The Housing Bank for Trade and Finance (THBK)

Equity Research Report
Initiation of Coverage

ABC Investments

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The Housing Bank of Trade and Finance (THBK)

Banking Sector

14 October 2008

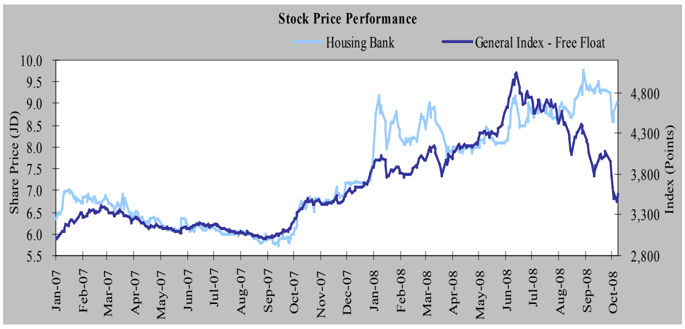
Initiation of Coverage

HOLD

Current Price JD 9.45 / 12-Month Fair Value JD 8.78

Share Information	
Ticker	THBK
Exchange	ASE
Closing Price*	JD 9.45
52-Week High	JD 9.89
52-Week Low	JD 6.50
Year-on-Year % Change	39.3%
Year-to-Date % Change	24.8%
Market Cap	JD 2,381,400,000

* Price as of October 14th 2008



Key Ratios	
P/E (Trailing)	21.87x
P/E (Forward)*	18.23x
P/BV	2.78x
ROAA	2.4%
ROAE	13.4%
Capital Adequacy	29.4%
NPL / Net Credit Facilities*	3.2%

* Based on annualised H1 2008 EPS
** Net of interest in suspense

Based on a current market price of JD 9.45, THBK is currently trading at a P/E and P/BV of 18.23x and 2.78x, respectively, based on its annualised H1 2008 financial results. Going forward, THBK is forecast to register a before-tax bottom line of JD 191.00 million and an after-tax net income of JD 137.52 million, giving a forward P/E and P/BV of 17.76x and 2.37x.

Our estimated fair value for the THBK stock, using two peer-based multiples valuation methods and the Dividend Discount Model, is JD 8.78 per share, offering a downside potential of 7.1% over its current price of JD 9.45. Therefore, we initiate our coverage of THBK with a HOLD recommendation.

- THBK's bottom line registered a 17.7% growth in 2007 to register at JD 111.46 million, and a CAGR of 48.3% since 2003. In H1 2008, THBK's profit for the period stood at JD 68.25 million, up from JD 52.80 million for H1 2007.

- Net interest income increased to JD 174.70 million in 2007, while net commissions and other revenues rose to JD 24.25 million and JD 40.48 million, respectively. Net interest income and commissions reached JD 111.59 million in H1 2008 compared to JD 93.55 million for the same period of 2007.

- Total assets of the Bank increased by 22.5% to JD 5.02 billion in 2007, supported by the JD 346.38 million increase in net credit facilities granted. Customer deposits and margin accounts rose to JD 3.73 billion from JD 3.00 billion in 2006. In H1 2008, total assets grew by a further 2.5% to reach JD 5.15 billion. Meanwhile, credit facilities stood at JD 2.17 billion for the same period, while customer deposits and margin accounts approached the JD 4 billion mark.

- Return on Average Assets (ROAA) and Return on Average Equity (ROAE) stood at 2.4% and 13.4% respectively for 2007, rising to 2.7% and 16.1% respectively in H1 2008, based on annualised semi-annual profits.

Key Financial Information	2008F	2009F	2010F	2011F	2012F
Net Profits after Tax	137,523,569	163,431,450	187,599,060	216,501,829	246,989,407
Net Interest & Commissions Income	264,442,770	294,888,487	338,531,088	392,208,641	449,646,120
Total Assets	5,780,087,008	6,562,997,194	7,509,774,301	8,712,038,476	10,098,020,500
Shareholders' Equity	1,003,659,531	1,158,022,777	1,380,182,106	1,583,497,460	1,806,941,034
ROAA	2.5%	2.6%	2.7%	2.7%	2.6%
ROAE	14.8%	15.1%	14.8%	14.6%	14.6%

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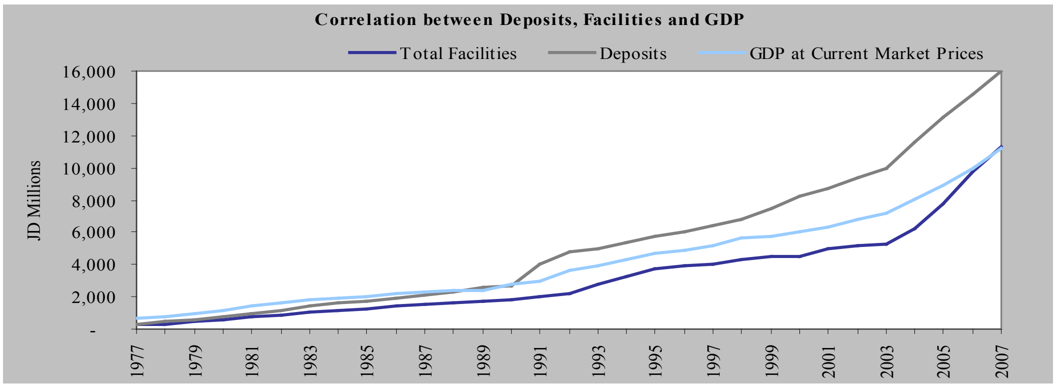
1.0 ECONOMIC OVERVIEW

The Jordanian economy is coming out of an economic boom which brought about growth levels in GDP reaching 8.6% and 7.1% in 2004 and 2005, respectively. In the following years, GDP growth began to decelerate, registering at 6.3% in 2006 and 6.0% in 2007, and is projected to decline to 5.5% by the end of 2008, according to the International Monetary Fund, triggered by soaring domestic and global inflation rates, the global economic slowdown, high oil prices, and the imminent recession in Jordan's primary trade partner, the United States.

Deceleration in growth of Jordanian economy...



Source: Central Bank of Jordan, ABCI Interpretation

Predictably, the performance of the banking sector is governed to a large extent by the performance of the economy overall. Correlation between the sector's deposits and facilities, and therefore growth of the banking sector, will therefore be determined largely by economic growth. Internal and international challenges are impacting on Jordan's economy, with rising global inflation, soaring oil prices, and declines in food inventories worldwide hiking up prices in the domestic market. This is compounded by the depreciation of the US dollar, to which the Jordanian Dinar is pegged, against other major currencies, which has been exaggerating further the impact of imported inflation.

... brought about by high inflation and global economic slowdown

The expected slowdown in Jordan's economy is expected to restrain the growth of the banking sector, compounded by rising inflation and low interest rates, which will prompt individuals to spend more and save less. Moreover, the buoyant capital market in Jordan, which witnessed a 29.9% rise during the first half of 2008, has drawn liquidity away from banks to the stock market, where opportunities for higher returns are available, albeit an effect not evident so far in the second half of the year.

The recent near-collapse of the financial system in the United States, an event that has sent shock waves across continents, has damaged consumer confidence and hit hard on global capital markets. The impact on the global banking scene is yet to be fully comprehended, and while Jordan remains relatively immune in terms of subprime mortgage financing, the immense impact the crisis has had on leading financial institutions across the globe cannot fail to harm the Jordan financial sector, whether directly as a result of collaborations and transactions with said international financial institutions, or indirectly as a result of the hit on Jordan's economy, which will inevitably affect the economy's primary driving force. Times remain uncertain in the short-term, despite the U.S. bail out plan which should help clear some of the fog on this, and the real impact on Jordan and its financial system will wait to be seen.

... coupled with the recent financial and capital market meltdown on a global scale

It is not all bad news for the sector, however, as other factors come into play; the sustained high oil prices are playing a role in increasing remittances to the Kingdom. Moreover, aggressive strategies and actions by the Kingdom to both attract foreign investment to the Kingdom and drive the tourism sector, will help sustain a level of liquidity inflow to the Kingdom. Moreover, the recent correction to the General Index of the Amman Stock Exchange will help to redivert funds back to the sector, as capital gains begin to deteriorate and losses begin to accrue, an effect which will be exacerbated by negative investor sentiment on a global scale following the financial market meltdown in the United States of late.

Banking sector remains sustained by inflow of liquidity through FDI and remittances, as well as in response to the downturn in stock markets

2.0 THBK AND THE BANKING SECTOR

2.1 Overview of THBK

The Housing Bank for Trade and Finance was established as a public shareholding company in 1973 as a provider of housing finance. In 1997, the Bank was converted, offering commercial and investment banking services, and has been a market leader in the domestic banking sector since. THBK has the largest branch network in the Kingdom, with 96 branches, in addition to eleven branches in Palestine and Bahrain. It also has a number of subsidiaries, as listed below, in addition to a representative office in each of Libya, the United Arab Emirates, and Iraq.

THBK was established in 1973, and currently has 96 branches across the Kingdom

Subsidiaries of the Housing Bank for Trade and Finance

Company Name	Country	Ownership (%)	Ownership (JD)
International Bank for Trade & Finance	Syria	49%	JD 41.9 million
The Housing Bank for Trade & Finance	Algeria	64.74%	JD 25.8 million
Specialised Leasing Company	Jordan	100%	JD 20 million
Jordan & Palestine Financial Investment Company	Palestine	99.9%	JD 2.5 million
International Financial Centre Company	Jordan	77.5%	JD 3.1 million
Jordan Real Estate Investment & Commercial Services	Jordan	100%	JD 40 thousand

The Bank's vision is to be the "preferred bank for customers", and to this end, the Bank embarked on a major restructuring and reorganisation of its major divisions. The Bank's initiatives entail the repositioning of the Bank to raise its market share in the corporate banking and private banking segments, in addition to further establishing its leading position in the retail banking segment. Year 2007 also witnessed a change in executive team members, with the addition of a new Chief Executive Officer to the Bank, Mr. Shukry Bishara, renowned for his banking knowledge and expertise.

The Bank's vision is to be the *"preferred bank for customers"*

In 2007, there was a major reorganisation of the Bank with changes to the executive management

This has all paid off for the Bank, which was awarded the title of "Best Bank in Jordan" by Euromoney during the "Euromoney Award for Excellence" ceremony in 2007. Moreover, during 2007, Moody's upgraded the Bank's financial strength rating from D+ to C-, and it assigned an A3 and Ba3 rating for THBK's local and foreign currency deposit ratings, respectively, with a stable outlook.

In terms of operations in Jordan, THBK has attained the leading position amongst licensed banks in terms of:

- savings accounts, with a 47.5% market share
- number of ATMs, which stood at 158 at the end of 2007
- market share of VISA and VISA Electron, at 45%
- number of customers, which reached 1.2 million at the end of 2007
- profitability and shareholders' equity

Leading market position in terms of ATMs, branch network, savings accounts market share, number of customers

In 2007, the Bank's total assets registered at an impressive JD 5.02 billion, JD 1.77 billion worth of which were located outside of Jordan, equivalent to 35.2% of its total assets. Moreover, 12.9% and 44.4% of the Bank's revenues and capital expenditures were also incurred outside the Kingdom.

The Housing Bank distributed dividends of 30% to shareholders for the financial year 2007. Moreover, in August 2008, the Jordan Securities Commission approved the registration of the 2 million shares allocated to the Jordan armed forces, thereby raising the Bank's paid up capital to JD 252 million from JD 250 million.

During March 2008, THBK sold 40% of its 50% holding in the Housing Company for Tourism and Hotel Investments, which owns a share in the Le Meridian Hotel. The 50% Bank's holding was recorded under the "investments in affiliates" caption at an amount of JD 20.59 million, and the remaining 10% ownership was reclassified as available-for-sale investments.

THBK reduced its holding in the Housing Company for Tourism & Hotel Investments to 10%

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In 2008, THBK is planning to rebrand itself away from the 'housing finance bank' image to fully reflect its position as a leading commercial bank both in the local market and in the region. This rebranding will entail both the change of the Bank's name and a modification of its image and internal culture.

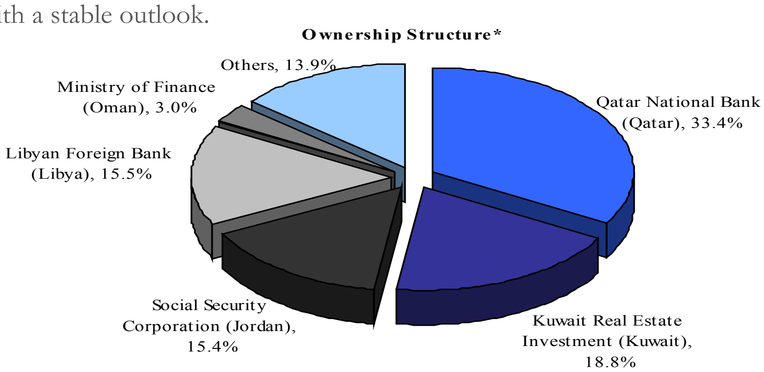
Major rebranding of the Bank expected to take place during Q4 2008...

Furthermore, the Bank has plans in the pipeline to expand regionally, both organically and inorganically, with an emphasis on aggressively increasing the number of branches in Syria. The Bank's aim is to generate approximately 40% of its profits from operations outside of Jordan.

... in addition to aggressive expansion plans in the region

Shareholder Structure

Qatar National Bank, THBK's largest shareholder, first acquired a holding in THBK back in mid-2007, where it purchased 20.6% of its stock. It raised its holding in September to 30%, and currently holds a 33.4% stake in the Bank. This strategic alliance with Qatar National Bank is hoped to boost both banks' global access, and will open up the gulf markets to THBK. Qatar National Bank has been awarded the "Bank of the Year Award in Qatar" for 2007 by "The Banker" magazine, and has recently received an upgrade by Fitch Ratings for its Long-Term Issuer Default rating from A- to A+, with a stable outlook.



