Balance Sheet Items JD	Assets JD	Liabilities JD	Off-Balance Sheet Items JD
B. According to Sectors:						
Public sector	345,822,089	228,831,121	8,548,343	422,104,361	111,758,920	20,365,334
Private sector						
Companies accounts	831,874,798	344,264,249	463,205,269	776,559,776	594,350,439	566,683,778
Personal accounts	446,265,173	893,421,639	175,081,070	319,193,553	853,645,854	123,884,719
Other	116,879,579	274,324,630	-	156,789,355	114,891,832	-
Total	1,740,841,639	1,740,841,639	646,834,682	1,674,647,045	1,674,647,045	710,933,831

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:

- Re-pricing 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.

a. As of December 31, 2006

	Subject to Interest Rates Risks								
	Less than One Month	More Than 1Month Up to 3 Months	More Than 3 Months Up to 6 Months	More Than 6 Months Up to 1 Year	From 1 Year Up to 3 Years	More Than 3 Years	Non-Interest Bearing	Total	Average Interest Rate
	JD	JD	JD	JD	JD	JD	JD	JD	%
Assets:									
Balances at central banks	47,415,019	16,004,561	186,600,000	-	-	-	92,533,790	342,553,370	1.4-3
Balances at banks and financial institutions	12,607,031	388,739,879	-	-	-	-	4,099,184	405,446,094	0.71-5.28
Deposits at banks and financial institutions	-	-	3,878,805	-	-	-	-	3,878,805	3.25
Trading financial assets	-		24,770	-	7,607,873	6,709,772	20,277,158	34,619,573	7
Direct credit facilities - net	59,120,449	99,283,907	90,760,211	125,117,984	109,731,402	78,199,395	59,455,078	621,668,426	3.19-11.5
Available-for-sale financial assets	-	-		2,300,000	43,525,328	46,158,195	29,932,883	121,916,406	5.14-8
Held-to-maturity financial assets - net	1,200,000	2,000,000	22,000	2,000,000	16,909,473	45,242,795	-	67,374,268	7.25-10
Investment in affiliates	-	-	-	-	-	-	16,555,614	16,555,614	-
Fixed assets - net	-	-	-	-	-	-	49,463,250	49,463,250	-
Intangible assets	-	-	-	-	-	-	6,134,459	6,134,459	-
Other assets	-	-	-	-	-	-	65,669,966	65,669,966	-
Deferred tax assets	-	-	-	-	-	-	5,561,408	5,561,408	-
Total Assets	120,342,499	506,028,347	281,285,786	129,417,984	177,774,076	176,310,157	349,682,790	1,740,841,639	
Liabilities and Owners' Equity:									
Banks and financial institutions deposits	15,837,749	72,249,899	-	-	-	150,000,000	-	238,087,648	1-3
Customers' deposits	122,308,774	551,314,630	44,905,796	91,901,860	15,607,517	-	263,933,558	1,089,972,135	2.75-4.5
Cash margins	54,125,551	32,724,418	28,248,861	12,211,329	4,651,813	544,392	1,923,557	134,429,921	1-7.5
Borrowed funds	-	15,187,196	-	250,000	1,000,000	5,000,000	-	21,437,196	4-6.21
Various provisions	-	-	-	-	-	-	3,247,982	3,247,982	-
Income tax provision	-	-	-	-	-	-	11,593,388	11,593,388	-
Other liabilities	-	-	-	-	-	-	28,577,954	28,577,954	-
Deferred tax liabilities	-	-	-	-	-	-	746,936	746,936	-
Minority interest	-	-	-	-	-	-	1,300,348	1,300,348	-
Shareholders' equity	-	-	-	-	-	-	211,448,131	211,448,131	-
Total Liabilities and Owners' Equity	192,272,074	671,476,143	73,154,657	104,363,189	21,259,330	155,544,392	522,771,854	1,740,841,639	
Sensitivity difference of balance sheet items	(71,929,575)	(165,447,796)	208,131,129	25,054,795	156,514,746	20,765,765	(173,089,064)	-	
Sensitivity of off balance sheet items	61,360,850	17,531,672	8,765,836	-	-	-	-	87,658,358	
Accumulated Sensitivity Difference of Interest Rates	(10,568,725)	(158,484,849)	58,412,116	83,466,911	239,981,657	260,747,422	87,658,358	-	

b. As of December 31, 2005 :

