



# **CENTRAL BANK OF JORDAN**

**FIFTY SECOND ANNUAL REPORT**

**2015**

**RESEARCH DEPARTMENT**

Deposit No. at the National Library of Jordan

707 / 3 / 2002

## **OUR VISION**

To be one of the most capable central banks regionally and internationally in maintaining monetary stability and ensuring the soundness of the financial system thereby contributing to sustained economic growth in the Kingdom.

## **OUR MISSION**

Ensuring monetary and financial stability by maintaining price stability, protecting the value of the Jordanian Dinar and through an interest rate structure consistent with the level of economic activity thereby contributing toward an attractive investment environment and a sound macroeconomic environment. Furthermore, the Central Bank of Jordan strives to ensure the safety and soundness of the banking system and the resilience of the national payments system. To this end, the Central Bank of Jordan adopts and implements effective monetary and financial policies and employs its human, technological, and financial resources in an optimal manner in order to effectively achieve its objectives.

## **OUR VALUES**

- |                            |   |   |
|----------------------------|---|---|
| <b>Loyalty</b>             | : | Commitment and dedication to the institution, its staff and clients.  |
| <b>Integrity</b>           | : | Seeking to achieve our organizational goals honestly and objectively.   |
| <b>Excellence</b>          | : | Seeking to continuously improve our performance and deliver our services in accordance with international standards.                              |
| <b>Continuous Learning</b> | : | Aspiring to continuously improve practical and academic skills to maintain a level of excellence in accordance with international best practices. |
| <b>Teamwork</b>            | : | Working together, on all levels of management, to achieve our national and organizational goals with a collective spirit of commitment.           |
| <b>Transparency</b>        | : | Dissemination of information and knowledge, and the simplification of procedures and regulations in a comprehensible and professional manner.     |