* As of October 13th 2008

QNB is THBK's largest shareholder, with a 33.4% holding

Other primary shareholders are the Kuwait Real Estate Investment Consortium, which has an 18.8% holding in the Bank, and the Libyan Foreign Bank and the Social Security Corporation of Jordan, each with a holding of around 15.5%.

Worth noting is that THBK is closely held, with only around 12% of the Bank's stock traded by the public, as of June 2008.

The Bank is closely held, with only 12% of its outstanding stock representing free-float shares

Board Members

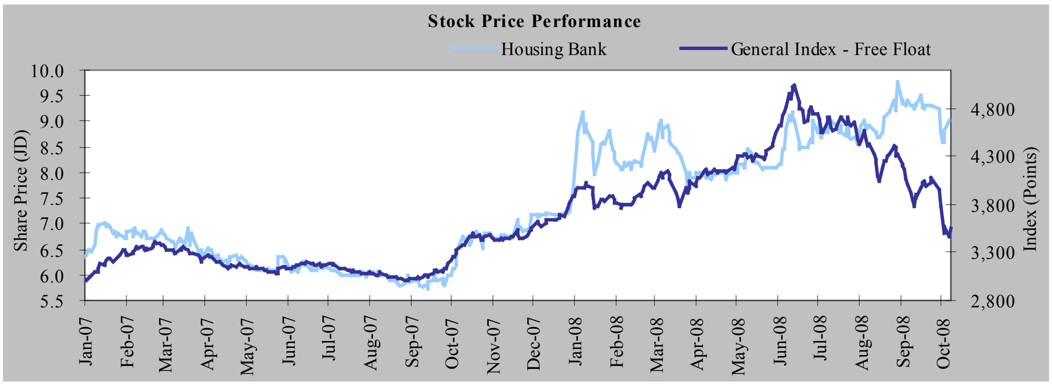
Board Member	Country	Number of Seats	Ownership*
Qatar National Bank	Qatar	4	83,595,346
Kuwait Real Estate Investment Consortium	Kuwait	2	46,904,045
Libyan Foreign Bank	Libya	2	38,736,882
Social Security Corporation	Jordan	2	38,484,948
Ministry of Finance of the Sultanate of Oman	Oman	1	7,500,000
H.E. Dr. Michel Marto	Jordan	1	270,000
Capital Investment Holding Company	Bahrain	1	10,000
Total		**13**	**215,501,221**

* As of October 13th 2008
Source: Securities Depository Commission

Trading Information

The first three quarters of 2007 marked a trying period for THBK's stock, whose price dropped 9.5% from JD 6.55 at the start of the year to JD 5.93 on September 30th, in contrast to the free-float general index, which appreciated by 3.1% over the same period. The improvement in the overall market in the months that followed saw THBK's share price soar sharply to end 2007 at JD

7.21 and register a high of JD 9.34 on January 14th 2008. For the remainder of Q1 2008, THBK's share price continued to oscillate within a range of JD 7.15 and JD 9.17.



THBK's share price has outperformed the market Index, particularly during the third quarter of 2008

April was a period of sideways trading for THBK's share, fluctuating around the JD 8.00 mark. In May, its share price began to climb, and this rising trend continued into June, where it reached JD 9.25 on the 18th. The first half of 2008 ended at a price of JD 8.58, 19% higher than the start of the year. The next three months saw THBK's share price rise further to register a new high on September 7th of JD 9.89, before dropping to end the third quarter at JD 9.30. Worth noting is that THBK's strong performance in August and September came at a time when the General Market Index was experiencing a downward correction, falling from over 4,850 points in June 2008 to 4,073.8 points as of September 30th.

THBK's share price rose 19% in H1 2008 to JD 8.58...

... and continued to rise, ending Q3 2008 at JD 9.30

The first ten days of October 2008 saw a sharp downward correction for the General Index and THBK share price alike, with both registering lows of 3,468.5 points and JD 8.60, respectively, brought on by a market downturn on a global scale. However, the 12th and 13th of October marked a recovery for the market, with THBK's share price rising by around 5% on both trading days.

	Value Traded (JD)	# Transactions	Volume Traded (# of Shares)	Average Daily Value Traded (JD)	Average Daily Volume Traded (# of Shares)
2008*	104,556,764	8,805	12,284,722	536,189	62,999
2007	54,057,980	11,365	8,454,731	219,748	34,369

* Up to October 13th

Average daily value and volume traded practically doubled in 2008 compared to 2007

The recovery of the stock market that commenced in the final quarter of 2007 and continued through to mid-2008 was evident in the trading volume and value for THBK, where the average daily value traded more than doubled to JD 536,189 in 2008 compared to JD 219,748 in 2007, while the average daily volume traded registered at 62,999 shares compared to 34,369 shares over the same period.

SWOT Analysis

Strengths	Weaknesses
Largest branch network in the Kingdom in terms of number	Over-capitalised position, negatively impacting on key financial ratios
Strong market share, particularly in terms of savings accounts	Prudent approach to lending particularly in foreign currencies, holding back the Bank's profit potential
High asset quality	Low level of free float, meaning that its stock price does not reflect its true value
Strategic alliance with a leading regional bank - QNB	Exposure to capital market performance
Strong capital position	
Relatively low cost of funds	
Largest customer base in Jordan	
High liquidity	

Opportunities	Threats
Expansions to other countries	Changes in banking regulations
Higher growth potential for facilities than the sector	Entry of new players to the market
Opportunity to increase market share through merger/ acquisition of other local banks	Effect of financial crisis in the U.S. rippling across the World, raising the risk premium and negatively impacting on the Jordanian economy and to varying degrees on banks
Expected rise in interest rates and increased liquidity following stock market correction will lead to increase in interest rate margin, and therefore higher profits	Real estate bust in the region reflecting on the sector in Jordan, and as a result, on the banking sector as a whole

2.2 Sector Size and Overview

Banks in Jordan are regulated by the Central Bank of Jordan, whose role is to protect depositors and shareholders, through ensuring the soundness of the banking sector by monitoring capital adequacy levels, requiring the application of international auditing and accounting standards, and monitoring the solvency and liquidity of banks.

The Banking sector is regulated by the Central Bank of Jordan

The Jordanian banking sector currently comprises 13 local commercial banks, 8 foreign banks, two Islamic Banks, and the Central Bank, in addition to several specialised credit institutions, of which, the Industrial Development Bank, a joint ownership bank, has recently completing procedures to convert into the sector's third Islamic bank, offering banking services in compliance with Shari'a principles. The network of branches of licensed bank amounted to 558 at the end of 2007, 37 of which relate to the foreign banks and 72 to the Islamic banks. The Housing Bank, with 96 branches across the Kingdom, has the largest branch network, followed by the Arab Bank with 77 branches as of 2007 year-end. With a population of 5.72 million at the end of 2007, the branch network translates to one branch per 10,256 capita. Although this may suggest a fragmented market, the two largest banks, the Arab Bank and the Housing Bank, claim alone a combined market share of 38.6% of the sector's aggregate assets in the Kingdom.

The sector contains 23 banks, of which 13 are commercial local banks, 8 are foreign banks, and two are Islamic Banks

Listed Banks' Financial Highlights as of December 31st 2007

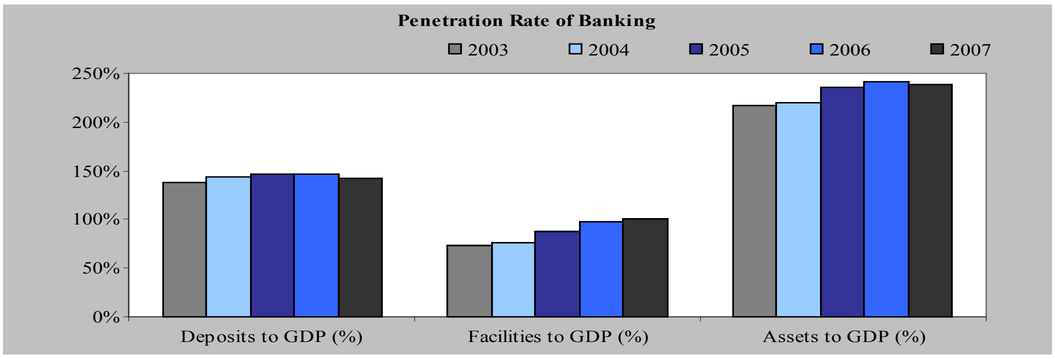
	Paid-up Capital*	Total Assets	S/H Equity	Credit Facilities**	Customer Deposits**	Net Interest Income	Net Income
THBK	250,000,000	5,020,071,766	850,478,735	1,936,250,617	3,500,562,100	174,704,509	111,463,294
ARBK	534,000,000	21,220,031,000	3,547,994,000	9,875,128,000	12,247,957,000	542,886,000	330,656,000
JONB	110,000,000	1,976,151,767	195,834,145	733,705,849	1,242,728,753	51,486,131	10,810,145
JOKB	100,000,000	2,016,727,606	216,946,670	1,127,481,771	1,092,957,018	65,146,477	45,396,662
BOJX	100,000,000	1,455,719,079	161,205,938	738,172,229	1,146,572,908	55,300,538	24,384,386
CABK	80,000,000	1,319,245,230	145,043,672	539,389,673	994,859,431	46,158,896	20,909,814
UBSI	95,000,000	1,068,090,450	214,999,181	465,415,208	554,144,167	22,612,555	13,776,465
EXFB	132,280,000	939,639,235	165,141,627	497,411,907	482,309,858	25,802,444	13,508,666
JIFB	55,000,000	699,126,874	79,229,944	287,632,475	411,931,021	12,061,338	6,385,123
AJIB	100,000,000	636,778,592	117,576,597	238,351,071	331,787,939	11,768,131	6,977,497
ABCO	64,471,875	601,180,052	77,344,767	267,108,022	367,634,049	17,587,965	10,557,968
JOGB	69,575,000	549,260,650	81,227,982	294,943,837	341,952,722	17,444,394	12,420,154
MEIB	40,455,830	221,921,355	27,312,443	132,718,184	110,267,267	6,581,645	2,206,612
Total	**1,730,782,705**	**37,723,943,656**	**5,880,335,701**	**17,133,708,843**	**22,825,664,233**	**1,049,541,023**	**609,452,786**

* As of June 30th 2008
** Includes facilities and deposits from branches outside Jordan

The consolidated assets in Jordan of licensed banks, which include the above banks, in addition to the foreign banks and Islamic banks, have grown by a compounded annual growth rate of 14.3% in the period 2003 through 2007, reaching JD 26.82 billion, and continued to rise in 2008 to register at JD 30.11 billion at the end of August.

Consolidated assets of licensed banks in Jordan reached JD 30.11 billion in August 2008...

As illustrated below, the banking sector is a major player in the Jordanian economy, with the sector's total assets comprising 239% of GDP in 2007. In terms of the sector's deposits and facilities, these made up 142% and 101% of GDP, respectively.



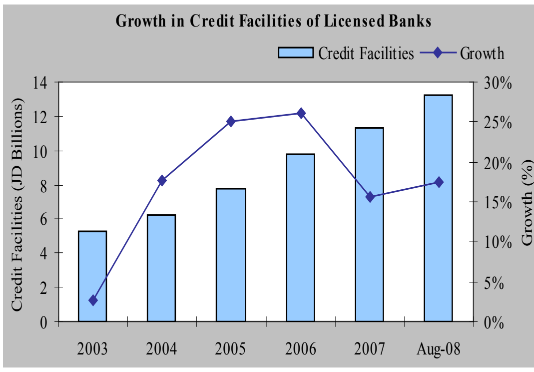
Source: Central Bank of Jordan, ABCI Interpretation

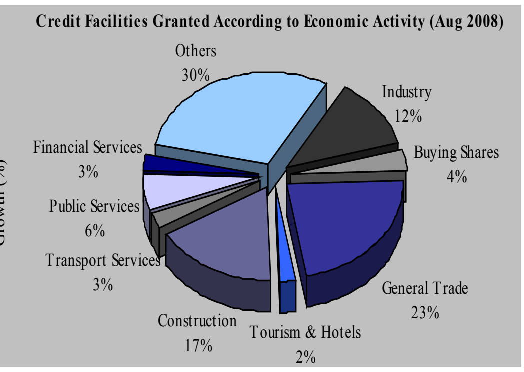
The credit facilities granted by licensed banks registered at JD 13.26 billion in August 2008 compared to JD 11.30 billion and JD 9.76 billion at the end of 2007 and 2006, respectively. Between 2003 and 2007, the facilities granted grew by a compounded annual growth rate of 21.0%, with the highest growth level occurring in 2006, where credit facilities increased by 26.1%.

...while credit facilities grew to JD 13.26 billion

The bulk of facilities were granted to the 'general trade' and 'construction' sectors, which accounted for around 40% of the total facilities. The surge in construction activity across the Kingdom in recent years has fuelled the growth in credit facilities, and recent demand for large project loans is helping to support the sustained growth in facilities. While the economic slowdown in Jordan is expected to decrease demand for facilities on a corporate level, high inflation and difficult living conditions are likely to spur addition demand on the retail side.