	Subject to Interest Rates Risks								
	Less than One Month	More Than 1 Month Up to 3 Months	More Than 3 Months Up to 6 Months	More than 6 Months Up to 1 Year	From 1 Year Up to 3 Years	More than 3 Years	Non-Interest Bearing	Total	Average interest rate
	JD	JD	JD	JD	JD	JD	JD	JD	%
Assets:									
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	-	-	-	-	982,223	3.25
Trading financial assets	-	-	-	1,195,194	23,578	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	81,119,905	92,503,727	22,455,806	560,147,166	3.19-10
Available-for-sale financial assets	-	-	5,481,237	4,312,322	23,852,257	54,356,721	32,243,170	120,245,707	5.14-8
Held-to-maturity financial assets - net	-	2,000,000	8,188,414	2,401,019	16,967,339	29,498,726	-	59,055,498	9
Investment in affiliates	-	-	-	-	-	-	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	-	-	-	-	-	-	5,907,896	5,907,896	-
Total Assets	466,790,867	376,587,545	119,195,150	100,827,348	132,192,663	177,025,069	302,028,403	1,674,647,045	
Liabilities and Shareholders' Equity									
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	-
Other liabilities	-	-	-	-	-	-	29,155,795	29,155,795	-
Deferred tax liabilities	-	-	-	-	-	-	3,446,253	3,446,253	-
Minority interest	-	-	-	-	-	-	1,294,543	1,294,543	-
Shareholders' equity	-	-	-	-	-	-	180,081,197	180,081,197	-
Total Liabilities and Shareholders' Equity	669,795,028	170,765,719	59,086,492	120,546,253	45,670,468	155,775,276	453,007,809	1,674,647,045	
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	
Accumulated Sensitivity Difference of Interest Rates	(157,154,571)	61,767,137	128,425,736	108,706,831	195,229,026	216,478,819	65,499,413	-	

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 procure ability 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.
Fund Sources: 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 (41 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 specifiedconditions 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 dateregardless 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, 2006:

	Up to 1 Month	More Than 1 Month up to 3 Months	More Than 3 Months up to 6 Months	More Than 6 Months up to a Year	More Than 1 Year up to 3 Years	More Than 3 Years	Without Maturity Dates	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Assets								
Cash and balances at central banks	132,705,554	16,004,561	186,600,000	-	7,243,255	-	-	342,553,370
Cash at banks and financial institutions	15,137,797	390,308,297	-	-	-	-	-	405,446,094
Deposits at banks and financial institutions	-	-	3,878,805	-	-	-	-	3,878,805
Trading financial assets	-	-	24,770	-	7,607,873	6,709,772	20,277,158	34,619,573
Credit facilities - net	59,194,208	99,283,907	90,760,211	125,117,984	109,731,402	78,199,395	59,381,319	621,668,426
Available-for-sale financial assets	-	-	-	2,300,000	43,525,328	46,158,195	29,932,883	121,916,406
Held-to-maturity financial assets - net	1,200,000	2,000,000	22,000	2,000,000	16,909,473	45,242,795	-	67,374,268
Investments in affiliates and subsidiary companies	-	-	-	-	-	-	16,555,614	16,555,614
Fixed assets - net	-	-	-	-	-	-	49,463,250	49,463,250
Intangible assets	-	-	-	-	-	-	6,134,459	6,134,459
Other assets	9,957,640	4,175,532	3,098,503	2,767,655	24,889,471	100,675	20,680,490	65,669,966
Deferred tax assets	-	-	-	-	-	-	5,561,408	5,561,408
Total Assets	218,195,199	511,772,297	284,384,289	132,185,639	209,906,802	176,410,832	207,986,581	1,740,841,639
Liabilities and Owners' Equity								
Deposits of banks and other financial institutions	15,837,749	72,249,899	-	-	-	150,000,000	-	238,087,648
Customers' deposits	386,242,332	551,314,630	44,905,796	91,901,860	15,607,517	-	-	1,089,972,135
Cash margins	56,049,108	32,724,418	28,248,861	12,211,329	4,651,813	544,392	-	134,429,921
Borrowed funds	-	15,187,196	-	250,000	1,000,000	5,000,000	-	21,437,196
Various provisions	-	-	-	-	-	-	3,247,982	3,247,982
Provision for income tax	-	-	-	-	-	-	11,593,388	11,593,388
Other liabilities	8,289,027	917,057	878,508	268,825	271,830	300,637	17,652,070	28,577,954
Deferred tax liability	-	-	-	-	-	-	746,936	746,936
Minority interest	-	-	-	-	-	-	1,300,348	1,300,348
Shareholders' equity	-	-	-	-	-	-	211,448,131	211,448,131
Total Liabilities and Owners' Equity	466,418,216	672,393,200	74,033,165	104,632,014	21,531,160	155,845,029	245,988,855	1,740,841,639
Gap per category	(248,223,017)	(160,620,903)	210,351,124	27,553,625	188,375,642	20,565,803	(38,002,274)	-
Cumulative Gap	(248,223,017)	(408,843,920)	(198,492,796)	(170,939,171)	17,436,471	38,002,274	-	-