# **BOARD OF DIRECTORS**

**H.E. DR. ZIAD FARIZ**

*Governor and Chairman*

**H.E. DR. MAHER "SHEIKH HASAN"      H.E. DR. ADEL AL SHARKAS**

*Deputy Governors*

**H.E. ENG. SAID DARWAZEH**

**H.E. ENG. SAMER MAJALI**

**MR. IBRAHIM DABDOUB**

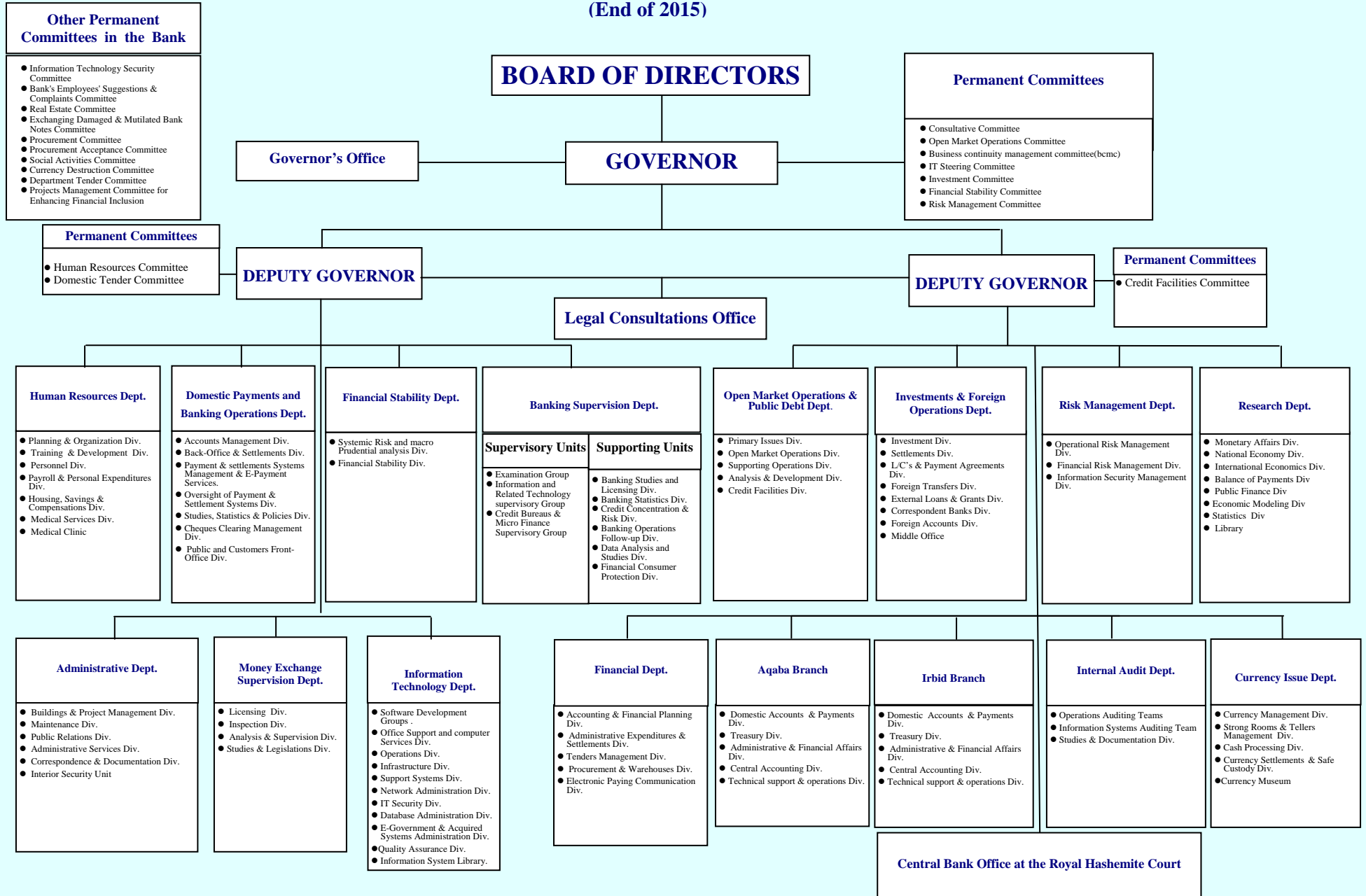
**MR. ISAM BDEIR**

**MR. GHASSAN NUQUL \***

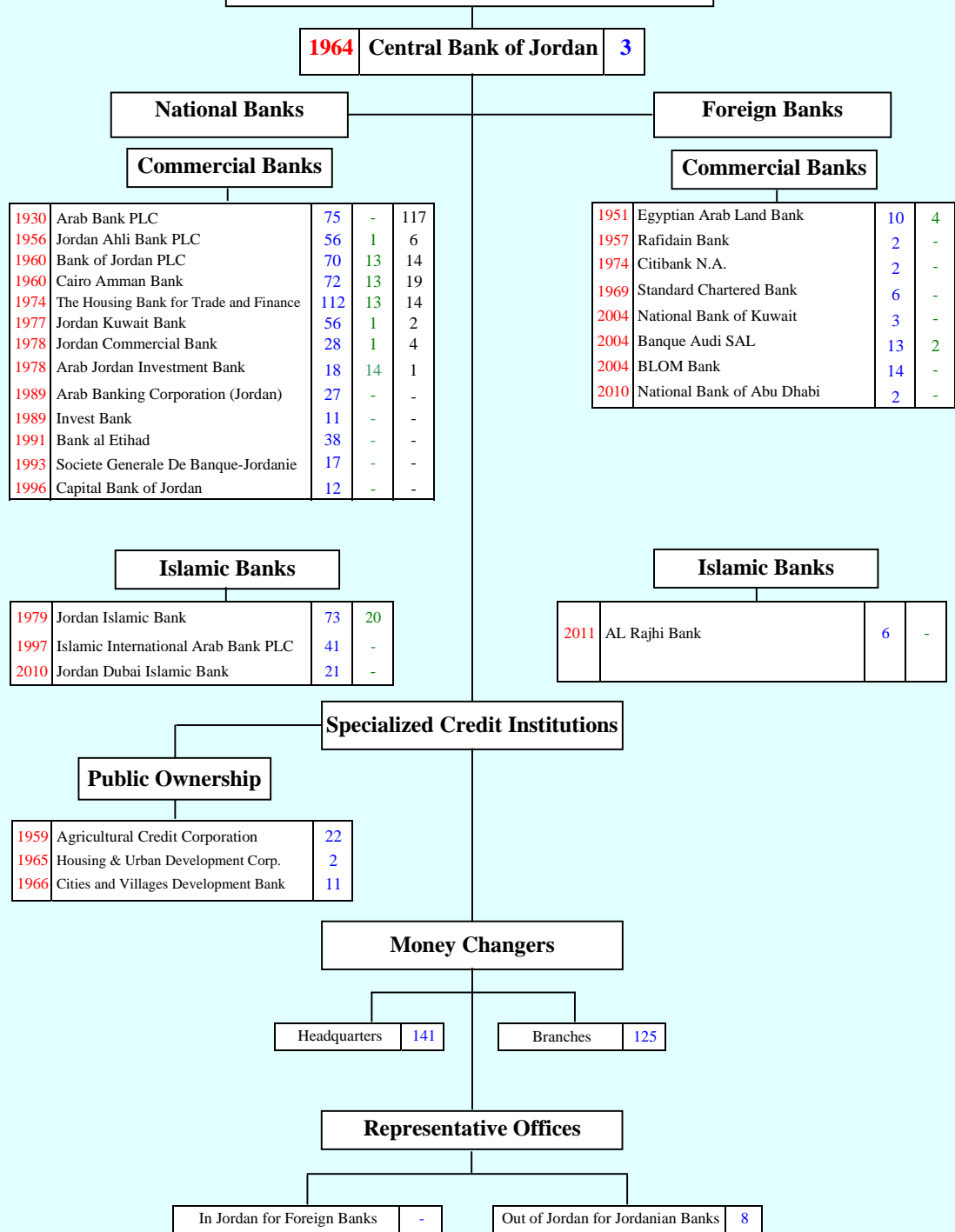
\* Mr. Ghassan Nuqul was appointed member in the Central Bank Board of Directores on 29/11/ 2015.

# ORGANIZATIONAL CHART/ CENTRAL BANK OF JORDAN

(End of 2015)



# Jordan Banking System (End of 2015)



- Year of establishment.
- Number of branches including headquarters.
- Number of mini-branches.
- Number of branches outside Jordan.

# Foreword

The Central Bank of Jordan is pleased to release its fifty second annual report, which highlights the main economic developments of the national economy during the year 2015.

Our economy managed to withstand under persistently difficult conditions in 2015. Jordan grappled with addressing a number of exogenous shocks, notably the closure of land trade routes with Syria and Iraq, and other security-related challenges which adversely impacted the economy.

Nevertheless, GDP growth reached 2.4 percent, deflation registered 0.9 percent reflecting the sharp decline in food, energy and transportation prices. The current account deficit (including grants) registered 8.9 percent of GDP, while the central government budget deficit reached 3.5 percent of GDP as a result of the decline in foreign grants. Foreign reserves at the CBJ remained comfortable at USD 14.2 billion by the end of 2015, which supported the confidence in Jordan's economy.

Macroeconomic policies have been critical to preserve favorable overall conditions, and Financial conditions have remained supportive owing to the CBJ's measures which were effective in maintaining monetary stability, and ensuring the soundness of the banking system.

Lastly, I would like to express my sincere gratitude to the CBJ staff for their dedication in producing this publication. My gratitude is also extended to all government units, banks, and financial institutions for providing crucial data and information to prepare this report.