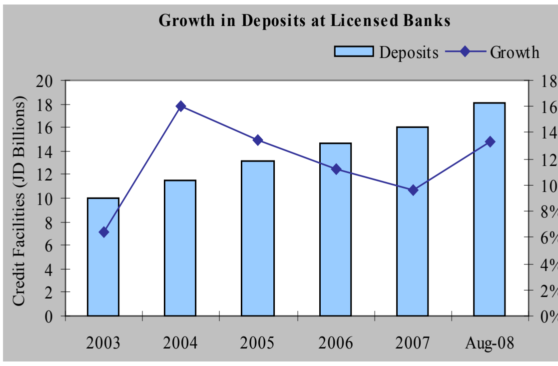
Facilities are mostly granted to the general trade and construction sectors

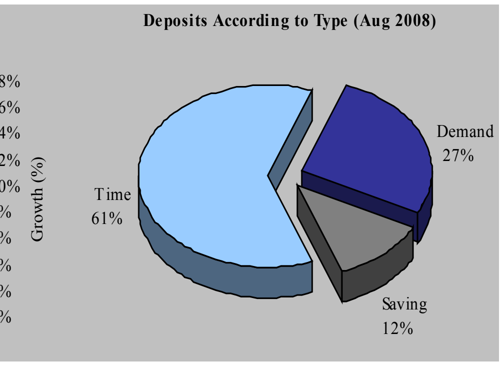




Deposits have also been growing, registering a compounded annual growth rate of 12.5% during the 2003-2007 period. At the end of 2007, deposits at licensed banks amounted to JD 15.99 billion compared to JD 14.59 billion in 2006. During the eight months ended August 2008, total deposits grew by a further 13.3% to JD 18.12 billion. Private sector deposits constituted 91% of the total as of August 2008, while the bulk of deposits represent time and demand deposits, which accounted for 61.1% and 26.9% respectively of the total.

Deposits grew by a CAGR of 12.5% to JD 15.99 billion in 2007 and JD 18.12 billion in August 2008





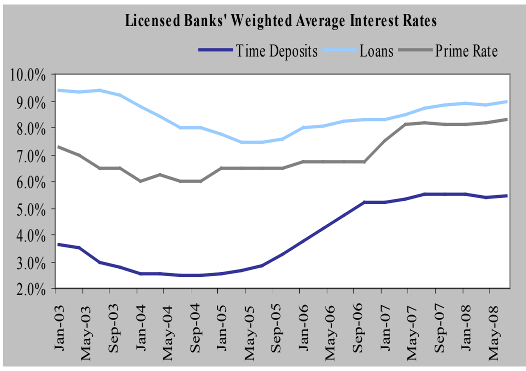
Time deposits comprise the bulk of deposits, making up over 60% of the total

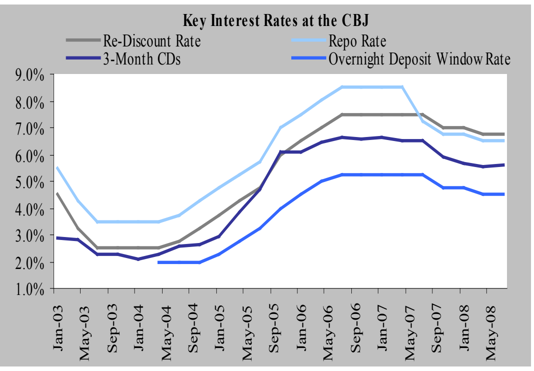
The peg of the Jordanian Dinar to the US dollar has forced the Central Bank of Jordan to mimic the interest rate cuts of the US Federal Reserve. During year 2001, the Fed slashed interest rates eleven times by an aggregate of 475 basis points. It cut interest rates further in 2002 and 2003 by 50 basis points and 25 basis points, respectively. In 2004 through 2006, the Fed raised the interest rates a number of times, increasing them from a rate of 1.00% in 2003 to 5.25% in 2006. Slowing economic growth alongside the housing slump and subprime-linked credit crisis induced further interest rate cutting actions by the Fed that reduced interest rates to 2.00% by April 2008 through seven consecutive interest rate cuts, three of which occurred in 2007.

In 2003, the Central Bank of Jordan (CBJ) cut the Re-discount Rate by 200 basis points from 4.50% in January to 2.50% in October. Between years 2004 and 2005, the Central Bank raised the Re-discount Rate fourteen times from 2.50% to 6.50%. The rate was raised four times further in 2006 to end the year at 7.50%. The high and rising domestic and global inflation environment prevented the Central Bank of Jordan from fully replicating the interest rate cuts of the Fed during 2007, with the Re-discount Rate being maintained at a stable rate, with a single rate cut of 50 basis points in September.

Repurchase agreement rates (Repo Rates) were reduced by 75 basis points twice during 2003 to decline from 5.50% at the start of the year to 3.50% by year-end. Repo Rates were raised throughout years 2004, 2005 and 2006, to reach 4.75%, 7.50% and 8.50% at year end, respectively. In 2007, the Repo Rate was reduced to 6.75% and then by a further 25 basis points in 2008.

Repo Rate was reduced to 6.50% in August 2008...





Source: Central Bank of Jordan

At the same time, the overnight window deposit rate was increased eight times in 2005 from 2.25% to 4.50%. The Central Bank raised it by a further three times in 2006 to reach 5.25% by year end. In 2007 and 2008 up to August, the overnight window deposit rate was reduced by 50 basis points and 25 basis points, respectively.

... while the overnight window deposits rate was decreased by 50 basis points and 25 basis points in 2007 and 2008 up to August

One of the Central Bank's main money-market instruments are the 3-month certificates of deposit issues, which it uses to control the money supply in the market. By varying the CD amounts it issues, it can either increase or withdraw liquidity from the market. In 2005, the interest rates on the 3-month CDs were raised eleven times from 2.85% at the end of 2004 to 6.20% by year end. In 2006, the interest rates were raised further to 6.70%, before being reduced to 5.75% by the end of 2007. In 2008, the rates continued to decline, registering at 5.68% as of August.

Despite interest rate cuts in 2007 and 2008 by the Central Bank of Jordan, licensed banks in Jordan continued to raise interest rates applied on both deposits and credit facilities. The average interest rates offered on demand deposits were increased from 0.87% in 2006 to 0.94% in 2007 and reduced back down to 0.92 by August 2008, while rates on savings accounts were increased from 0.99% to 1.10% and 1.05% over the same period. Meanwhile, rates offered on time deposits were also increased to 5.56% in 2007 and 5.42% as of August 2008 compared to 5.13% back in 2003.

Interest rates on deposits declined in 2008 compared to 2007, while those on credit facilities rose...

Strikingly, despite a slight reduction in the average interest rates offered on deposit accounts in 2008 as compared to 2007, the average rates on overdrafts and loans and advances continued to be raised. Rates on overdrafts were increased from 9.23% in 2006 to 9.83% and 9.81% in 2007 and August 2008 respectively. Moreover, for the same period, the rates on loans and advances were raised from 8.56% to 8.86% and 9.04%. The rates on discounted bills and bonds also increased in 2007 to 9.45% from 8.72% the year prior, but in 2008 the rate was decreased by 29 basis points to 9.16%.

Over the years, the weighted average interest rate spread between credit facilities and deposits has narrowed, decreasing from over 7.50% in mid-2003 to around 5% in 2006. In 2007, the interest rate spread remained stable at an average of 5.14% before widening in 2008 to 5.5% in August of 2008. This widening spread helped raise the sector's aggregate profitability from JD 609.45 million for the entirety of 2007 to JD 407.29 million at the end of the first half of 2008, giving an annualised profit for the year of JD 814.58 million.

... leading to a widening of the weighted average interest rate spread

Capital and Profits of Listed Banks*

	2005	2006	2007	H1 2008
Paid-Up Capital	825,215,591	1,332,820,553	1,485,283,053	1,730,782,705
Net Income for the Period	491,461,672	536,717,626	609,452,786	407,288,922

* Excluding the Jordan Islamic Bank and the Industrial Development Bank

While the increase in profits can be attributed in part to the widening spread, the growth in the size of the banking sector in recent years has facilitated an expansion in banks' operations and diversification of operations. The paid-up capital of the listed banks rose from JD 1.33 billion in 2006 to JD 1.49 billion and JD 1.73 billion in 2007 and H1 2008, respectively.

Current conditions in the U.S. and European financial markets suggest that Banks will be more cautious when granting credit facilities, and will impose higher interest rates to compensate them for the higher risk to be borne. Moreover, increased competition in the market is also likely to drive up rates offered on deposits. Therefore, we do not project a significant variance in the interest rate spread going forward.

ABC Investments

2.3 THBK Performance

2.3.1 Financial Highlights

	2003	2004	2005	2006	2007
Gross Income (JD)	90,726,547	103,335,656	173,166,968	201,929,774	238,830,819
Profit before Tax (JD)	31,706,224	47,105,963	105,158,872	130,072,585	154,531,206
Profit after Tax (JD)	23,071,224	30,294,449	74,051,778	94,705,875	111,463,294
Total Assets (JD)	2,030,610,781	2,499,645,250	3,196,252,968	4,096,450,307	5,020,071,766
Shareholders' Equity (JD)	279,076,499	313,733,380	373,762,994	808,437,465	850,478,735
Paid-up Capital (JD)	100,000,000	100,000,000	100,000,000	250,000,000	250,000,000
Growth in Facilities	-	39.9%	43.5%	25.9%	21.8%
Growth in Customer Deposits	-	25.7%	23.5%	19.5%	23.6%
Growth in Total Deposits & Margin a/c	-	26.3%	28.8%	18.0%	26.1%
Growth in Net Profits	-	31.3%	144.4%	27.9%	17.7%
Growth in Operating Income	-	42.7%	122.6%	24.1%	18.5%
Facilities-to-Assets	31.0%	35.2%	39.5%	38.8%	38.6%
Facilities-to-Total Deposits	38.4%	42.6%	47.4%	50.6%	48.8%
Facilities-to-Customer Deposits & Margin a/c	39.6%	44.1%	49.2%	53.0%	51.8%
Growth in Non-Interest Expense	-	(2.5%)	21.6%	5.2%	17.9%
Non-Interest Income-to-Operating Income	99.6%	79.1%	74.1%	46.7%	41.7%
Gross Credit Facilities (JD)	684,879,505	930,663,589	1,315,237,415	1,645,630,508	1,995,108,369
Non-Performing Loans* (JD)	67,521,730	48,965,515	42,367,039	56,950,600	63,222,190
Provision for Credit Losses (JD)	37,682,390	31,727,238	36,434,585	39,537,928	39,435,275
NPL*/Net Credit Facilities*	10.12%	5.40%	3.26%	3.50%	3.20%
Provision for Credit Losses/NPL*	55.8%	64.8%	86.0%	69.4%	62.4%
Dividends Per Share (JD)	0.150	0.200	0.250	0.260	0.300
Dividend Payout Ratio	64.0%	65.4%	34.8%	66.6%	69.4%
Dividend Yield	3.5%	2.5%	1.3%	4.0%	4.2%
ROAA	1.2%	1.3%	2.6%	2.6%	2.4%
ROAE	8.1%	10.2%	21.5%	16.0%	13.4%
Share Price (JD)	4.33	8.00	19.99	6.55	7.21
EPS (JD)	0.234	0.306	0.718	0.391	0.432
Book Value (JD)	2.791	3.137	3.738	3.234	3.402
P/E Ratio (times)	18.48x	26.15x	27.85x	16.77x	16.69x
P/BV Ratio	1.55x	2.55x	5.35x	2.03x	2.12x

* net of interest in suspense

2.3.2 Balance Sheet

	2003	2004	2005	2006	2007
Total Assets	2,030,610,781	2,499,645,250	3,196,252,968	4,096,450,307	5,020,071,766
Total Liabilities	1,737,502,273	2,168,724,850	2,801,219,864	3,261,251,574	4,129,777,729
Shareholders' Equity	279,076,499	313,733,380	373,762,994	808,437,465	850,478,735

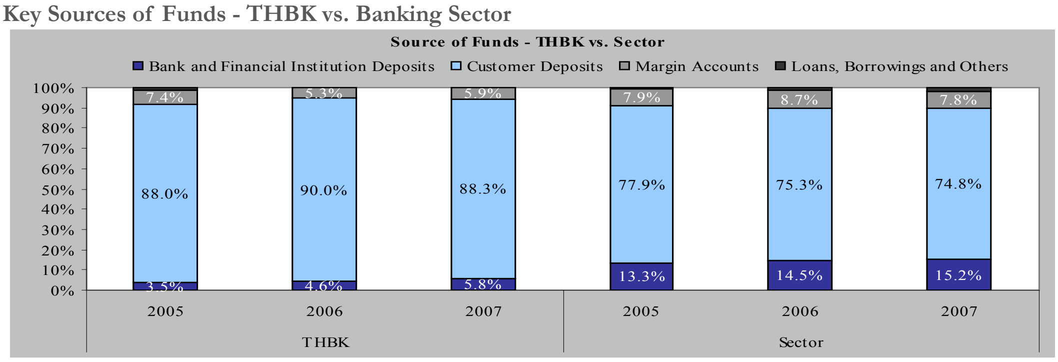
THBK's balance sheet has been growing consistently over the past five years, with the total assets more than doubling from JD 2.03 billion in 2003 to JD 5.02 billion in 2007. The Bank's liabilities registered at JD 4.13 billion in 2007, up 26.6% from 2006's JD 3.26 billion, and up 137.7% since 2003. Meanwhile, the shareholders' equity also grew steadily until year 2006 where the Bank raised its paid-up capital from JD 100 million to JD 250 million, which led the equity attributable to the shareholders' of the Bank to more than double to JD 808.44 million.