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

	Up to 1 Month	More than 1 Month up to 3 Months	More than 3 Months up to 6 Months	More than 6 Months up to a Year	More than 1 Year up to 3 Years	More than 3 Years	Without Maturity Dates	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Assets								
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 financial institutions	270,461,672	64,491,200	-	-	-	-	-	334,952,872
Deposits at banks and 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 financial assets - net	-	2,000,000	8,188,414	2,401,019	16,967,339	29,498,726	-	59,055,498
Investments in affiliates 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	-	-	-	-	-	-	5,907,896	5,907,896
Total Assets	573,134,744	387,750,775	121,032,671	103,771,760	155,382,744	180,765,392	152,808,959	1,674,647,045
Liabilities and Owners' Equity								
Deposits of banks and other financial institutions	62,114,640	7,914,712	-	-	-	150,000,000	-	220,029,352
Customers' deposits	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
Various 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	-	-	-	-	-	-	180,081,197	180,081,197
Total Liabilities and Owners' Equity	908,168,686	175,217,771	61,630,952	124,364,245	47,191,720	155,775,276	202,298,395	1,674,647,045
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	-	-

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. To ensure the maintenance of foreign currencies positions within the approved limits. Moreover, the Bank follows hedging strategies to reduce foreign currencies risks by using financial derivatives.

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

Net Currency Position	December 31, 2006		December 31, 2005	
	Amount	Equivalent in JD	Amount	Equivalent in JD
US Dollar	15,022,115	10,650,680	11,986,157	8,498,186
Sterling Pound	3,284,297	4,559,807	3,712,387	4,536,746
Euro	367,404	341,871	53,841	37,450
Swiss Franc	(9,789)	(5,666)	25,442	3,613
Japanese Yen	6,494,323	38,748	15,304,711	95,874
Other currencies *		160,477		952,014
Total		15,745,917		14,123,883

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

47. Equity Securities Price Risks

The Bank's management follows specific polices in diversifying investments in securities according to several geographical areas at predetermined rates. Moreover, these investments are monitored daily and made in very reputable markets with high liquidly to meet any risks that may arise.

48. Information on the Bank's Activity Sectors

a. For management purposes, the bank is organized into three major activity sectors in addition to financial brokerage and consultation services through Al – Ahli Financial Brokerage Company. 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:

					Total December 31,	
	Individuals	Corporations	Treasury	Other	2006	2005
	JD	JD	JD	JD	JD	JD
Total revenues	15,773,230	19,326,523	19,889,950	21,009,909	75,999,612	96,213,005
Provision for impairment in credit facilities						
granted to customers	-	-	-	(2,295,230)	(2,295,230)	(19,738,505)
Results of Sectors' Operations	15,773,230	19,326,523	19,889,950	18,714,679	73,704,382	76,474,500
Undistributable expenses	-	-	-	(43,295,257)	(43,295,257)	(42,250,678)
Bank's portion from profits (losses) of affiliates	-	-	-	-	-	76,772
Income before taxes	15,773,230	19,326,523	19,889,950	(24,580,578)	30,409,125	34,300,594
Income Tax	-	-	-	(10,180,030)	(10,180,030)	(8,871,524)
Income for the Year	15,773,230	19,326,523	19,889,950	(34,760,608)	20,229,095	25,429,070
Other Information						
Sectors' assets	446,265,173	831,874,798	-	345,231,402	1,623,371,373	1,517,857,690
Investment in affiliates	-	-	-	16,555,614	16,555,614	15,633,309
Undistributable assets	-	-	-	100,914,652	100,914,652	141,156,046
Total Assets	446,265,173	831,874,798	-	462,701,668	1,740,841,639	1,674,647,045
Sector's Liabilities	893,421,639	344,264,249	-	228,240,434	1,465,926,322	1,559,755,213
Undistributable liabilities	-	-	-	274,915,317	274,915,317	114,891,832
Total Liabilities	893,421,639	344,264,249	-	503,155,751	1,740,841,639	1,674,647,045
Capital expenditures				15,010,575	15,010,575	12,339,074
Depreciation and amortization				3,580,531	3,580,531	3,667,444