**Dr. Ziad Fariz**

**The Governor and Chairman**



# CONTENTS

Page

## FOREWORD

## SUMMARY OF ECONOMIC DEVELOPMENTS IN 2015

1

### CHAPTER ONE

#### THE REAL SECTOR

7

<b>Output</b> .....	<b>8</b>
Sectoral Developments .....	9
Industrial Production Index (IPI) .....	15
<b>Labor Market</b> .....	<b>16</b>
Unemployment .....	16
Employment .....	17
Total Labor Force (Employed and Unemployed) .....	18
<b>Prices</b> .....	<b>19</b>
The GDP Deflator .....	20
Consumer Price Index (CPI) .....	20
<b>Output, Employment and Prices Policies</b> .....	<b>22</b>

### CHAPTER TWO

#### MONEY, BANKING AND FINANCIAL MARKETS

25

<b>Central Bank of Jordan and Monetary Policy</b> .....	<b>26</b>
Interest Rates on Key Monetary Policy Instruments .....	26
Exchange Rate and Foreign Reserves .....	27
Domestic Liquidity .....	27
Balance Sheet of the CBJ .....	29
Banking Legislations and Measures of the CBJ .....	30
<b>Licensed Banks' Operations</b> .....	<b>31</b>
Consolidated Balance Sheet of Licensed Banks .....	32
Deposits Structure at Licensed Banks .....	33
Credit Facilities .....	34

## CHAPTER TWO, Continued

Licensed Banks' Interest Rates .....	35
The Jordanian Bank's Activities in the Palestinian Territories .....	36
<b>Insurance Companies .....</b>	<b>36</b>
<b>Amman Stock Exchange .....</b>	<b>37</b>
<b>Other Financial Institutions .....</b>	<b>40</b>
Deposit Insurance Corporation .....	40
Jordan Loans Guarantee Corporation .....	40
Jordan Mortgage Refinance Company (JMRC) .....	41
Social Security Investment Fund (SSIF) .....	41

## CHAPTER THREE

<b>PUBLIC FINANCE SECTOR .....</b>	<b>43</b>
<b>General Budget .....</b>	<b>44</b>
Public Revenues .....	44
Domestic Revenues .....	45
Foreign Grants .....	47
Public Expenditures .....	47
Current Expenditures .....	48
Capital Expenditures .....	49
Fiscal Deficit /Surplus .....	50
<b>Own – Budget Agencies .....</b>	<b>50</b>
<b>Public Debt .....</b>	<b>51</b>
Net Domestic Public Debt .....	52
External Public Debt .....	54
<b>Fiscal Measures and Legislations .....</b>	<b>56</b>

## CHAPTER FOUR

<b>THE EXTERNAL SECTOR .....</b>	<b>59</b>
<b>External Trade .....</b>	<b>60</b>
Total Merchandize Exports .....	60
Merchandize Imports .....	63

## CHAPTER FOUR, Continued

Commodity Terms-of-Trade .....	66
<b>Balance of Payments .....</b>	<b>66</b>
Current Account .....	67
Capital and Financial Account .....	68
<b>International Investment Position .....</b>	<b>68</b>
External Assets .....	69
External Liabilities .....	69
<b>Aqaba Port Activity .....</b>	<b>69</b>

## STATISTICAL TABLES ANNEX

<b>CONTENTS OF THE STATISTICAL TABLES ANNEX</b>	<b>73</b>
<b>The Real Sector.....</b>	<b>75</b>
<b>Money, Banking and Financial Markets .....</b>	<b>83</b>
<b>Public Finance Sector .....</b>	<b>96</b>
<b>The External Sector .....</b>	<b>105</b>

## FINANCIAL STATEMENTS

<b>FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT</b>	<b>115</b>
<b>Independent Auditor's Report .....</b>	<b>116</b>
<b>Statement of Financial Position.....</b>	<b>118</b>
<b>Statement of Income .....</b>	<b>120</b>
<b>Statement of Comprehensive Income.....</b>	<b>121</b>
<b>Statement of Changes in Capital and Reserves.....</b>	<b>122</b>
<b>Statement of Cash Flows.....</b>	<b>123</b>
<b>Notes to the Financial Statements .....</b>	<b>124</b>



## SUMMARY OF ECONOMIC DEVELOPMENTS IN 2015

The deepening political unrest in the region has led to a near complete closure of the borders with Iraq and Syria, resulting in deterioration of most economic indicators primarily external sector indicators including; less domestic exports and declining of travel receipts and foreign direct investment (FDI) flows. Accordingly, economic growth slowed down to grow by 2.4 percent in 2015 compared with 3.1 percent in 2014. The general price level measured by the consumer price index (CPI) registered a deflation of 0.9 percent, owing to the falling of food and energy prices. The budget deficit (including grants) widened by 1.2 percentage points to reach 3.5 percent of GDP, against 2.3 percent in the previous year. In addition, the current account deficit reached to 8.9 percent of GDP up from 7.3 percent of GDP in 2014.

On the monetary and banking front, the CBJ succeeded in preserving a stable environment for saving and investment. Most of monetary indicators displayed a positive signs of improvement in 2015, particularly the comfortable level of foreign reserves which reached to USD 14.2 billion, as well as the decline in dollarization which reflects the increasing demand on Jordanian dinar against other currencies.

### Real Sector

Notwithstanding the exacerbating of political and social turmoil in neighboring countries, which tremendously affected the performance of many vital economic sectors; the national economy managed to register a growth rate of 2.4 percent in 2015, compared with a growth of 3.1 percent in 2014, that is similar to the average growth rates of the Middle East and North Africa (MENA) countries.