Total assets have more than doubled since 2003 to reach JD 5.02 billion in 2007, while total liabilities and shareholders' equity registered at JD 4.13 billion and JD 850.48 million, respectively

2.3.2_1 Sources of Funds

As typical of any banking sector, the primary source of funds for the Jordanian banking sector is customer deposits, which made up almost 75% of the sector's primary sources of funds, defined as bank and financial institution deposits, customer deposits and margin accounts, and loans and borrowings, and 71.8% of total liabilities. For the past three years, the Housing Bank for Trade and Finance has consistently exhibited a higher reliance on its customer deposits as a source of funds compared to the sector aggregate. In 2006, customer deposits comprised a substantial 90.0% of the total funds available to the Bank, in contrast to the 75.3% for the sector. In 2007, bank and financial institution deposits played a larger role, rising to 5.8% of the key source of funds from 4.6% in 2006 at the expense of customer deposits, which declined slightly to 88.3%. This was also the case for the sector, where bank and financial institution deposits increased as a percentage of the major sources of funds from 14.5% to 15.2%.

Key Sources of Funds - THBK vs. Banking Sector

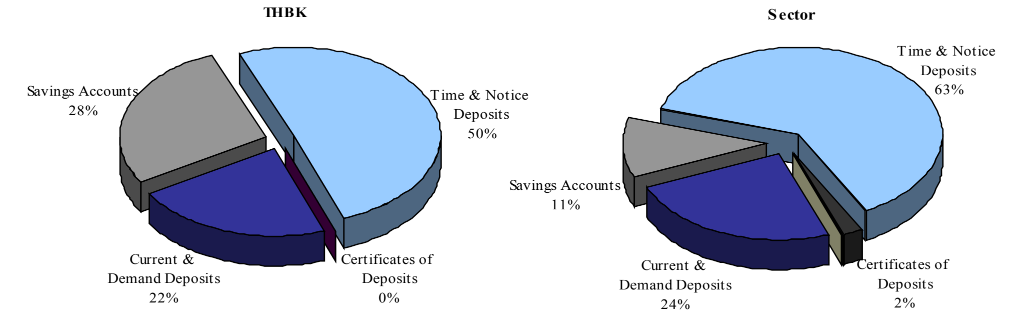


Source: Banks' Annual Reports

Customer deposits comprise almost 90% of THBK's primary sources of funds, as compared to 75% for the sector overall

In absolute terms, customer deposits increased by a significant JD 667.83 million for the Bank to reach JD 3.50 billion, maintaining its position as second in the market with regards market share, at 17.1% in 2007. Moreover, THBK leads the sector in terms of savings accounts, with an impressive 47% market share.

Deposits according to Type - THBK vs. Banking Sector



Source: Banks' Annual Reports

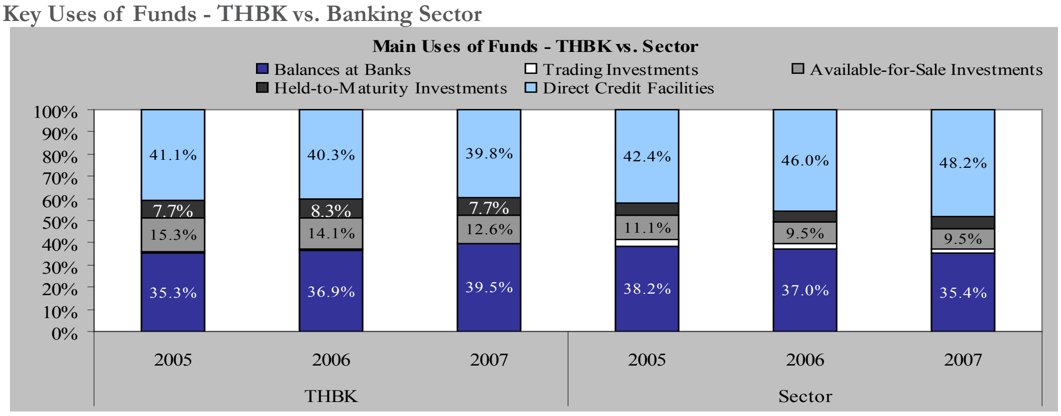
THBK has a higher proportion of savings deposits and a lower proportion of time and notice deposits, as compared to the sector

As compared to the sector, THBK has a higher percentage of savings accounts in terms of types of deposit, but a lower percentage of time and notice deposits. These differences in concentration bear well for the Bank's cost of funds, with the interest rate offered on time and notice deposits far exceeding those paid on savings accounts, with many savings accounts earnings negligible amounts of interest.

The weighted average interest rates granted by licensed banks on savings accounts registered at 1.10% at the end of 2007 versus a much larger 5.56% interest rate on time and notice deposits. Moreover, on certificates of deposits, the 3-month interest rates stood at 5.75%, again substantially higher than the interest rates on savings accounts. Current and demand deposits, which comprised 21.8% of the Bank's customer deposits, equivalent to JD 764.24 million, do not earn, or earn meagre amounts of interest, which, combined with the low-interest earnings savings accounts means that 50% of THBK's deposit balances earn very little interest. In 2007, JD 754.9 million of THBK's deposits balance, equivalent to 21.6% of total deposits, does not bear any interest. Therefore, as compared to the sector, THBK appears to have access to lower costing sources of funds.

2.3.2_2 Uses of Funds

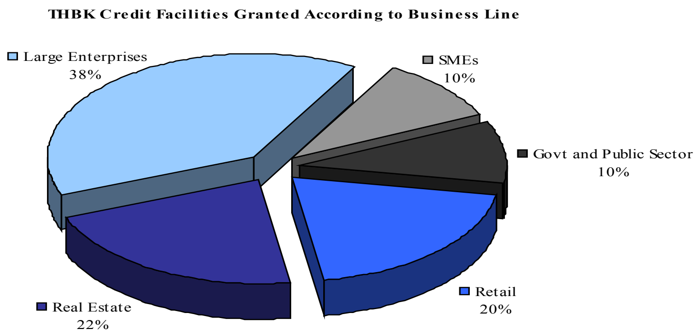
Key Uses of Funds - THBK vs. Banking Sector



Source: Banks' Annual Reports

Credit facilities declining as a percentage of the primary uses of funds for THBK

As compared to the sector overall, THBK's balances at banks have been increasing while the contribution played by its credit facilities to its main uses of funds, defined as balances at banks, direct credit facilities and the investment portfolio, has been declining, dropping to 39.5% in 2007 compared to 41.1% in 2005. In parallel, for the sector overall, funds directed to offering facilities increased as a percentage of the key uses of funds to 48.2% from 42.4%. Since 2003, THBK's credit facilities have risen 3-fold to register at JD 1.94 billion at the end of 2007. The Bank has succeeded in retaining its position as second in the market in terms of its market share of credit facilities granted, at 14.1%.



The majority of credit facilities granted by THBK go to 'large enterprises' and for 'real estate'

THBK focuses on its corporate business, which accounted for almost 50% of the total facilities in 2007. Credit facilities granted for real estate purposes amounted to JD 432.52 million in 2007, while retail facilities constituted 20% of the total. Aggregate facilities granted by licensed banks for the purpose of construction and real estate, as well as those to finance the purchase of shares, have been growing in importance for the sector overall. Since 2003, facilities granted to the construction sector more than doubled, while those granted to finance purchasing of shares increased by twenty times.

Facilities Granted by Licensed Banks to Finance Construction and Purchase of Shares

(in JD Millions)	2003	2004	2005	2006	2007	Aug 2008
Construction	804.5	953.2	1,162.1	1,560.8	1,942.1	2,275.7
Buying Shares	22.5	83.9	220.1	359.0	427.8	494.5

Source: Central Bank of Jordan

The boom in the Jordanian stock market in 2005 and its consequent bust the year after was reflected in the weighting given by the sector to their investment portfolios; the weighting of the investment portfolios as a use of funds declined from 19.4% in 2005 to 16.4% in 2007. THBK also reduced its reliance on investments to generate returns, with the composition of its key assets reflecting a reduction in the importance of the investment portfolio from 23.6% to 20.6% over the same period. The 30%+ increase in the general index of the Amman Stock Exchange in the first half of 2008 suggested that we would expect to see an increase in the size of the investment portfolios of the sector this year, both in terms of appreciation of value of the investments, and the size of the amounts invested, but the capital market performance thus far in H2 2008, both in the local market and on a global scale, bodes less promising.

Going forward, a number of factors will come into play to affect the growth in the sector's credit facilities. The economic slowdown in the Kingdom is decreasing the volume of large scale construction projects undertaken, which reduces the need for financing. However, for the Housing Bank in particular, a sizeable portion of the facilities it grants are in favour of the government/public sector, which provides the Bank with a steady stream of demand. Furthermore, the high domestic inflation levels and current hardship felt by the population provide a buoyancy for the credit facilities line of banking on the retail level. Since the Housing Bank caters to the public segment of the working population, we would expect the Bank's credit facilities to continue to demonstrate strong growth.

Asset Quality

In terms of credit facilities, despite an increase in THBK's net non-performing loans (NPLs) from JD 56.95 million in 2006 to JD 63.22 million in 2007, the Bank succeeded in decreasing its non-performing loans as a percentage of facilities to 3.2% from 3.5% in 2006 and 10.12% back in 2003. Moreover, THBK outperformed the sector benchmark, which registered an average NPL-to-credit facilities ratio of 5.1% in 2007.

THBK's NPLs as a percentage of credit facilities declined from 3.50% in 2006 to 3.20% in 2007

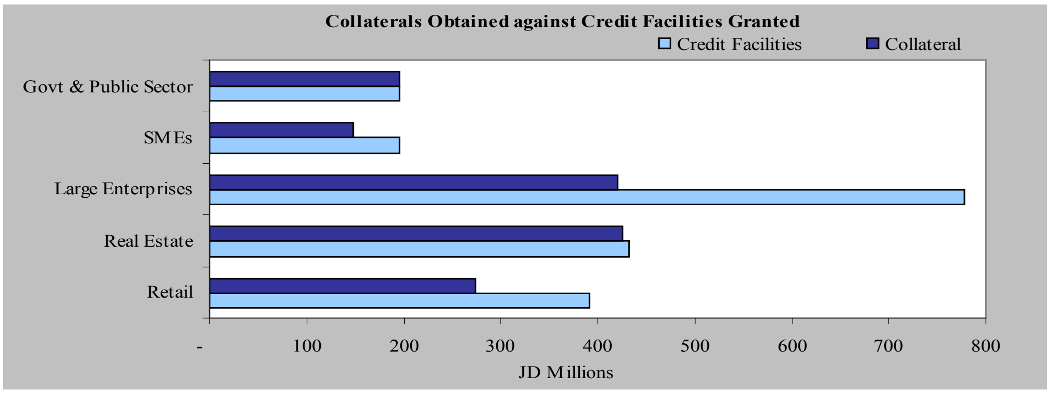
Asset Quality of THBK

	2003	2004	2005	2006	2007
Credit Facilities (Gross)	684,879,505	930,663,589	1,315,237,415	1,645,630,508	1,995,108,369
Non-Performing Loans*	67,521,730	48,965,515	42,367,039	56,950,600	63,222,190
Provision for Credit Losses	37,682,390	31,727,238	36,434,585	39,537,928	39,435,275
NPL*/Credit Facilities (Net)**	10.12%	5.40%	3.26%	3.50%	3.20%
Provision for Credit Losses/NPL*	55.8%	64.8%	86.0%	69.4%	62.4%

* Net of Interest in Suspense
** Net of Interest in Suspense and Provisions for Credit Losses

During 2007, the risk management department of the Bank was restructured into an independent "group risk management" department, and the Bank focused on improving its collection methods and following prudent credit risk management strategies.

Risk management department restructured to improve collection methods and enhance management of risk



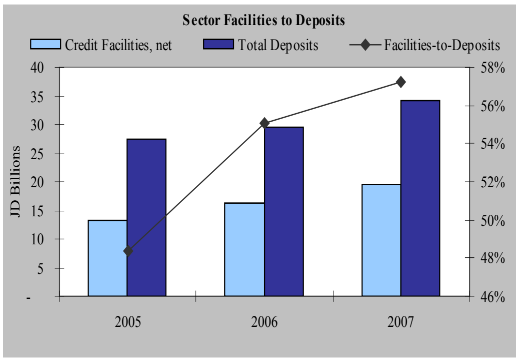
Collateral obtained by THBK against facilities amount to JD 1.46 billion in 2007...

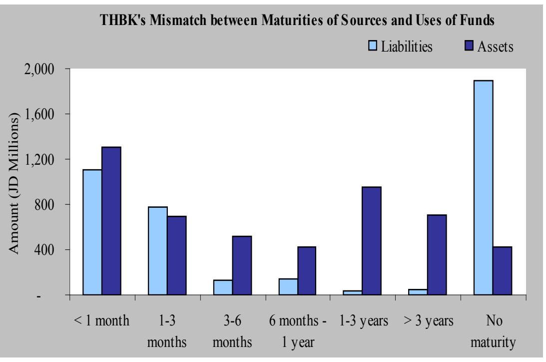
In addition, THBK has obtained collaterals against facilities granted to the value of JD 1.46 billion in 2007, with facilities granted to the retail and large enterprise segments being the most exposed in terms of collaterals. Overall, the collaterals obtained provide coverage for 73.4% of the total gross facilities granted by the Bank. The bulk of the collaterals provided to the Bank constitute real estate to the value of JD 782.30 million (equivalent to 53% of the collaterals), and listed shares to the value of JD 199.23 million (equivalent to 13.6%). A downturn in the real estate and/or the capital market would be expected to negatively affect the asset quality of the Bank, an impact that would be mirrored across the entire Jordanian banking sector, albeit to differing degrees.

... with facilities granted to large enterprises being the most exposed in terms of lack of collateral

Furthermore, the provisions taken against credit losses as a percentage of non-performing loans have been declining in 2006 and 2007, to register at 69.4% and 62.4% respectively.