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 and 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	
	2006	2005	2006	2005	2006	2005
	JD	JD	JD	JD	JD	JD
Total revenues	60,942,372	83,219,433	15,057,240	12,993,572	75,999,612	96,213,005
Total assets	1,074,532,660	1,041,884,523	666,308,979	632,762,522	1,740,841,639	1,674,647,045
Capital expenditures	4,813,972	4,900,539	10,196,603	7,438,535	15,010,575	12,339,074

49. Capital Adequacy

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

	December 31,	
	2006	2005
	JD (Thousand)	JD (Thousand)
Regulatory capital	202,827	166,296
Primary Capital	196,375	155,999
Regulatory capital to risk-weighted assets ratio adjusted to market risk	17.83%	15.91%
Primary capital to risk - weighted assets ratio adjusted to market risk	17.26%	14.93%

50. Fiduciary Accounts Managed for Clients

	December 31,	
	2006	2005
	JD	JD
Fiduciary accounts managed for others	26,727,866	14,385,958

51. Contingent Liabilities and Commitments

a. Credit commitments and liabilities:

	December 31,	
	2006	2005
	JD	JD
Letters of Credit:		
Letters of credit issued	69,481,153	98,062,533
Letters of credit received	249,669,677	305,977,399
Acceptances	46,851,200	41,266,190
Guarantees:		
Payment	97,897,321	102,692,232
Performance	68,391,327	58,907,011
Other	26,885,646	31,387,860
Total	559,176,324	638,293,225
Unutilized ceilings of credit facilities	87,658,358	65,499,413
	646,834,682	703,792,638

b. Contractual Liabilities:

	December 31,	
	2006	2005
	JD	JD
Other contracts	-	7,141,193
	-	7,141,193
	646,834,682	710,933,831

52. Litigation Against the Bank

There were lawsuits against the Bank claiming amounts totaling JD 15,264,162 as of December 31, 2006 (JD 9,366,269 as of December 31, 2005). According to the Bank's management and its lawyer, no financial obligations are expected to arise higher than the recorded provision of JD 158,329 as of December 31, 2006.

53. Comparative Figures

As stated in Note (2), some comparative figures have been reclassified to comply with the new and amended International Financial Reporting Standards.

Disclosures Required by the JSC

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

Name	No of Shares 2006	* Percentage %	No of Shares 2005	Percentage %
H.E. Dr. Rajai Muasher	11,152	0,01 %	8,144	0,01 %
Mr. Nadim Muasher	3,686,525	3,35 %	992,026	1,37 %
Kuwait Investment Authority	6,954,171	6,32 %	5,795,143	7,99 %
Mr. Ahmad Tahoos Al-Rashed	0	0%	0	0%
Jordan Investor Center	6,731,394	6,12 %	5,392,000	7.43 %
H.E. Mr. Wasef Azar	58,834	0,053%	42,960	0,06%
The Social Security Corporation	5,841,613	5,31 %	4,440,629	6,12 %
H.E. Dr. Mohammad Abu Hammour	0	0%	0	0%
Abraaj Capital. (UAE)	11,785,631	10,71%	0	0%
Mr. Mustafa Abd Alwadood	0	0%	0	0%
Mouasher Investment & Trading Co.	552,638	0,50%	5,660,162	7,80 %
Mr. Emad Muasher	3,755,859	3,41%	1,042,652	1,44%
Arabia S.A.L (Holding)	1,608,348	1,46%	1,215,290	1.68 %
Mr. Hani Fraij	14	0%	12	0%
ZI & IME Co. (Saudi Arabia)	739,549	0,67 %	540,000	0.74 %
Mr. Ala-Eddin Sami	19,000	0,02 %	0	0%
Rajai Muasher & Brothers Co.	66,840	0,06 %	155,171	0.21 %
Mr. Rafiq Muasher	600,000	0,55%	440,663	0,61%
Mr. Mahmoud Malhas	1,168,612	1,06 %	870,816	1.20 %
Mr. Rajai S. Sukkar	39,494	0.04 %	28,838	0.04 %
Mr. Tawfek A. Kawar	572,208	0,52 %	417,812	0,58 %
Total	44,191,882	40,17%	27,042,318	37,30%

*Percentage of the new Capital.