The growth in the national economy was driven by comprehensive improvements in the majority of the economic sectors, in particular; "finance, insurance, real estate and business services", "transport, storage and communications", "mining and quarrying", manufacturing, and agriculture sectors, which collectively, contributed by 1.8 percentage points (or 75.0 percent) to overall growth rate of GDP; which implies the diversity of the economic growth sources in the Kingdom.

According to the General Population and Housing Census of 2015, and the consequent amendments on the population for the previous years; population growth rate amounted to 7.9 percent, as an outcome for the massive influx of Syrian refugees, followed by a notable contraction by 5.4 percent in real GDP per capita to reach JD 1,197.4 in 2015.

The unemployment rate amongst Jordanians rose by 1.1 percentage points to reach 13.0 percent in light of the structural imbalances in the labor market, and the low paid foreign labor, particularly; Syrian workers, which took over a large portion of newly created job opportunities in the economy.

Taking into consideration the dramatic decline in international oil prices and the prices of related commodities and services in the global markets; the general price level, measured by the percentage change in the CPI, witnessed a contraction by 0.9 percent, compared with a growth of 2.9 percent in 2014.

As for the legislative framework; the government endorsed a set of significant measures and legislations to strengthen the investment environment and stimulate economic growth.

Jordan's ranking in the Global Competitiveness Report, issued by the World Economic Forum, stabilized in 2015 at the rank of 64th out of 140 countries included in the report. This was attributed to the improvements in some indicators, predominantly; market size, infrastructure, microeconomic stability, and falling behind by other indicators, such as; health and primary education, and financial market efficiency.

## Monetary, Banking and Financial Sector

The monetary policy of the CBJ in 2015 evolved in line with domestic and external

developments to ensure and maintain monetary stability and enhance the general confidence in the saving and investment environment in the Kingdom. The monetary policy has been further modulated to raise the efficiency of utilizing the available liquidity within the banking system and steering it to the private sector lending with the aim of fostering economic growth. In February 2015, the CBJ applied the second revision of its monetary policy operational framework through upgrading its monetary policy tools in a manner that helps banks to enhance their ability to effectively and efficiently manage their liquidity to satisfy their operational needs adequately, as well as fulfilling the financing needs of different economic sectors. The introduction of a key interest rate **“the CBJ main Rate”** was the main amendment to the CBJ's monetary policy in 2015; this rate represents the benchmark rate by which other policy rates will be determined. In addition, one week certificates of deposit in Jordanian dinar were issued with different volumes determined according to the CBJ's monetary policy stance.

During the year and based on the continuing positive developments in monetary indicators, the CBJ's monetary policy remained accommodative. Foreign reserves amounted to \$ 14.2 billion and the dollarization rate continued to decline reflecting the increasing demand for the Jordanian dinar as a saving instrument relative to other foreign currencies.

Therefore, interest rates were brought down twice in 2015 by 125 basis points for the overnight deposit window and 50 basis points for all other policy rates.

The licensed banks' operations displayed a credit expansion by 9.5 percent to reach JD 21,103.5 million, and a growth in total deposits by 7.7 percent to reach JD 32,598.5 million. The increase in deposits is attributed to the increase in JD deposits by JD 2,001.4 million (8.3 percent) and the increase in foreign currency deposits by JD 336.1 million (5.4 percent).

The market rates on deposits declined at a faster pace than the market rates on credit facilities. Subsequently, the interest rate margin, measured by the difference between the rate on “loans and advances” and the rate on “time deposits”, has widened by 45 basis points to reach 518 basis points compared with 473 basis points in 2014.

Furthermore, the CBJ introduced a considerable set of measures to organize banks operations, improve their ability to finance economic activities, and to ensure and strengthen the soundness of the banking sector. The CBJ also dedicated intensive efforts to streamline financing to microfinance companies as well as Small and Medium Enterprises (SMEs) at preferable interest rates and appropriate maturities.

## **Public Finance Sector**

In light of the completion of the national fiscal and economic reform program (2012-2015), and the disciplined fiscal policy

adopted by the government accompanied by the plunge in oil prices, the government succeeded in reducing the budget deficit (including grants) to reasonable levels, due to the improved structure of public spending, through curbing current spending and gradually reducing its ratio to GDP to reach 24.9 percent in 2015, boosting capital spending, and additional efforts to support and enhance tax administration.

The fiscal deficit (including grants) increased by 1.2 percentage points to reach 3.5 percent of GDP in 2015, compared to a deficit of 2.3 percent of GDP in 2014. Public revenues (including grants) dropped by 6.5 percent during 2015 compared to their level in 2014, mainly due to the decline in foreign grants, and in the proceeds of taxes on goods and services. Moreover, public expenditures, both current and capital, were down by 1.6 percent during 2015 compared to their level in 2014.

Owing to the central bank's efforts since 2013 to lower interest rates on its monetary policy instruments by a total of 250 basis points, interest rates on new public debt instruments issuances declined, as a result, interest payments for budgetary central government on internal debt declined by JD 85.0 million, compared to their estimated level in the General Budget Law for the year 2015, to reach JD 710.0 million.

The outstanding balance of net public debt, increased by 5.0 percentage points of GDP, to reach JD 22,847.5 million (85.8 percent of GDP) at the end of 2015. Gross

public debt reached JD 24,876.5 million (93.4 percent of GDP). This increase was an outcome of financing the central government's budget deficit, as well as guaranteed loans for the National Electric Power Company (NEPCO) and the Water Authority of Jordan (WAJ), in addition to the economic slowdown during the year 2015. It's noteworthy, that these utilities' indebtedness reached JD 6.7 billion at the end of 2015.