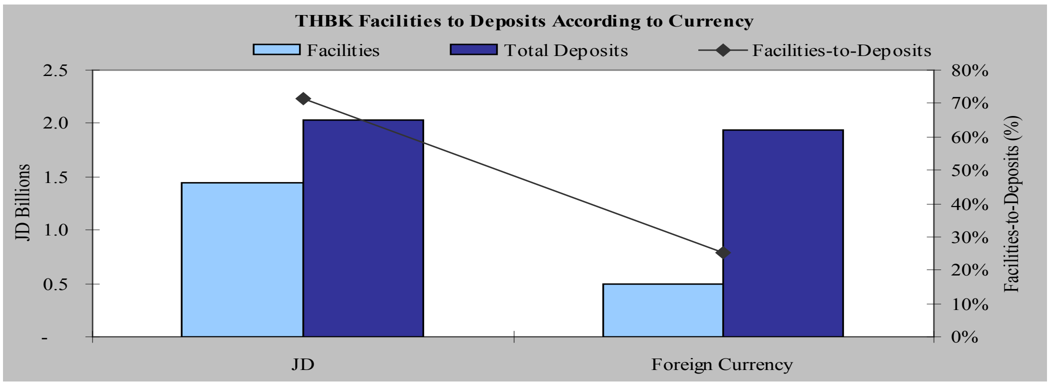
2.3.2_3 Facilities to Deposits





Growth in credit facilities has surpassed the growth in total deposits in recent years, taking up the ratio of facilities to customer deposits, including margin accounts, to 51.8%, and the ratio of facilities to total deposits to 48.8%. These register significantly lower than the sector's 67.6% and 57.2% respectively. However, considering the facilities and total deposits of THBK categorised as either in Jordanian Dinars or in foreign currencies reveals that in local currency, THBK's facilities to total deposits stands at a high 71.4%.

THBK's facilities to total deposits registered at 48.8% in 2007 compared to the sector's 57.2%



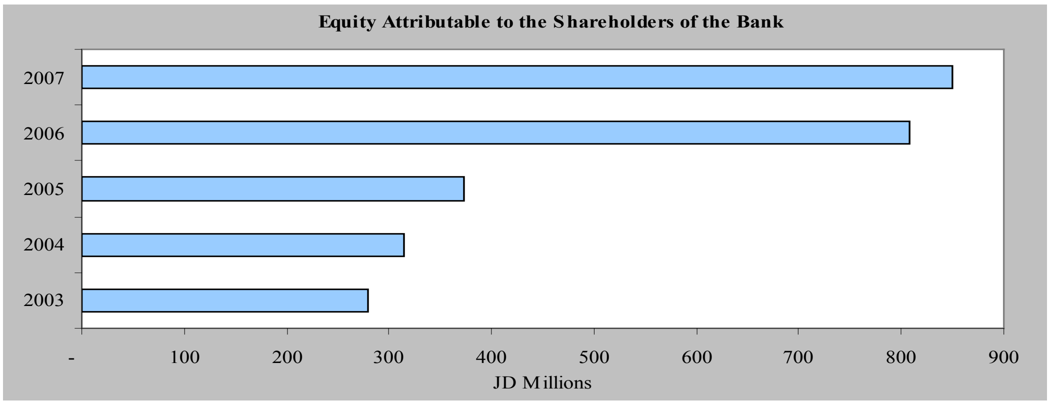
Although considering the JD facilities and deposits alone reveals that in domestic currency, this ratio stands at 71.4% versus a low 25.2% for foreign currency facilities and deposits

Recent initiatives by banks in the sector to ease and facilitate the procedures for taking out a loan has triggered demand for credit facilities. Moreover, the current soaring inflation levels surpassing by far salary increments has rendered credit facilities the only feasible way to make ends meet. The surge in credit facilities, anticipated to continue in the medium term, is likely to lead to longer-term funding requirements for the sector. For THBK, there is an evident mismatch between the maturities of its sources of funds and its uses of funds. For all defined maturity periods excluding the 1-3 months period, the assets, comprising primarily of credit facilities granted, exceed the liabilities balance (deposits).

2.3.2_3 Shareholders' Equity

THBK has been increasing its paid-up capital over the years, which currently stands at JD 250 million. This, coupled with rising profits, has seen the Bank's equity attributable to its shareholders increase at a compounded annual growth rate (CAGR) since 2003 of 32.2%. As illustrated, the sharp increase arose during 2006 when the Bank's paid-up capital was increased from JD 100

Shareholders' equity on the rise since 2003, with largest growth occurring in 2006 following the JD 150 million capital increase million to JD 250 million at a premium of JD 3 per share, thereby adding a further JD 600 million to the equity.



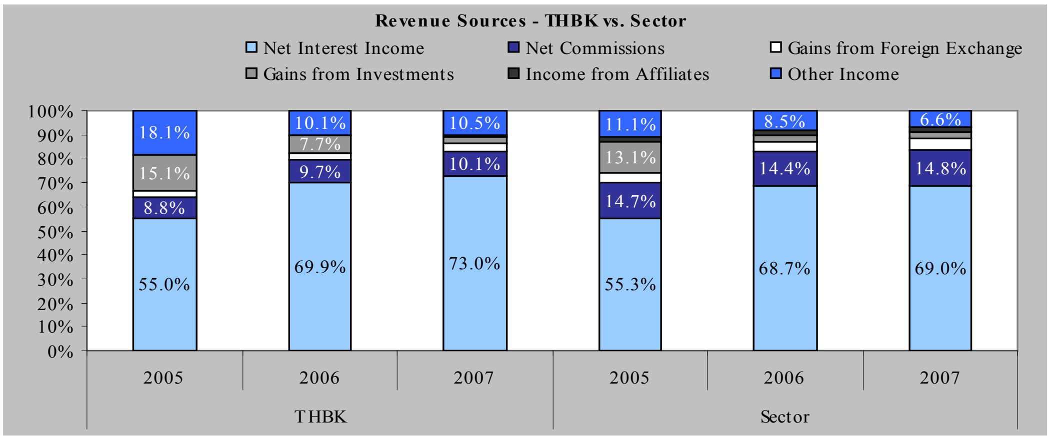
This capital increase reflected well on the Bank's capital adequacy ratio, which registered at 29.40% in 2007 and 32.07% in 2006, significantly higher than the 12% minimum required by the Central Bank of Jordan. This will help protect THBK's standing as a solid stable bank in uncertain times threatened by the financial meltdown in the United States.

THBK's capital adequacy ratio is substantially higher than that required by Basel II and the Central Bank

2.3.3 Income Statement

2.3.3_1 Revenues

THBK's revenue growth surpassed that of the banking sector overall, at a growth rate of 18.5% for 2007 compared to the sector's overall growth of 15.3%. The Bank's total revenues registered at an impressive JD 239.44 million in 2007, up from JD 202.06 million the year prior, giving a compounded annual growth rate (CAGR) of 27.9% from 2003.



Primary generator of profits for the Bank is net interest income, making up 73% of total revenues in 2007

The composition of THBK's revenues reveals that the importance of interest income and commissions has been on the rise, increasing from 63.8% in 2005 to 83.1% in 2007. The increase in importance of interest and commissions as a source of revenues was equally evident for the sector, however, interest income has played a larger role in THBK's total revenues compared to the sector, while income from commissions plays a smaller role.

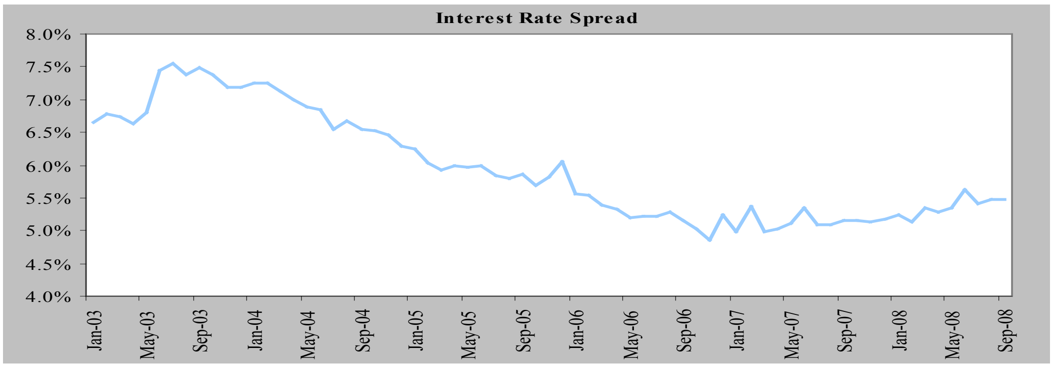
Weighted Average Interest Rates Charged by Licensed Banks on Credit Facilities

	2003	2004	2005	2006	2007
Overdrafts	9.43%	8.79%	9.26%	9.23%	9.83%
Loans & Advances	8.92%	7.59%	8.10%	8.56%	8.86%
Discounted Bills & Bonds	10.24%	8.98%	7.92%	8.72%	9.45%

Source: Central Bank of Jordan

Growth in interest income was supported by the rise in interest over the years, with the weighted average interest rate applied on loans and advances reaching almost 8.9% in 2007 compared to 8.1% in 2005. For discounted bills and bonds, the increase was even more substantial, with interest rates rising by 153 basis points over the same period.

However, consideration of the interest rate spread in Jordan, based on the weighted average interest rates on each type of credit facility and deposit per the Central Bank of Jordan published rates, weighted according to the balances of each type of facilities and deposits granted by licensed banks, reveals an almost consistent decline in the interest rate spread since mid-2003.



Source: Central Bank of Jordan; Interpretation and calculations by ABC Investments

Overall decline in weighted average interest rate spread for Banks since mid-2003, with slight widening of spread during 2008

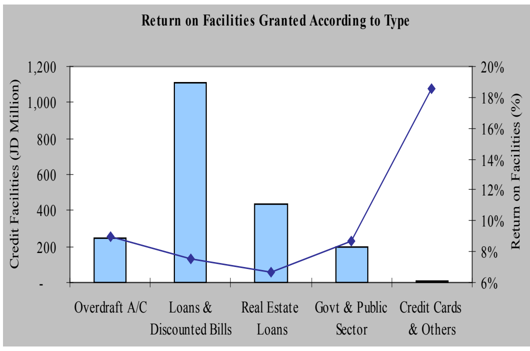
For both THBK and the sector, the contribution of the investment portfolio was significant in 2005, at 15.1% and 13.1% respectively. However, the correction in the stock market in 2006 that dragged down the general index by more than 30% had a dual impact on the income statements of the banks; portfolio profits declined, particularly in terms of investments held-for-trading, as devaluations of such investments are recognised directly in the profit and loss account, in contrast to available-for-sale investments, where changes in fair value bypass the income statement and are booked to equity until sale or disposal. The second impact is that banks began to downsize their investment portfolios, and re-focused their attention instead on expanding and diversifying core operations.

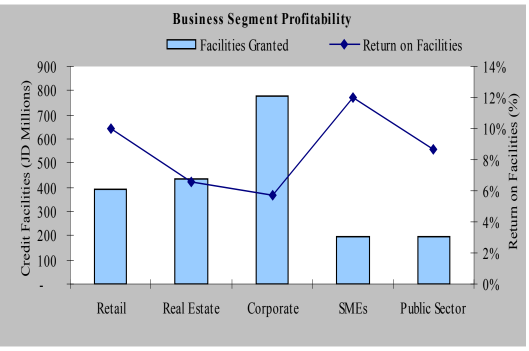
THBK's asset structure revealed a decline in the value of the investment portfolio as a proportion of total assets from 22.6% in 2005 to 22.0% in 2006 and 20.0% in 2007. For the sector, investments declined from 18.5% of total assets to 16.1% and 15.5% over the same period.

2.3.3_2 Segmental Performance

In terms of return on credit facilities granted overall, the increase in interest rates in 2007 compared to 2006 was reflected on the return on these facilities, based on interest income generated, which increased from 7.3% in 2006 to 7.7% in 2007. As illustrated below, the bulk of the facilities granted are in the form of loans and discounted bills.

Interest income generated as a percentage of credit facilities granted amounted to 7.7%...





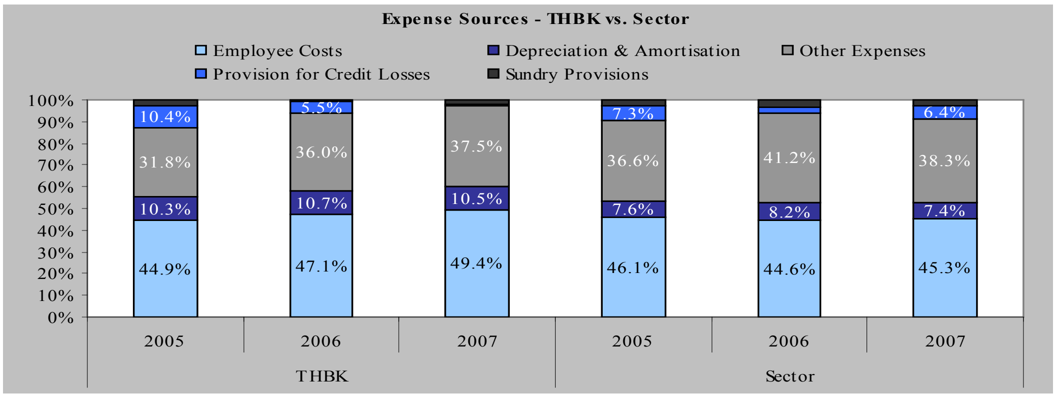
... with the highest returns being earned on credit cards and on facilities granted to SMEs

The return on such facilities amounts to 7.5%, compared to 8.9% on overdraft accounts, and

18.6% on credit cards and other miscellaneous facilities. Clearly, on this basis, a boost in credit facilities granted in the form of credit cards and overdrafts will enable more rapid growth in the returns earned by Bank.