2. A 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 Administration and Marketing / USA. MBA Degree / USA. B.A of Chemistry / AUB.	Former Minister of Industry and Trade. Minister of Supply for several terms. Senate member for several terms. Chairman and board member of several companies.
Mr. Nadim Muasher	Deputy Chairman	1950	Jordanian	Masters of Civil Engineering / USA. B.A. of Architecture.	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.
Mr. Ahmad Tahoos Al Rashed Rep. of 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.
H.E Mr. Wasef Azar Rep. of Jordan Investor Center	Member	1936	Jordanian	Masters of Economics and Development Management / USA. B.A in Law / Damascus.	BOD member of many companies. Long experience in the public and private sectors. Former Minister of Industry and Trade. Manager for many companies and institutions.
H.E. Dr. Mohammad Abu Hammour Rep. of The Social Security Corporation	Member	1961	Jordanian	PHD in Economics & public Finance-Surrey University-UK MBA & BA Economics – Yarmouk University	Chairman of the Executive Privatization Commission since 2005 – Former Finance Minister and Industry & Trade Minister . he obtained the prize of the best Finance Minister in the Middle East in 2004.
Mr. Mustafa Abd Alwadood Rep. of Abraaj Capital	Member	1970	Egyptian	MBA Business Administration-George Town University-USA BA Business Administration –AUC	15 years of experience in M&A and establishing projects at EFG-Hermes-Dubai. CEO and founder of Sigma . Board member in Qatar Capital –Spinneys-BMA Lebanon-Orascom-Jordan Aircraft Maintenance Co.

Name	Position	Date of Birth	Nationality	Educational Qualifications	Experience
Mr. Emad Y. Muasher Rep. of Muasher Investment & Trading Co.	Member	1957	Jordanian	Masters of International Business Administration / USA. B.A of Economics.	Deputy Chairman and board member of many companies.
Mr. Hani Fraij Rep. of Arabia S.A.L.	Member	1940	Lebanese	B.A of Business / AUB.	G.M of Atallah Fraij Institution – Beirut. Deputy Chairman of Arabia Insurance Co. – Beirut. Chairman of Andlosya Company – Beirut.
Mr. Ala-Eddin Sami Rep. of ZI & IME Co.	Memeber	1953	Egyptian	Masters in Financial Management. BA. Accounting	Deputy Chairman - Al-Zahid Group –S.A. Chairman,- Arab-Sudanese Truck co. Board member - Arab Sudanese Cars & Trucks co. Board member- Lagona Tourism Development Co. - Egypt.
Mr. Rafiq S. Muasher Rep. of Rajai Muasher & Brothers Co.	Member	1949	Jordanian	Masters of Construction Engineering. Masters of Engineering Projects Management / USA.	1976 – 1980: Ranco Company for Contracting and Trading. 1980 – 1985: Rajai Muasher and Bros. Company. 1985 – 1988: Al-Ahlia Financial Investments. 1988 – to date:National Securities Co.
Mr. Mahmoud Malhas	Member	1935	Jordanian	BA of Economics AUB	Prominent Businessman who owns Al-Mahmoudiah Trading Company
Mr. Rajai S. Sukkar	Member	1942	Jordanian	B.A of Business Administration / AUB.	Working in different shipping and insurance companies. Board member of many companies.
Mr. Tawfek A. Kawar	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. 1957: G.M of Amin Kawar & Sons Company. 1965: Chairman of Amin Kawar & Sons Company. BOD member of many companies.