### External Sector

A number of risks manifested in 2015, the closure of land trade routes with Syria and Iraq and the deepening instability in the region adversely impacted many external sector indicators such as trade, tourism and direct investment. However, the drop in international oil prices helped reduce the energy imports bill significantly by 40.6 percent, which in turn contributed to the overall decline in total imports and the trade balance deficit by 11.4 percent and 14.0 percent, respectively. In light of these developments, the current account deficit (excluding grants) narrowed down to 11.9 percent of GDP compared to 12.6 percent of GDP during 2014.

On the other hand, the current account deficit (including grants) increased to reach JD 2,365.6 million (8.9 percent of GDP) during 2015, compared to JD 1,851.7 million (7.3 percent of GDP) during 2014. This deterioration was mainly attributed to the decline in total exports by 6.6 percent, the decline in the surplus registered in services

by 27.7 percent (which was affected by the decline in travel receipts by 7.1 percent), in addition to the decline in the surplus registered in current transfers due to the decrease in foreign grants.

Capital and financial transactions with the rest of the world resulted in a net inflow of JD 1,593.7 million during 2015, compared to an inflow of JD 909.0 million in 2014, derived by the increase in the claims of the Kingdom to the rest of the world. Among these claims, FDI registered a net inflow of JD 904.4 million, while portfolio investments recorded an inflow of JD 918.4 million, mainly due to the issuance of sovereign Eurobonds in an amount of USD 2.0 billion. Moreover, loans disbursements increased by JD 545.3 million, due to the use of the International and Arab Monetary Funds (IMF and AMF) credit facilities. As an outcome of these developments, the overall balance of the balance of payments registered a surplus of JD 328.7 million in 2015, compared with a surplus of JD 1,550.7 million in 2014.

Further, net international investment position (IIP) witnessed an increase in the Kingdom's net obligations to abroad; to reach JD 24,357.5 million, compared to a net obligation of JD 22,578.8 million at the end of 2014 as a result of the increase in the stock of external financial assets and liabilities of all resident economic sectors to reach JD 18,657.9 million and JD 43,015.5 million; respectively.



**Main Economic Indicators**  
2011 - 2015, JD Million

	2011	2012	2013	2014	2015
<b>Population (In Million)</b>	6,993	7,427	8,114	8,804	9,532
<b>Unemployment Rate (%)</b>	12.9	12.2	12.6	11.9	13.0
<b>Output and Prices</b>					
Gross National Product (GNP) at Current Market Prices	20,288.8	21,690.0	23,611.2	25,141.2	26,289.6
Gross Domestic Product (GDP) at Current Market Prices	20,476.6	21,965.5	23,851.6	25,437.1	26,637.4
Growth Rate of GDP at Constant Market Prices (%)	2.6	2.7	2.8	3.1	2.4
Gross National Disposable Income (GNDI) at Current Prices	23,743.5	24,774.9	28,424.5	30,302.1	30,234.7
Growth Rate of GNDI at Constant Market Prices (%)	4.7	-0.2	8.6	3.1	-2.4
Change in the Consumer Price Index (%)	4.2	4.5	4.8	2.9	-0.9
Change in GDP Deflator (%)	6.4	4.5	5.6	3.4	2.3
<b>Money and Banking</b>					
JD Exchange Rate against USD	1.410	1.410	1.410	1.410	1.410
Money Supply (M2)	24,118.9	24,945.2	27,363.4	29,240.4	31,605.5
Net Foreign Assets of the Banking System	9,370.1	6,665.5	6,923.4	7,932.3	8,137.3
Net Domestic Assets of the Banking System	14,748.8	18,279.7	20,440.0	21,308.1	23,468.2
Claims on Government (Net)	6,701.4	9,461.3	10,494.8	10,473.9	11,386.4
Claims on Private Sector (Resident)	14,925.0	15,953.6	17,222.5	17,852.8	18,704.5
Other Items (Net) (1)	-6,877.6	-7,135.2	-7,277.3	-7,018.5	-6,622.7
JD Deposits at Banks	19,119.1	17,711.1	21,003.0	24,013.1	26,014.5
Foreign Currency (F.C.) Deposits at Banks	5,258.8	7,258.6	6,590.2	6,247.9	6,584.0
Re-discount Rate (%)	4.50	5.00	4.50	4.25	3.75
Interest Rate on 6-Month Treasury Bills (%)	3.232	3.788	-	-	-

(1) : Include claims on public entities, claims on financial institutions, and other items (net) as shown in the Monetary Survey Table.

**Main Economic Indicators (Contd.)**  
2011 - 2015, JD Million

	2011	2012	2013	2014	2015
<b>Public Finance</b>					
Total Revenues and Grants	5,413.9	5,054.2	5,758.9	7,267.6	6,796.4
Percent of GDP (%)	26.4	23.0	24.1	28.6	25.5
Total Expenditures	6,796.6	6,878.2	7,077.1	7,851.1	7,722.9
Percent of GDP (%)	33.2	31.3	29.7	30.9	29.0
Overall Deficit/ Surplus (on a commitment basis)	-1,382.7	-1,824.0	-1,318.2	-583.5	-926.5
Percent of GDP (%)	-6.8	-8.3	-5.5	-2.3	-3.5
Net Outstanding Domestic Public Debt	8,915.0	11,648.0	11,863.0	12,525.0	13,457.0
Percent of GDP (%)	43.5	53.0	49.7	49.2	50.5
Outstanding External Public Debt <sup>(2)</sup>	4,486.8	4,932.4	7,234.5	8,030.1	9,390.5
Percent of GDP (%)	21.9	22.5	30.3	31.6	35.3
<b>External Trade and Balance of Payments</b>					
Current Account	-2,098.8	-3,344.9	-2,487.7	-1,851.7	-2,365.6
Percent of GDP (%)	-10.2	-15.2	-10.4	-7.3	-8.9
Trade Balance	-6,261.7	-7,486.6	-8,270.1	-8,495.6	-7,249.3
Percent of GDP (%)	-30.6	-34.1	-34.7	-33.4	-27.2
Merchandise Exports (FOB)	5,684.5	5,599.5	5,617.9	5,953.6	5,558.3
Merchandise Imports (FOB) <sup>(3)</sup>	11,946.2	13,086.1	13,888.0	14,449.2	12,807.6
Services Account (Net)	896.0	1,332.3	1,209.5	1,778.9	1,286.4
Income Account (Net)	-187.8	-275.5	-240.4	-295.9	-347.8
Current Transfers (Net)	3,454.7	3,084.9	4,813.3	5,160.9	3,945.1
Capital and Financial Account (Net) , (o/w)	2,298.9	3,808.9	1,811.1	908.9	1,593.7
Foreign Direct Investment in Jordan (Net)	1,055.0	1,074.3	1,281.2	1,426.7	905.1