Corporate loans and facilities constitute the larger part of the facilities granted, followed by real estate loans and retail facilities. Strikingly, corporate facilities generate the lowest returns, in contrast to small-medium enterprises (SME), which had a return on investment of 12.0%, and retail facilities, with a return of 10.0%.

2.3.2_3 Expenses



Employee costs comprise almost 50% of THBK's total expenses

In terms of expense composition, for THBK and the banking sector alike, employee expenses represent the highest cost, at 49.4% and 45.3% in 2007, respectively. The rising inflation in 2007 was reflected in the Income Statement as an increase in the proportion of employee costs to total expenses, with THBK's employee costs increasing from JD 33.93 million in 2006 to JD 41.97 million.

The larger number of branches and size of the Bank overall meant that depreciation charges are more significant for THBK than for the sector. For THBK, these constitute 10.5% of the total expenses in 2007 versus 7.4% for the sector.

Moreover, THBK's prudent approach to granting facilities, alongside its effective collection method, meant that the Bank was able to reduce its provisions for doubtful debts from JD 7.14 million in 2005 to JD 3.94 million and JD 254.27 thousand in 2006 and 2007, respectively.

2.3.2_4 Net Income

Strong growth in the Bank's bottom line, reaching JD 111.46 million in 2007

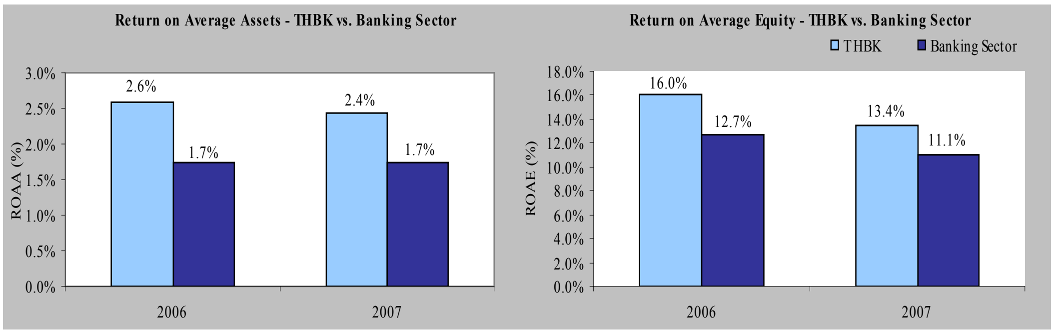
	2003	2004	2005	2006	2007
Gross Profit	90,726,547	103,335,656	173,166,968	201,929,774	238,830,819
% Change	*16.0%*	*13.9%*	*67.6%*	*16.6%*	*18.3%*
Expenses	57,751,088	56,290,637	68,448,162	71,992,368	84,907,267
% Change	*18.2%*	*-2.5%*	*21.6%*	*5.2%*	*17.9%*
Net Income	23,071,224	30,294,449	74,051,778	94,705,875	111,463,294
% Change	*5.1%*	*31.3%*	*144.4%*	*27.9%*	*17.7%*

The increase in THBK's expenses over the years has been overshadowed by the impressive rise in revenues, bringing about a consistent increase in the Bank's bottom line. Since 2003, the net profit has risen by a compounded annual growth rate of 48.3%, with 2005 stealing the limelight in terms of overall performance. In 2007, net profits registered at JD 111.46 million, up 17.7% from 2006's JD 94.71 million. This outperformed the sector's growth of 13.6% in 2007 and 9.2% the year prior.

The Bank's strong performance reflected on its key ratios, the Return on Average Assets (ROAA) and Return on Average Equity (ROAE), which reached 2.4% and 13.4% in 2007, respectively.

ABC Investments

For both 2006 and 2007, THBK outperformed the sector in terms of both ROAA and ROAE. Strikingly, however, despite the growth in profits, the returns ratios declined in 2007 compared to 2006 for THBK and the sector alike.



ROAA and ROAE stood at 2.4% and 13.4% respectively in 2007, outperforming the sector average

The high liquidity exhibited in the market in 2007 was capitalised on by banks, who grasped the opportunity to raise their capitals to fund their growing businesses, to prepare for compliance with Basel II, and in anticipation of rumours regarding Central Bank regulations requiring that all licensed banks raise their capital to JD 100 million by 2010 in a bid to consolidate the fragmented sector. The hike in assets and shareholders' equity, as a result, surpassed the growth in profits, leading the returns ratios to display declines compared to 2006.

THBK's over-capitalised status remains a challenge for the Bank, one that must be met head-on in order to improve its key ratios to be on a par with financial leaders in the region, although arguably, with the current global financial crisis, THBK's over-capitalised position could prove to be an advantage for the Bank in the days to come.

Earnings per Share

The growth in earnings over the past number of years has been reflected in THBK's earnings per share, which grew by a compounded annual growth rate (CAGR) of 17.4% since 2003.

THBK's EPS almost doubled since 2003...

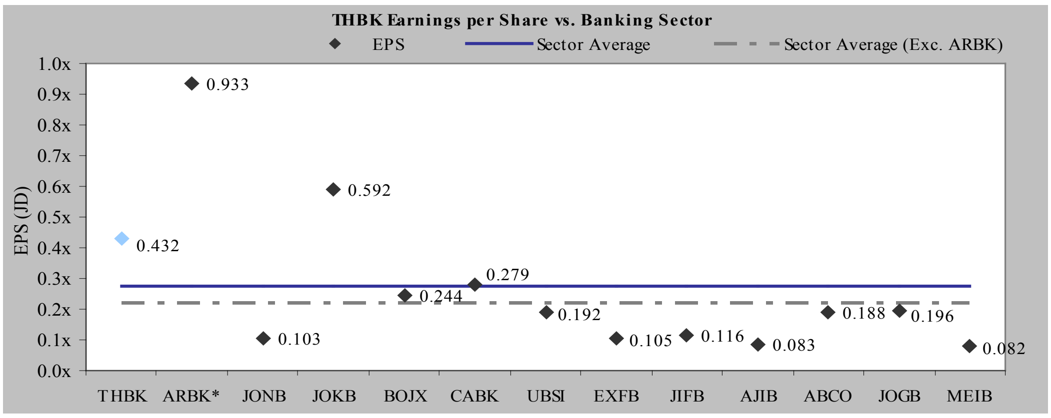
(JD per share)	2003	2004	2005	2006	2007
THBK	0.227	0.306	0.331	0.391	0.432

EPS based on weighted average number of shares

The Bank's EPS compared favourably against the Sector in 2007, registering higher than all but two of the banks under consideration; the Arab Bank (ARBK) and the Jordan Kuwait Bank (JOKB). THBK's earnings per share increased from JD 0.331 in 2005 to JD 0.391 and JD 0.432 in 2006 and 2007 respectively, placing it above the JD 0.273 industry average.

The illustration below, however, highlights how the Arab Bank EPS is pulling up the industry average so that the bulk of companies lie below the average line.

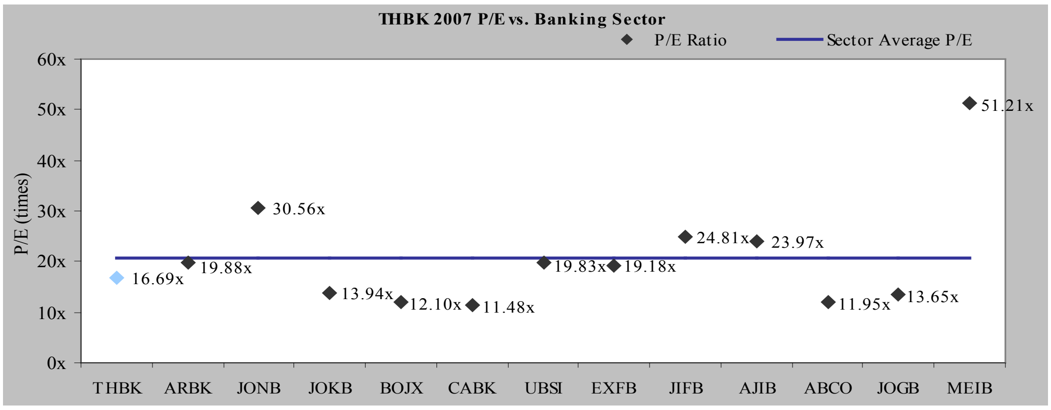
... and has outperformed all but two of the sector players



* Based on Arab Bank PLC (Jordan) earnings

Excluding the effect of the Arab Bank's EPS brings the average EPS back down to JD 0.218, positioning an additional bank above the average line.

Price-to-Earnings (P/E) Ratio



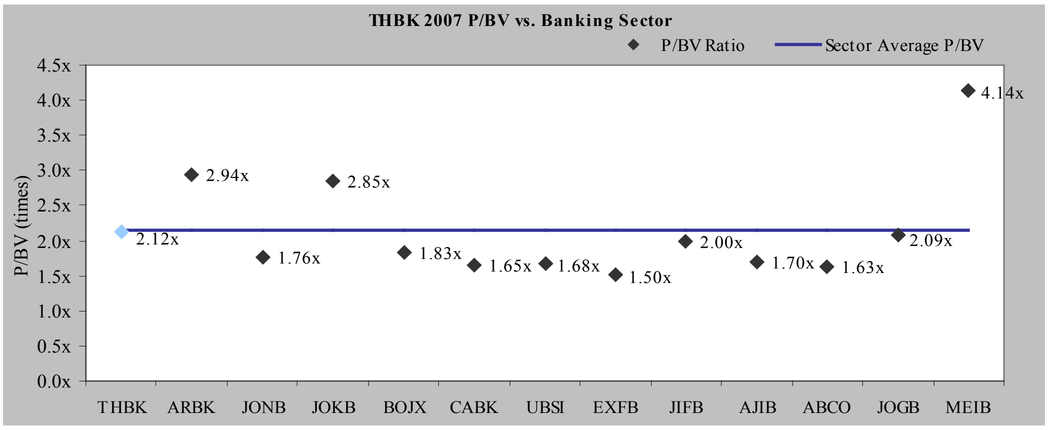
Based on 2007 year-end prices
ARBK figures relate to the Arab Bank Group

THBK's P/E in 2007 of 16.69x registered lower than the sector average of 20.7x

The growth in per-share earnings reflected well on the Bank's P/E ratio, which dropped from 27.9 times in 2005 to 16.77 times in 2006 and 16.69 times in 2007, positioning the stock as an attractive investment within an arguably over-valued market. In terms of the sector overall, THBK's P/E ratio registered below the sector's average of 20.71 times, albeit higher than five other banks in the sector. Notably, the sector average is being pulled up by the P/E ratio for Societe Generale (MEIB). By excluding MEIB's P/E, the sector average drops to 18.17 times, still higher than that of THBK.

Price-to-Book (P/BV) Ratios

The Bank's price-to-book ratio registered just under that of the sector in 2007, at 2.12 times versus an average of 2.15 times. THBK's share price soared in 2005 to end the year at JD 19.99, which pulled up the Bank's P/BV ratio to 5.35 times. THBK's capital increase to JD 250 million in 2006, coupled with a downward adjustment of the stock price and the overall downturn in the market led its P/BV ratio to fall to 2.03 times in 2006 and 2.12 times in 2007.



Based on 2007 year-end prices
ARBK figures relate to the Arab Bank Group

THBK's P/BV ratio stood at 2.12x at the end of 2007 compared to a sector average of 2.15x

Once again, the sector average is being weighted upwards by MEIB's P/BV ratio, which, when excluded results in an average of 1.98 times, registering lower than THBK's ratio. In the sector, only the Arab Bank (ARBK), the Jordan Kuwait Bank (JOKB) and Societe Generale (MEIB) had P/BV ratios higher than THBK.

Dividends and the Dividend Yield

	2003	2004	2005	2006	2007
Dividends (JD per Share)	0.150	0.200	0.250	0.260	0.300
Dividend Payout Ratio	66.0%	65.4%	34.8%	66.6%	69.4%
Dividend Yield	3.5%	2.5%	1.3%	4.0%	4.2%

THBK's dividends, dividend yield, and the dividend payout ratio have all risen over the last two years

The Housing Bank has been increasing the dividends distributed each year, rising from JD 0.15 per share in 2004 to JD 0.26 and JD 0.30 in 2006 and 2007 respectively. The Bank's dividend payout ratio reached 69.4% in 2007, while its dividend yield, based on the 2007 year-end share price registered at 4.2%.

3.0 THBK'S 2008 PERFORMANCE HIGHLIGHTS

	H1 2007	H1 2008
Interest Income	131,556,498	145,780,765
Interest Expense	(49,786,631)	(49,028,755)
Net Interest Income	**81,769,867**	**96,752,010**
Net Commissions	11,775,497	14,837,480
Net Interest Income and Commissions	**93,545,364**	**111,589,490**
Gains from Foreign Exchange	3,968,614	7,128,301
Gains (Losses) from Trading Investments	(926,628)	1,258,438
Gains (Losses) from Available-for-Sale Investments	8,847,095	1,909,171
Other Income	10,316,764	19,667,173
Gross Income	**115,751,209**	**141,552,573**
Employee Costs	19,444,238	25,331,468
Depreciation and Amortisation	3,998,627	4,341,796
Other Expenses	15,976,412	20,317,270
Provision for Credit Losses	810,460	3,413,548
Sundry Provisions	989,421	734,794
Total Expenses	**43,822,246**	**51,535,788**
Operating Income	**71,928,963**	**90,016,785**
Income from Affiliates	213,557	-
Profit before Income Tax	**72,142,520**	**90,016,785**
Income Tax	(19,347,282)	(21,765,623)
Profit for the Year	**52,795,238**	**68,251,162**
Minority Interest	1,711,099	3,439,221
Profit Attributable to the Shareholders of the Bank	**51,084,139**	**64,811,941**

The Bank realised an impressive 25.1% increase in its operating income, equivalent to JD 17.87 million, during the first half of 2008 compared to the first half of 2007, brought on by the increase in the interest spread and growth in credit facilities. The Bank's net interest income rose by 18.3% due to a strong increase in interest income coupled with a minor decline in its interest expense. The first half of 2008 saw the Bank increase its net credit facilities by 12.3% to register at JD 2.17 billion, thereby generating additional revenues from interest earned. Meanwhile, customer deposits rose by a lesser 5.9% to JD 3.71 billion, hand-in-hand with an overall decline in interest rates offered on deposits. Therefore, the Bank succeeded in obtaining a higher return on its assets with a lower cost of funds.