3. Senior Executive Staff and their Shareholdings in the Bank's Capital:

Name	Title	No of Shares 2006	No of Shares 2005
H.E. Dr. Rajai Muasher	Chairman	11,152	8,144
H.E. Mr. Marwan Awad	CEO / General Manager (Since Oct. 1st ,2006)	10,000	0
Mr. Khalil Nasr	Deputy CEO-Head of Group Personal & International Banking	99,480	198,800
Ms. Lina Bakhit	Deputy CEO- Head of Group Ahli Capital Markets	21,146	11,060
Mr. Fuad Werr	Deputy CEO- Head of Group Marketing ,Sales Support & Jordan Branches Management.	0	2,800
Mr. Ibrahim Ghawi	Deputy CEO- Head of Group Finance	1,095	800
Mr. Hani Farraj	Deputy CEO - Head of Group Administration & Logistics (BOD's secretary)	6,439	2,512
Mr. Kayed Farah Kayed	Deputy CEO- Head of Group Remedial , Recoveries & Legal Affairs	1,095	800
Mrs. Hadeel Kayyali	Deputy CEO-Head of Group Operations	9,133	2,288
Mr. Samer Sunnuqrot	Deputy CEO - Head of Group Ahli Investment Banking	15,312	6,800
Mr. Zahi Fakhoury	Deputy CEO- Head of Group Credit	90,000	66,800
Mr. Faleh Al-Najjar	Deputy CEO- Head of Group SME Banking	0	10,850
Mr. Sa'ad Muasher	Deputy CEO- Head of Group Strategy	1,106,910	254,783
Mr. Saleem Ghandour	AGM-International Banking	20,151	13,400
Mr. Suleiman Dababneh	AGM-Accounting & Reporting	25,568	14,289
Mrs. Dima Aqel	AGM- Head of Group Risk Management.	0	0
Mr. Kameel Haddad	AGM- Remedial , Recoveries & Legal Affairs	7,095	800
Mr. Bashar Bakri	AGM- Head of Group Human Resources	12,000	7,000
Mr. Basem Isleem	Head of Group Internal Auditing	620	517
Advisors			
Mr. Issa Khoury	Chairman's Advisor/Acting Head of Group Corporate Banking.	11,065	3,699
Mr. Nahid Hattar	Chairman's Advisor for Media & Cultural Affairs.	4,095	0

4. A 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 Administration / Marketing / USA. MBA Degree / USA. B.A of Chemistry / AUB.	Former Minister of Industry and Trade. Minister of Supply for several terms. Senate member for several terms. Chairman and board member of several companies.
H.E. Mr. Marwan Awad	CEO / GM (since oct. 1st ,2006)	1951	Jordanian	MBA Economics & High Diploma in Economic Development / Vanderbilt University –USA. BA Business Administration / Jordan University	GM-Industrial Development Bank -GM of Qatar Islamic Bank-Former Minister of Finance-GM of Middle East Investment Bank-Secretary General of the Ministry of Industry & Trade –several positions at the Central Bank of Jordan-Participating founder of the Arab Academy for Financial Sciences-Lecturer & author of several books & researches in the financial and economic fields.
Mr. Khalil Nasr	Deputy CEO – Personal & International Banking	1953	Jordanian	Masters of Finance / University of Jordan	Regional Manager for Branches Abroad / Cyprus Manager in Chase Manhattan Bank Marketing & Credit Facilities Manager / Bank of Jordan
Ms. Lina Bakhit	Deputy CEO – Treasury & Financial Institutions	1963	Jordanian	B.A of Business Administration / AUB	Treasury Manager / Jordan Investment & Finance Bank
Mr. Fuad Werr	Deputy CEO – Marketing,Sales Support & Jordan Branches Management.	1950	Jordanian	Masters of Finance / USA	Head of Marketing Department / Saudi American Bank Branch Manager - CitiBank Deputy GM / Societe General De Banque – Jordan
Mr. Ibrahim Ghawi	Deputy CEO – Finance	1954	Jordanian	Masters of international management /USA B.A - Accounting	Financial controler / Cairo Amman Bank Deputy GM & Financial Manager / Palestinian Telecom
Mr. Hani Farraj	Deputy CEO - Administration	1946	Jordanian	B.A of Literature Diploma in Management	Wide Experience of 27 years in administrative ,financial and legal fields in the Radio & Television Corp. and the Arab Radio Stations Union. AGM – Administration at Radio & Television Corp. AGM – Administration at Jordan Ahli Bank since 1995