Sources : Monthly Statistical Bulletin / Central Bank of Jordan.

(2) : Figures represent disbursed loans minus repayments.

(3) : Excluding imports of non-residents.

## CHAPTER ONE

### THE REAL SECTOR

Notwithstanding the exacerbating of political and social turmoil in neighboring countries, which tremendously affected the performance of many vital economic sectors; the national economy managed to register a growth rate of 2.4 percent in 2015, compared with a growth of 3.1 percent in 2014, that is similar to the average growth rates of the Middle East and North Africa (MENA) countries.

The growth in the national economy was driven by comprehensive improvements in the majority of the economic sectors, in particular; "finance, insurance, real estate and business services", "transport, storage and communications", "mining and quarrying", manufacturing, and agriculture sectors, which collectively, contributed by 1.8 percentage points (or 75.0 percent) to overall growth rate of GDP; which implies the diversity of the economic growth sources in the Kingdom.

According to the General Population and Housing Census of 2015, and the consequent amendments on the population for the previous years; population growth rate amounted to 7.9 percent, as an outcome for the massive influx of Syrian refugees, followed by a notable contraction by 5.4 percent in real GDP per capita to reach JD 1,197.4 in 2015.

The unemployment rate amongst Jordanians rose by 1.1 percentage points to reach 13.0 percent in light of the structural imbalances in the labor market, and the low paid foreign labor, particularly; Syrian workers, which took over a large portion of newly created job opportunities in the economy.

Taking into consideration the dramatic decline in international oil prices and the prices of related commodities and services in the global markets; the general price level, measured by the percentage change in the Consumer Price Index (CPI), witnessed a contraction by 0.9 percent, compared with a growth of 2.9 percent in 2014.

As for the legislative framework; the government endorsed a set of significant measures and legislations to strengthen the investment environment and stimulate economic growth.

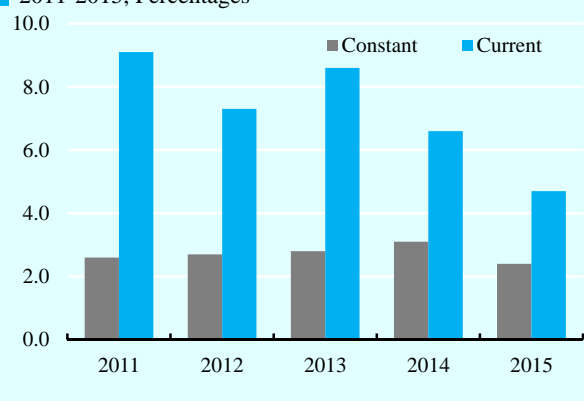
Jordan's ranking in the Global Competitiveness Report, issued by the World Economic Forum, stabilized in 2015 at the rank of 64<sup>th</sup> out of 140 countries included in the report. This was attributed to the improvements in some indicators, predominantly; market size, infrastructure, microeconomic stability, and falling behind by other indicators, such as; health and primary education, and financial market efficiency.

## Output

As a result of the deepening of political and social unrest in the region, Gross Domestic Product (GDP), at constant market prices, experienced a slowdown during 2015. It grew by 2.4 percent, compared to 3.1 percent in 2014, to reach JD 11,413.2 million. When excluding the "net taxes on products", the GDP at constant basic prices grew by 2.6 percent, compared with a growth rate of 3.2 percent in 2014. This slowdown was an outcome of the divergent performance of various economic sector. The "mining and quarrying", "electricity and water", "finance and insurance services", agriculture, manufacturing, and trade sectors displayed improvements in their performance, while, the construction and "restaurants and hotels" showed a contraction.

### Growth Rate of GDP at Market Prices

2011-2015, Percentages



The GDP deflator, which reflects the prices of goods and services domestically produced, grew by 2.3 percent compared

with 3.4 percent in 2014. Consequently, the GDP at current market prices grew by 4.7 percent to reach JD 26,637.4 million. Given the registered deficit of the "net factor income from abroad" amounting JD 347.8 million, Gross National Product (GNP), at current market prices, grew by 4.6 percent, amounted of JD 26,289.6 million. Further, when adding the "other net current transfers from abroad", which contracted by 23.6 percent to stand at JD 3,945.1 million, Gross National Disposable Income (GNDI), at current market prices, contracted by 0.2 percent to reach JD 30,234.7 million.

### Economic Growth Rates at Current and Constant Prices <sup>(1)</sup>

2012 - 2015, Percentages

	2012	2013	2014	2015
<b>At Current Prices</b>				
GDP	7.3	8.6	6.6	4.7
GNP*	6.9	8.9	6.5	4.6
GNDI**	4.3	14.7	6.6	-0.2
<b>At Constant Prices (1994=100)</b>				
GDP	2.7	2.8	3.1	2.4
GNP	2.3	3.1	2.9	2.2
GNDI	-0.2	8.6	3.1	-2.4

\* : Represents Gross Domestic Product plus net factor income from abroad.