H1 2008 saw a 25.1% increase in operating income compared to H1 2007

Credit facilities grew by 12.3% to JD 2.17 billion while customer deposits increased to JD 3.71 billion

Income from commissions also soared, rising by around JD 3 million to JD 14.84 million during the first half of 2008 compared to the same period in 2007.

The rise in expenses fell short of the increase in revenues, resulting in a 24.8% increase in pre-tax profits, and a 29.3% increase in profits after tax. Profits for the period registered at JD 68.25 million compared to JD 52.80 million for the first six months of 2007. As a result, the Bank's earnings per share rose from JD 0.205 to JD 0.259 over the same period, resulting in a change in the trailing P/E ratio, based on THBK's current price of JD 9.30 from 22.71 times to 17.94 times.

Net profits rose by 29.3% to 68.28 million, raising the EPS from JD 0.205 for H1 2007 to JD 0.259

The return on average assets, based on annualised H1 earnings, registered at 2.7% while the return on average equity reached 16.1%.

4.0 FORECAST ASSUMPTIONS

The assumptions used to project THBK's financial statements for the period 2008-2012 were based on a presumption of organic growth only. We have not assumed any takeovers by the Bank of other banks or financial institutions in Jordan or in the region, but have assumed an increase in the paid-up capital of the Bank to JD 350 million in 2010, to finance the growth of the Bank outside Jordan.

4.1 Uses of Funds

While global economic deceleration is likely to affect the volume of credit facilities granted to the corporate sector, salaries have been unable to keep up with the high inflation rates in the Kingdom, placing a substantial portion of the population in financial hardship. With the largest retail customer base in the Kingdom, the expected rise in demand for credit facilities and advances on the retail side will more than compensate for any decline in demand for facilities on the corporate front. Therefore, we have maintained the ratio of credit facilities to customer deposits at a high 58% for 2008, declining to 55% for 2009 before rising to 56% for the remainder of our forecast period.

Demand for facilities is expected to remain high on the back of high inflation costs and declining value of real per-household disposable income

The downturn in the Amman Stock Exchange during the second half of 2008 should lead to a shift in investments by the Bank away from stocks towards treasury bonds and bills. We would expect this shift to be more evident in 2009, as interest rates are raised by the Central Bank, providing opportunities to realise high "safe" returns. The Bank's investment portfolio has typically made up around 20-23% of total assets. Using a weighted average of the portfolio's weighting over the past five years gives a weighting of 22%. Therefore, from 2010 onwards, we have projected the investment portfolio balance as 22% of total assets. For 2008, however, the financial crisis in the United States, which included the announced bankruptcy of Lehman Brothers and the buyout of Merrill Lynch by the Bank of America, poses a risk for THBK's investments in the US. At the end of 2007, THBK had a whopping JD 161.98 million invested in available-for-sale investments in the United States market. We would expect to see some devaluation of value of these investments, affecting both the available-for-sale balance as part of its assets, and the cumulative change in fair value account under equity. Therefore, we have projected the Bank's investment portfolio weighting to drop to 18% by the end of this year, before rising to 20% in 2009.

4.2 Sources of Funds

The downturn in the Amman Stock Exchange during the second half of 2008, coupled with the recent scandal of fraudulent activity by Jordanian FX and investment companies investing in bourses abroad, and the global credit crisis should lead to a shift in liquidity away from the stock market towards the safer alternative provided by banks. Therefore, we would expect to see a continued growth in the banking sector deposits and those of the Housing Bank in particular. In terms of bank and financial institutions deposits, these have been playing an increasing role as a source of funds for THBK. The effect of the financial crisis in the United States on local and regional banks has not yet become apparent, therefore we would expect banks to be more prudent, preferring to deposit excess liquidity in local, well established banks, of which the Housing Bank would be a favourite.

Customer deposits are expected to continue to grow, with a rate of 12% applied for 2009 and 2010, rising to 15% in 2010.

THBK stands out from the sector in that it is not restricted in its ability to growth its deposits, since it has more leeway in terms of its percentage of credit facilities to deposits, as regulated by the Central Bank of Jordan. However, the increased competition in the market following the entry of the National Bank of Abu Dhabi may be expected to draw away a portion of the bank deposits from other banks in the sector. Therefore, we have applied a growth rate of 14% for 2008, dropping to 12% in 2009 and 2010, before rising once more once expansion plans and new branches of the Bank become operational. For the years 2011 and 2012, growth rates of 15% were applied.

4.3 Net Interest Income

Interest income and expense were projected based on current interest rates, and applied according to the 2007 weighting of types of deposits, investments and facilities. Our expectation that interest rates will be raised by the Central Bank of Jordan in 2009 will impact both on the rates applied to facilities and deposits. Therefore, we believe that the net impact of the change in interest rates will not have a significant effect on our forecasts.

Current interest rates were used to project the net interest income for the forecast period

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5.0 VALUATION

Using three types of valuation methods, we arrive at a weighted average fair value for THBK's stock of JD 8.78, registering 7.1% lower than the stock's current price, leading us to lend a HOLD recommendation for the stock.

Weighted Average Fair Value per Share			
Valuation Method	**Target Value**	**Weighting**	**Value**
Dividend Discount Model	9.69	60%	5.82
Peer Valuation (P/BV and ROAE regression)	6.08	20%	1.22
Peer Valuation (P/E multiple)	8.72	20%	1.74
Weighted Average Fair Value		**100%**	**8.78**
Current Price			9.45
Upward (Downward) Potential			(7.1%)

5.1 Dividend Discount Model (DDM)

Dividends were forecast based on projected dividend payout ratios for the five years ended 2012 using the least squares trend analysis, and the forecasted earnings per share. For the post-2012 period, a stable growth rate of 6.80% was applied to dividends into perpetuity, based on the relationship g = ROAE * (1 - payout ratio), where THBK's average ROAE and payout ratio for 2003-2007 were used.

	Dividend Payout Ratio (%)	Dividends per Share (JD)	Paid Up Capital (JD)	Dividends (JD)
2003	0.640	0.15	100,000,000	15,000,000
2004	0.654	0.20	100,000,000	20,000,000
2005	0.348	0.25	100,000,000	25,000,000
2006	0.704	0.26	250,000,000	65,000,000
2007	0.696	0.30	250,000,000	75,000,000
2008f	0.657	0.35	252,000,000	88,061,425
2009f	0.673	0.43	252,000,000	107,219,350
2010f	0.689	0.36	350,000,000	126,022,453
2011f	0.705	0.43	350,000,000	148,840,413
2012f	0.721	0.50	350,000,000	173,681,152

Risk-Free Rate	7.66%	CBJ Treasury Bond Rate
Market Risk Premium	6.82%	Damodaran Market Risk Premium for Jordan
Beta	0.7352	Computed by ABC Investments
Cost of Equity	**12.70%**	
Terminal Growth Rate	**6.80%**	

	2008f	2009f	2010f	2011f	2012f	Terminal Value
Dividends Expected	88,061,425	107,219,350	126,022,453	148,840,413	173,681,152	3,143,583,683
NPV of Dividends Expected	494,059,072					
NPV of Terminal Value	1,948,629,898					
Estimated FV of Equity	2,442,688,970					
# of Outstanding Shares	252,000,000					
Cost of Equity	12.70%					
DDM Value per Share	**JD 9.69**					

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Sensitivity Analysis

The table below illustrates the sensitivity of the dividend discount model valuation to the inputs of the model. To reflect the extent of this sensitivity, we have performed a sensitivity analysis on the model's two key inputs; the terminal growth rate and the cost of equity.

		Terminal Growth Rate				
		6.00%	6.40%	6.80%	7.20%	7.60%
Cost of Equity	12.20%	9.41	9.96	10.58	11.30	12.15
	12.45%	9.05	9.55	10.12	10.77	11.53
	12.70%	8.72	9.18	**9.69**	10.29	10.97
	12.95%	8.41	8.83	9.31	9.85	10.47
	13.20%	8.12	6.97	7.42	7.91	8.47

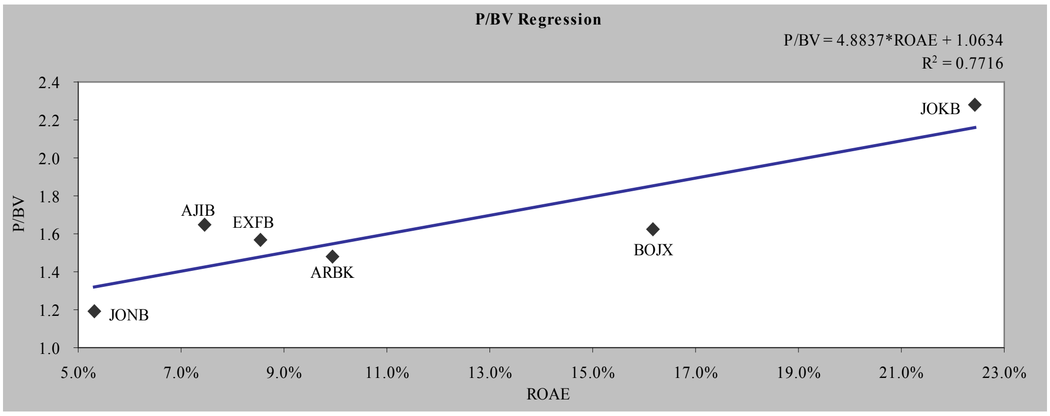
5.2 Relative Valuation

	Market Cap*	Trailing P/E*			Trailing P/BV*			ROAE			Payout Ratio	Reten. Rate	Sust. Growth Rate**
	Current	2005	2006	2007	2005	2006	2007	2005	2006	2007	2007	2007	2007
THBK	2,381,400,000	28.59x	24.20x	21.87x	2.53x	2.92x	2.78x	21.5%	16.0%	13.4%	69.4%	30.6%	5.2%
ARBK	10,172,700,000	9.49x	14.49x	12.49x	1.35x	1.72x	1.48x	11.4%	10.6%	10.0%	19.7%	80.3%	8.6%
JONB	233,200,000	8.51x	11.09x	20.63x	0.97x	1.10x	1.19x	18.1%	10.3%	5.3%	77.9%	22.1%	2.5%
JOKB	659,000,000	17.31x	12.63x	11.14x	2.56x	2.63x	2.28x	29.9%	27.6%	22.4%	33.8%	66.2%	17.6%
BOJX	262,000,000	9.71x	8.81x	10.74x	1.42x	1.61x	1.63x	23.0%	19.5%	16.2%	61.5%	38.5%	7.5%
CABK	248,000,000	6.64x	12.08x	11.12x	0.85x	1.51x	1.60x	25.2%	12.8%	14.8%	35.9%	64.1%	11.3%
UBSI	305,900,000	7.04x	17.11x	16.80x	1.22x	1.73x	1.42x	31.6%	11.9%	8.7%	52.2%	47.8%	8.3%
EXFB	279,110,800	10.60x	14.20x	20.03x	1.64x	1.62x	1.57x	22.5%	12.9%	8.6%	53.8%	46.2%	6.8%
JIFB	143,000,000	4.15x	14.63x	22.40x	1.24x	1.55x	1.80x	49.9%	13.7%	8.3%	0.0%	100.0%	24.0%
AJIB	194,000,000	9.08x	16.85x	23.25x	1.08x	1.23x	1.65x	17.1%	13.5%	7.5%	59.9%	40.1%	5.1%
ABCO	119,917,688	7.03x	9.49x	9.88x	1.21x	1.27x	1.35x	24.7%	18.5%	14.8%	0.0%	100.0%	19.3%
JOGB	173,937,500	11.04x	14.80x	12.73x	1.87x	1.90x	1.95x	23.2%	15.0%	15.8%	25.5%	74.5%	13.4%
MEIB	101,948,692	27.37x	20.75x	30.80x	3.09x	2.70x	2.49x	12.2%	13.9%	8.4%	0.0%	100.0%	11.5%
Sector Average		**12.04x**	**14.70x**	**17.22x**	**1.62x**	**1.81x**	**1.78x**	**23.9%**	**15.1%**	**11.9%**	**37.7%**	**62.3%**	**10.9%**

* Based on Current Market Price
** Based on Average ROAE for the period 2005-2007

5.2.1 P/BV Ratio

This method of valuation entails the regression of the Price to Book Value (P/BV) multiple for the six largest listed banks based on paid-up capital, excluding the Housing Bank, against their respective Return on Average Equity (ROAE) ratios for 2007.



The regression analysis returned the relationship P/BV = 4.8837*ROAE + 1.0634. Based on a forecasted ROAE for THBK for the year 2008, the implied P/BV multiple for THBK is 1.788 times, thereby giving a price per share for the stock of JD 6.08.

5.2.2 P/E Ratio

This method of valuation relies on the average P/E ratio for a selected peer group to determine an appropriate P/E multiple for the Bank. The projected 2008 EPS for the Bank, alongside the computed multiple are then used to determine a fair value price for THBK.