Name	Position	Date of Birth	Nationality	Educational Qualifications	Experience
Mr. Kayed F. Kayed	Deputy CEO – Remedial , Recoveries & Legal Affairs	1946	Jordanian	B.A of Economics / USA High Diploma in Lending /Citi Bank	AGM / Saudi American Bank Deputy CEO / Faisal Islamic Bank Credit Facilities Team Manager / Arab National Bank / Saudi Arabia
Mrs. Hadeel Kayyali	Deputy CEO - Operations	1959	Jordanian	B.A of Business Administration / AUB	Jordan National Bank since 1997 Business Bank since 1984
Mr. Samer Sunnuqrot	Deputy CEO – Investment Banking	1965	Jordanian	Masters of Financial Markets B.A of Business Administration from Georgia State University / USA	Jordan Ahli Bank since 1995 Licensed as Investment Manager and Investment custodian by Jordan Securities Commission Member of the Association of Certified Capital Market Professionals
Mr. Zahi Fakoury	Deputy CEO –Credit	1951	Jordanian	B.A of Accounting	Arab Bank BCCI-
Mr. Faleh Alnajjar	Deputy CEO –SME Banking	1955	Jordanian	B.A Economics and Political Science – Al-Rebat	Bank of Jordan /ABC Bank/ National Bank of Kuwait
Mr. Sa'ad Muasher	Deputy CEO –Strategy	1974	Jordanian	Masters - Business Administration / Stanford University. BA Economics / North Western University	AGM in Ad-Dawliya for Hotels and Malls – Co. Sheraton Hotel,Board member in several companies.
Mr. Suleiman Dababneh	AGM – Accounting & Reporting	1957	Jordanian	B.A of Business Administration	Al-Najah Clearance Co.. Manager / auditing Co. Financial Manager / Manufacturing & Assembling Firms Company .
Mr. Saleem Ghandour	AGM – International Banking	1943	Jordanian	High School	Credit Facilities Manager / Petra Bank Branch Manager / ANZ Auditing Manager & Branch Manager / Business Bank.

Name	Position	Date of Birth	Nationality	Educational Qualifications	Experience
Mrs. Dima Aqel	AGM – Risk Management.	1968	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. Kameel Haddad	AGM- Remedial , Recoveries & Legal Affairs	1959	Jordanian	BA of Statistics – University of Baghdad – Iraq	Statistics Unit Manager, Deposits Section Manager /Amman Investment Bank
Mr. Bashar Bakri	AGM-Human Resources	1963	Jordanian	B.A Business Administration & Economics / University of Jordan. High Studies in Managing Enterprises.	Administration Manager for Makshaf Holding – S.A. Human Resource Manager for Royal Jordanian.
Mr. Basem Isleem	Internal Auditer	1966	Jordanian	B.A Business Administration.	BCCI – Business Bank.
Advisors:					
Mr. Issa Khoury	Chairman's Advisor and Acting Head of Group Corporate Banking	1941	Jordanian	Public Administration Diploma / Ber Zait University	Deputy GM - Facilities AGM / Petra Bank
Mr. Nahid Hattar	Chairman's Advisor – Media & Cultural Affairs	1960	Jordanian	Masters of Philosophy in Islamic Studies / University of Jordan	Media and culture expert and has many articles and published books.

5. The independent auditor provides advisory services, concerning the application of international accounting standards besides presenting training courses ,where total auditors' fees paid for 2006 amounted to JD 216,595.

6. Total Salaries , benefits and remunerations paid to the Board of Directors & the senior executive staff during 2006 amounted to JD 1,761,031 representing about 13 % of total salaries of the bank .

Board of Directors' Benefits

Name	Transportation	Per Diems	Travel	Remunerations
H.E. Dr. Rajai Muasher	3,600	0	0	5,000
Mr. Nadim Muasher	3,600	0	0	5,000
Kuwait Investment Authority	3,600	674	482	5,000
Jordan Investor Center	3,600	0	0	5,000
The Social Security Corporation	3,600	0	0	5,000
Abraaj Capital. (UAE)	600	674	1,073	0
Mouasher Investment & Trading Co.	3,600	0	0	5,000
Arabia S.A.L (Holding)	3,600	1,347	644	5,000
ZI & IME Co. (Saudi Arabia)	3,600	1,347	1,212	5,000
Rajai Muasher & Brothers Co.	3,600	0	0	5,000
Mr. Mahmoud Malhas	3,600	0	0	5,000
Mr. Rajai S. Sukkar	3,600	0	0	5,000
Mr. Tawfek A. Kawar	3,600	0	0	5,000

Senior Executive Staff Benefits

Name	Transportation	Per Diems & Remunerations	Travel
H.E. Dr. Rajai Muasher	0	17,324	3,003
H.E. Mr. Marwan Awad	0	0	0
Mr. Khalil Nasr	0	4,950	1,292
Ms. Lina Bakhit	0	675	1,130
Mr. Fuad Werr	0	107	0
Mr. Ibrahim Ghawi	145	1,392	560
Mr. Hani Farraj	0	0	0
Mr. Kayed Farah Kayed	0	0	0
Mrs. Hadeel Kayyali	0	0	0
Mr. Samer Sunnuqrot	0	0	0
Mr. Zahi Fakhoury	0	0	0
Mr. Faleh Al-Najjar	0	980	0
Mr. Sa'ad Muasher	0	1,748	735
Mr. Saleem Ghandour	0	0	0
Mr. Suleiman Dababneh	0	0	0
Mrs. Dima Aqel	0	800	230
Mr. Kameel Haddad	155	2,950	580
Mr. Bashar Bakri	0	0	0
Mr. Basem Isleem	0	80	0
Mr. Issa Khoury	0	0	0
Mr. Nahid Hattar	0	0	0