\*\* : Represents Gross National Product plus net other current transfers from abroad.

(1): Preliminary.

In the light of the General Population and Housing Census of 2015, and the consequent amendments upon the population for the previous years, taking into account the numbers of refugees, the per capita GDP ,at

current market prices, was recalculated and displayed a contraction by 3.3 percent to stand at JD 2,795 (US\$ 3,941.5).

**Population and per capita-income, in accordance with various measures of national accounts**  
2012 - 2015, Percentages

	2012	2013	2014	2015
Population (million)	7,427	8,114	8,804	9,532
Growth rate	6.0	8.8	8.2	7.9
Per capita GDP in constant prices (JD)	1,416	1,333	1,266	1,197
Growth rate	-3.3	-5.9	-5.0	-5.4
Per capita GDP in current prices (JD)	2,958	2,940	2,889	2,795
Growth rate	1.0	-0.6	-1.7	-3.3
Per capita GNP in current prices (JD)	2,920	2,910	2,856	2,758
Growth rate	0.7	-0.4	-1.9	-3.4
Per capita GNI in current prices (JD)	3,336	3,503	3,442	3,172
Growth rate	-1.8	5.0	-1.7	-7.8

Sources : - Department of Statistics.

- Monthly Statistical Bulletin / Central Bank of Jordan.

## □ Sectoral Developments

Positive growth rates were experienced in 2015 in all economic sectors of the GDP, at constant market prices, ranging between 11.0 percent for "mining and quarrying" sector and 0.1 percent for "domestic services of households" sector. While, the performance of the construction and "restaurants and hotels" sectors witnessed a contraction by 1.3 percent and 3.3 percent, respectively. As for the "net taxes on products", it registered a growth rate of 1.2 percent.

Commodity-producing sectors witnessed a notable slowdown, which grew by 2.5 percent, compared with a growth rate of 4.3 percent in 2014. Meanwhile, service-producing sectors experienced a growth rate of 2.6 percent, compared with 2.7 percent in

2014. Accordingly, the relative importance of these sectors was almost maintained, which amounted of 33.7 percent for commodity-producing sectors, and 66.3 percent for the service-producing sectors. The highest share of GDP growth rate, at constant basic prices, continues to be captured by the service-producing sectors in 2015, with a contribution of 1.8 percentage points (out of real growth rate of 2.6 percent), compared with contribution of 0.8 percentage point achieved by the commodity-producing sectors.

**The Growth Rates of Economic Sectors at Constant Basic Prices <sup>(1)</sup>**

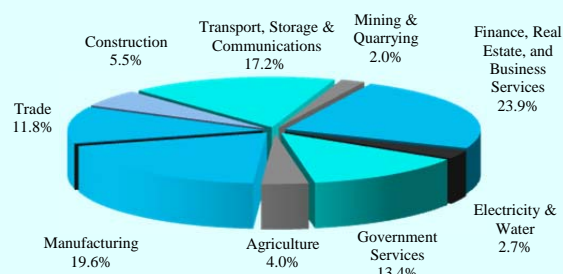
2012 - 2015, Percentages

	2012	2013	2014	2015
Agriculture, hunting, forestry and fishing	-9.4	-3.5	7.6	5.0
Mining and quarrying	-17.1	-10.9	27.6	11.0
Manufacturing	2.3	1.9	1.5	1.3
Electricity and water	6.6	0.8	3.3	10.9
Construction	-1.0	8.7	6.8	-1.3
<b>Total commodity- producing sectors</b>	<b>-0.5</b>	<b>1.6</b>	<b>4.3</b>	<b>2.5</b>
Trade, restaurants and hotels	6.8	3.2	3.7	0.7
Transport, storage and communications	4.1	4.0	1.6	3.1
Finance, real estate and business services	5.2	4.0	2.5	3.4
Social and personal services	5.9	5.7	4.7	4.0
Producers of government services	3.0	2.4	2.3	2.3
Producers of private non-profit services to households	3.0	6.3	7.0	5.7
Domestic services of households	0.5	0.1	0.1	0.1
<b>Total service-producing sectors</b>	<b>4.2</b>	<b>3.3</b>	<b>2.7</b>	<b>2.6</b>
<b>GDP at constant basic prices</b>	<b>2.5</b>	<b>2.8</b>	<b>3.2</b>	<b>2.6</b>

Source : Department of Statistics.

(1) : Preliminary.

### The Relative Importance of Economic Sectors to GDP at Constant Basic Prices, 2015



### The Relative Importance of Economic Sectors to GDP at Constant Basic Prices<sup>(1)</sup>

2012 - 2015, Percentages

	2012	2013	2014	2015
Agriculture, hunting, forestry and fishing	4.0	3.7	3.9	4.0
Mining and quarrying	1.7	1.5	1.8	2.0
Manufacturing	20.1	20.1	19.8	19.6
Electricity and water	2.6	2.5	2.5	2.7
Construction	5.3	5.6	5.8	5.5
<b>Total commodity-producing Sectors</b>	<b>33.7</b>	<b>33.4</b>	<b>33.8</b>	<b>33.7</b>
Trade, restaurants and hotels	11.9	11.9	12.0	11.8
Transport, storage and communications	17.2	17.4	17.1	17.2
Finance, real estate and business services	23.6	23.9	23.7	23.9
Producers of government services	13.7	13.5	13.5	13.4
Other services	-	-	-	-
<b>Total service-producing sectors</b>	<b>66.3</b>	<b>66.6</b>	<b>66.2</b>	<b>66.3</b>
<b>GDP at Constant basic prices</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

(1) : Preliminary.  
Based on the Department of Statistics data.  
- : Less than 0.1 percentage point.