The peer group used in this method includes the Arab Bank (ARBK), the Jordan National Bank (JONB), the Jordan Kuwait Bank (JOKB), the Bank of Jordan (BOJX), the Capital Bank (EXFB) and the Arab Jordan Investment Bank (AJIB), which have a trailing P/E average of 16.38 times. With a forecasted EPS for THBK for 2008 of JD 0.532, this gives a price per share for the stock of JD 8.72.

BALANCE SHEET

	2003	2004	2005	2006	2007	2008F	2009F	2010F	2011F	2012F
ASSETS										
Cash Balances	907,503,969	904,740,035	1,084,590,918	1,455,375,184	1,922,781,795	2,170,796,326	2,520,915,129	2,764,662,730	3,199,856,428	3,808,722,817
Investment Portfolio	389,722,835	590,315,501	724,007,687	903,043,832	1,002,840,320	1,012,046,468	1,259,435,605	1,565,478,457	1,831,609,794	2,069,719,067
Direct Credit Facilities, net	628,819,522	879,957,727	1,262,618,624	1,589,871,677	1,936,250,617	2,447,860,558	2,622,403,658	2,963,792,934	3,439,067,837	3,954,928,013
Investments in Affiliates	19,627,119	19,688,063	19,717,842	19,853,021	20,590,622	-	-	-	-	-
Premises and Equipment, net	34,244,734	38,266,619	43,105,931	54,904,516	68,325,146	78,714,725	88,160,492	142,316,223	166,509,981	188,156,279
Other Assets	50,692,602	66,677,305	62,211,966	73,402,077	69,283,266	70,668,931	72,082,310	73,523,956	74,994,435	76,494,324
Total Assets	**2,030,610,781**	**2,499,645,250**	**3,196,252,968**	**4,096,450,307**	**5,020,071,766**	**5,780,087,008**	**6,562,997,194**	**7,509,774,301**	**8,712,038,476**	**10,098,020,500**
LIABILITIES & SHAREHOLDERS' EQUITY										
Liabilities										
Bank and Financial Institution Deposits	2 49,472,806	70,284,206	94,625,050	145,004,371	230,644,309	299,837,602	389,788,882	506,725,547	658,743,211	856,366,174
Customer Deposits and Margin Accounts	1,587,811,188	1,997,533,583	2,568,728,736	2,998,458,971	3,734,341,049	4,257,148,796	4,768,006,651	5,340,167,450	6,141,192,567	7,062,371,452
Loans and Borrowings	43,424,048	33,660,758	29,498,596	3,035,346	1,457,217	4,437,341	4,437,341	4,437,341	4,437,341	4,437,341
Provisions	21,855,701	26,607,365	46,099,579	52,117,499	61,895,798	67,469,765	75,566,136	85,389,734	99,905,989	112,893,767
Deferred Tax Liabilities	-	3,795,859	8,154,348	1,545,000	1,438,411	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Other Liabilities	34,938,530	36,843,079	54,113,555	61,090,387	100,000,945	95,582,166	107,052,026	120,968,790	141,533,484	159,932,837
Total Liabilities	**1,737,502,273**	**2,168,724,850**	**2,801,219,864**	**3,261,251,574**	**4,129,777,729**	**4,725,975,670**	**5,346,351,037**	**6,059,188,861**	**7,047,312,592**	**8,197,501,572**
Shareholders' Equity										
Paid-up Capital	100,000,000	100,000,000	100,000,000	250,000,000	250,000,000	252,000,000	252,000,000	350,000,000	350,000,000	350,000,000
Additional Paid-up Capital	56,974,008	49,884,008	49,884,008	349,377,566	349,377,566	349,377,566	349,377,566	299,377,566	299,377,566	299,377,566
Treasury Stock	-	-	-	(19,424,857)	(19,504,151)	-	-	-	-	-
Statutory Reserve	28,254,385	32,601,323	41,844,376	54,002,619	68,159,949	87,260,445	109,959,257	136,014,682	166,084,381	200,388,465
Voluntary Reserve	33,222,068	33,222,068	33,222,068	33,222,068	33,222,068	33,222,068	33,222,068	33,222,068	33,222,068	33,222,068
General Banking Risk and Other Reserves	17,730,000	35,530,274	12,502,237	20,000,000	20,000,000	22,000,000	22,000,000	25,000,000	27,000,000	30,000,000
FX Differences	367,798	113,448	-1,454,704	590,684	4,232,617	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Cumulative Change in Fair Value	12,941,419	12,089,851	21,879,602	6,931,317	1,237,686	-	-	-	-	-
Retained Earnings	29,586,821	50,292,408	115,885,407	113,738,068	143,753,000	254,799,452	386,463,886	531,567,790	702,813,445	888,952,935
Total Equity Attributable to the Bank's Shareholders	**279,076,499**	**313,733,380**	**373,762,994**	**808,437,465**	**850,478,735**	**1,003,659,531**	**1,158,022,777**	**1,380,182,106**	**1,583,497,460**	**1,806,941,034**
Minority Interest	14,032,009	17,187,020	21,270,110	26,761,268	39,815,302	50,451,808	58,623,380	70,403,333	81,228,425	93,577,895
Total Equity	**293,108,508**	**330,920,400**	**395,033,104**	**835,198,733**	**890,294,037**	**1,054,111,338**	**1,216,646,157**	**1,450,585,439**	**1,664,725,884**	**1,900,518,929**
Total Liabilities and Shareholders' Equity	**2,030,610,781**	**2,499,645,250**	**3,196,252,968**	**4,096,450,307**	**5,020,071,766**	**5,780,087,008**	**6,562,997,194**	**7,509,774,301**	**8,712,038,476**	**10,098,020,500**

INCOME STATEMENT

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Interest Income	84,125,673	89,246,882	137,576,998	215,988,312	281,619,864	379,788,013	426,373,221	487,929,479	566,849,516	654,625,286
Interest Expense	(26,253,330)	(23,122,315)	(42,043,248)	(74,801,322)	(106,915,355)	(151,425,104)	(171,990,190)	(195,751,691)	(228,491,579)	(267,168,568)
Net Interest Income	**57,872,343**	**66,124,567**	**95,533,750**	**141,186,990**	**174,704,509**	**228,362,909**	**254,383,031**	**292,177,788**	**338,357,937**	**387,456,718**
Net Commissions	7,837,963	9,125,201	15,288,712	19,556,080	24,249,722	36,079,861	40,505,456	46,353,301	53,850,704	62,189,402
Net Interest Income and Commissions	**65,710,306**	**75,249,768**	**110,822,462**	**160,743,070**	**198,954,231**	**264,442,770**	**294,888,487**	**338,531,088**	**392,208,641**	**449,646,120**
Gains from Foreign Exchange	143,448	2,164,382	4,781,737	5,269,149	7,320,625	10,254,276	11,512,077	13,174,096	15,304,937	17,674,883
Gains (Losses) from Trading Investments	310,381	985,612	6,484,591	(2,031,505)	(1,548,098)	-	-	-	-	-
Gains (Losses) from Available-for-Sale Investments	9,054,384	8,581,710	19,664,488	17,590,771	8,928,026	(15,000,000)	10,000,000	12,000,000	12,000,000	12,000,000
Other Income	15,508,028	16,354,184	31,413,690	20,358,289	25,176,035	38,000,000	30,000,000	33,000,000	36,000,000	39,000,000
Gross Income	**90,726,547**	**103,335,656**	**173,166,968**	**201,929,774**	**238,830,819**	**297,697,046**	**346,400,564**	**396,705,184**	**455,513,578**	**518,321,003**
Employee Costs	22,776,087	25,298,415	30,739,296	33,932,329	41,972,996	52,466,245	62,959,494	73,662,608	86,185,251	100,836,744
Depreciation and Amortisation	5,898,062	6,578,549	7,017,180	7,739,011	8,876,132	10,225,844	11,452,945	18,488,326	21,631,342	24,443,416
Other Expenses	16,760,521	19,738,619	21,739,907	25,937,706	31,804,396	35,000,000	36,000,000	39,000,000	42,000,000	45,000,000
Provision for Credit Losses	7,631,471	2,583,986	7,142,773	3,935,238	258,265	7,000,000	7,000,000	3,000,000	3,000,000	3,000,000
Sundry Provisions	4,684,947	2,091,068	1,809,006	448,084	1,995,478	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Total Expenses	**57,751,088**	**56,290,637**	**68,448,162**	**71,992,368**	**84,907,267**	**106,692,089**	**119,412,439**	**136,150,934**	**154,816,593**	**175,280,160**
Operating Income	**32,975,459**	**47,045,019**	**104,718,806**	**129,937,406**	**153,923,552**	**191,004,957**	**226,988,125**	**260,554,250**	**300,696,985**	**343,040,843**
Income from Affiliates	(1,337,791)	60,944	440,066	135,179	607,654	-	-	-	-	-
Other Non-Operating Income	68,556	-	-	-	-	-	-	-	-	-
Profit before Income Tax	**31,706,224**	**47,105,963**	**105,158,872**	**130,072,585**	**154,531,206**	**191,004,957**	**226,988,125**	**260,554,250**	**300,696,985**	**343,040,843**
Income Tax	8,635,000	16,811,514	31,107,094	35,366,710	43,067,912	53,481,388	63,556,675	72,955,190	84,195,156	96,051,436
Profit for the Year / Period	**23,071,224**	**30,294,449**	**74,051,778**	**94,705,875**	**111,463,294**	**137,523,569**	**163,431,450**	**187,599,060**	**216,501,829**	**246,989,407**
Minority Interest	(356,280)	-293,307	2,262,498	2,342,209	3,691,605	3,438,089	4,085,786	4,689,977	5,412,546	6,174,735
Profit Attributable to the Shareholders of the Bank	**23,427,504**	**30,587,756**	**71,789,280**	**92,363,666**	**107,771,689**	**134,085,480**	**159,345,664**	**182,909,084**	**211,089,284**	**240,814,672**

KEY RATIOS

Key Ratios	Historical					Forecast				
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Gross Income	90,726,547	103,335,656	173,166,968	201,929,774	238,830,819	297,697,046	346,400,564	396,705,184	455,513,578	518,321,003
Profit before Tax	31,706,224	47,105,963	105,158,872	130,072,585	154,531,206	191,004,957	226,988,125	260,554,250	300,696,985	343,040,843
Profit after Tax	23,071,224	30,294,449	74,051,778	94,705,875	111,463,294	137,523,569	163,431,450	187,599,060	216,501,829	246,989,407
Total Assets	2,030,610,781	2,499,645,250	3,196,252,968	4,096,450,307	5,020,071,766	5,780,087,008	6,562,997,194	7,509,774,301	8,712,038,476	10,098,020,500
Shareholders' Equity	279,076,499	313,733,380	373,762,994	808,437,465	850,478,735	1,003,659,531	1,158,022,777	1,380,182,106	1,583,497,460	1,806,941,034
Paid-up Capital	100,000,000	100,000,000	100,000,000	250,000,000	250,000,000	252,000,000	252,000,000	350,000,000	350,000,000	350,000,000
Growth in Facilities	-	39.9%	43.5%	25.9%	21.8%	26.4%	7.1%	13.0%	16.0%	15.0%
Growth in Customer Deposits	-	25.8%	28.6%	16.7%	24.5%	14.0%	12.0%	12.0%	15.0%	15.0%
Growth in Net Profits	-	31.3%	144.4%	27.9%	17.7%	23.4%	18.8%	14.8%	15.4%	14.1%
Growth in Operating Income	-	42.7%	122.6%	24.1%	18.5%	24.1%	18.8%	14.8%	15.4%	14.1%
Facilities-to-Assets	31.0%	35.2%	39.5%	38.8%	38.6%	42.3%	40.0%	39.5%	39.5%	39.2%
Facilities-to-Total Deposits	38.4%	42.6%	47.4%	50.6%	48.8%	53.7%	50.8%	50.7%	50.6%	49.9%
Facilities-to-Customer Deposits	39.6%	44.1%	49.2%	53.0%	51.8%	57.5%	55.0%	55.5%	56.0%	56.0%
Growth in Non-Interest Expense		-2.5%	21.6%	5.2%	17.9%	25.7%	11.9%	14.0%	13.7%	13.2%
Non-Interest Income-to-Operating Income	99.6%	79.1%	74.1%	46.7%	41.7%	36.3%	40.5%	40.1%	39.0%	38.1%
Cost-to-Income Ratio	175.1%	119.7%	65.4%	55.4%	55.2%	55.9%	52.6%	52.3%	51.5%	51.1%
Dividends Per Share	0.15	0.20	0.25	0.26	0.30	0.349	0.425	0.360	0.425	0.496
Dividend Payout Ratio	64.0%	65.4%	34.8%	70.4%	69.6%	65.7%	67.3%	68.9%	70.5%	72.1%
Dividend Yield	3.5%	2.5%	1.3%	4.0%	4.2%	3.7%	4.5%	3.8%	4.5%	5.3%
Net Interest Margin	68.8%	74.1%	69.4%	65.4%	62.0%	60.1%	59.7%	59.9%	59.7%	59.2%
ROAA	1.2%	1.3%	2.6%	2.6%	2.4%	2.5%	2.6%	2.7%	2.7%	2.6%
ROAE	8.14%	10.2%	21.5%	16.0%	13.4%	14.8%	15.1%	14.8%	14.6%	14.6%
EPS	0.231	0.306	0.718	0.369	0.431	0.532	0.632	0.523	0.603	0.688
Book Value	2.791	3.137	3.738	3.234	3.402	3.983	4.595	3.943	4.524	5.163
P/E Ratio	18.48	26.15	27.85	17.73	16.73	17.76	14.94	18.08	15.67	13.73
P/BV Ratio	1.55	2.55	5.35	2.03	2.12	2.37	2.06	2.40	2.09	1.83
Share Price	4.33	8.00	19.99	6.55	7.21	9.45	9.45	9.45	9.45	9.45

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