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

Name	No of Shares 2006	* Ownership %	No of Shares 2005	Ownership %
Abraaj Capital - UAE	11,785,631	10,71%	0	0%
Kuwait Investment Authority	6,954,171	6,32%	5,795,143	7.99 %
Jordan Investor Center	6,731,394	6,12%	5,392,000	7.43 %
Jordan Worsted Mills	6,660,500	6,06%	4,696,797	6.47 %
The Social Security Corporation	5,841,613	5,31%	4,440,629	6.12 %
Total	37,973,309	34,52%	20,324,569	24.69 %

* Percentage of the new capital.

8. Total donations granted to different parties amounted to JD 333,522 during 2006 ,
which included payments devoted to serving the environment and the local community by sponsoring and financing various social , cultural and human activities.

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

10. Neither Jordan Ahli 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 given to Jordan Ahli Bank.

12. There are no decisions declared by the government or any international organizations that have material effect on the Bank, its products, or its competitiveness.

13. The Bank has specific quality standards for its activities, especially what concern the quality of products and services provided by the Bank as well as testing the quality of the internal audit activities.

14. There are no major specific suppliers or major clients, either internally or externally, forming 10% of purchases, or the Bank's revenues.

15. During 2006, no non-recurring activities have taken place, which are not considered as a main activity of the Bank.

16. The Bank has not signed any material contracts, projects, or commitments with the Chairman, Board of Directors, the General Manager, or any employee in the Bank or their relatives.

17. in 2006 , the Bank did not encounter any transaction or major event that had any material effect on the Bank's financial position.
18. The Bank still has an intention to expand its operations in Iraq ,United Arab Emirates, and Syria.

19. Major Subsidiaries and Affiliates :

Company Name	Business Nature	% of Ownership
Ahli Micro Financing Co.	Financing micro projects	100%
Zarqa National College	Educational services	100%
Ahli Brokerage Company	Financial Brokerage	100%
Ahluna for Social & Cultural Work	Serving the Community	99.9%
Al-Ahli International Bank	Financial institution – Lebanon	97.92%
Al-Liwan for Hotels & Tourism Utilities Co.	Hotel services	50 %
Arab Printing Press	Issuing and printing newspapers	48.8%
Resources Company for Development and Investment	Developing & Qualifying Industrial Zones	31.1%
General Arabia Insurance	Insurance	30 %
Beaches for Hotels and Spas Co.	Hotel services	25.6%
Invest One for Financial Brokerage Services	Financial Brokerage - Dubai	25%

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

21. Competitiveness : Jordan Ahli Bank holds the third position regarding the size of capital and the third position regarding shareholders' equity in 2006 .

22. Main Financial Indicators of the Bank 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	101,9	5%	7.3	4.13
2005 *	181,2	15%	34,3	4.80
2006 **	212,7	15%	30,4	3,14

** The paid up capital has been increased to JD 110 million paid in full.*

*** The BOD has proposed for the Bank's General Assembly in its meeting to be held on April 26th , 2007 , the distribution of 15% cash dividends.*

23. Jordan Ahli Bank employees classified according to their numbers, categories , and qualifications :

	Below High School	High School	Community College	Bachelor	Masters	PhD	Total
Jordan's Branches	166	209	209	594	84	3	1265
Branches Abroad	29	70	41	146	14	-	300
Total	195	279	250	740	98	3	1565

** Number of Employees in Subsidiaries and Affiliates :*

- Cyprus: 25 employees
- Palestine: 111 employees
- Lebanon: 164 employees (Al-Ahli International Bank)

24. Employment Policy:

The Bank's employment policy relies on attracting and recruiting the scientific and practical employees through setting interviews for the specialized and experienced candidates. This workflow takes place after determining the Bank's needs of qualified manpower through a specialized human resources committee and after obtaining the approval of the CEO/GM 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.

OVERALL ORGANIZATION STRUCTURE