## • Developments in Commodity-Producing Sectors during 2015:

- **Industry:** The industrial sector, including manufacturing and "mining and quarrying" sectors, grew by 2.1

percent against a growth of 3.3 percent in 2014. Correspondingly, its contribution to overall GDP growth rate, at constant basic prices, contracted by 0.2 percentage point to stand at 0.5 percentage point. Whereas, the sector's relative importance maintained its registered level which amounted to 21.6 percent in 2014. This decelerated growth was an outcome of the following:

- **The slowdown in "mining and quarrying" sector**, which grew by 11.0 percent, compared with a growth of 27.6 percent in 2014. Therefore, its contribution to overall GDP growth rate at constant basic prices declined to 0.2 percentage point, compared with 0.4 percentage point in 2014. This slowdown was mainly generated by the slackening growth of production quantities of phosphate (16.2 percent) and potash (12.9 percent) against a growth of 34.8 percent and 20.7 percent respectively in 2014.
- **The slowdown in manufacturing sector**, which grew by 1.3 percent, compared with 1.5 percent in 2014. However, it maintained its contribution to the overall GDP growth rate, at constant basic prices which amounted to 0.3 percentage point recorded in 2014. This slackening was attributed to the political and security instability in neighboring countries and the

implications of almost completed closure of borders with Syria and Iraq, and the decline in exports to those countries, accompanied by the contraction in the balance of credit facilities by 15.2 percent in 2015.

As for the industrial investments' statements at the Amman Stock Exchange (ASE); it stated that none of the industrial public shareholding companies and newly established ones made any public shareholding offering in 2015, for the fourth successive year. Whereas, four existing industrial companies raised their capital (through capitalization and public offering) by a total amount of JD 20.6 million, compared with three companies in 2014 which raised their capital by JD 23.6 million.

**Main Indicators of the Industrial Sector**  
2012 - 2015

	2012	2013	2014	2015
Value added at current prices (JD million)	4,356.9	4,638.3	4,931.3	5,113.1
Growth rate at constant prices (%)	0.5	0.9	3.3	2.1
The deflator of the industrial sector (1994= 100)	223.6	235.8	242.8	246.4
Industrial exports (JD million)*	3,962.9	3,911.9	4,196.6	3,874.9
"Mining & quarrying" and manufacturing production quantity index (1999=100)	148.3	151.4	154.0	153.8
Number of registered industrial companies	2,172	2,263	2,179	1,891
Capital of registered industrial companies (JD million)	60.1	163.3	58.2	49.1
Outstanding credit facilities extended by licensed banks (JD million)	2,588.7	2,813.7	2,727.3	2,316.0

Source : Monthly Statistical Bulletin / Central Bank of Jordan.

\* : Domestic exports excluding agricultural exports.

o **Agriculture:** The value added by this sector, at constant prices, showed a deceleration by 5.0 percent, compared with a growth of 7.6 percent in 2014. Thus, its contribution to overall GDP growth rate, at constant basic prices, grew by 0.2 percentage point. Likewise, the sector's relative importance in GDP improved by 0.1 percentage point to reach 4.0 percent in 2015.

**Main Indicators of the Agricultural Sector**  
2012 - 2015

	2012	2013	2014	2015
Value added at current prices (JD million)	604.5	713.7	845.4	566.1
Growth rate at constant prices (%)	-9.4	-3.5	7.6	5.0
The deflator of the agricultural sector (1994= 100)	172.8	211.5	232.9	257.2
Quantity index of agricultural exports (1994= 100)	263.9	296.3	303.4	296.7
Price index of agricultural exports (1994= 100)	329.9	334.5	344.5	341.7
Number of registered agricultural companies	707	687	751	720
Capital of registered agricultural companies (JD million)	35.3	29.3	30.4	12.5
Outstanding credit facilities extended by licensed banks (JD million)	254.9	235.7	243.4	217.1

Source: Monthly Statistical Bulletin / Central Bank of Jordan.

The declaration in the agriculture sector performance (both plant and livestock) was induced by the unfavorable weather conditions during various times in 2015, vulnerability towards closing borders with some neighboring countries due to the unrest in the region, which was reflected by a contraction in agricultural exports by 4.8

percent. In addition, the balance of credit facilities granted to the agriculture sector contracted by 10.8 percent, compared to a growth of 3.3 percent in 2014. The granted loans by the Agricultural Credit Corporation (ACC), meanwhile, increased by 7.5 percent amounting of JD 37.1 million.

o **Construction:** A contraction in the sector's performance was displayed by 1.3 percent, compared with a growth of 6.8 percent in 2014. Therefore; its contribution to overall GDP growth rate, at constant basic prices, contracted by 0.1 percentage point against a positive contribution of 0.4 percentage point in 2014. Similarly, the sector's relative importance in GDP declined by 0.3 percentage point to stand at 5.5 percent. Hereby, some indicators that demonstrate the contraction of the construction sector as follows:

- The contraction in licensed areas for building by 12.5 percent, compared with a growth of 7.2 in 2014.
- The contraction in the number of permits by 9.6 percent against a growth of 8.1 percent in 2014.
- The contraction in the index for cement production quantities by 14.7 percent against a growth of 9.7 percent in 2014.
- The slowdown in the growth of credit facilities extended to the

construction sector which grew by 7.7 percent, compared with 11.4 percent in 2014.

#### Main Indicators of Construction Sector 2012 - 2015

	2012	2013	2014	2015
Value added at current prices (JD million)	961.7	1,060.6	1,140.0	844.4
Growth rate at constant prices (%)	-1.0	8.7	6.8	-1.3
The deflator of the construction sector (1994= 100)	206.4	209.4	210.8	217.2
Outstanding credit facilities extended by licensed banks (JD million)	3,682.6	4,086.4	4,552.8	4,904.5
Number of registered construction companies	241	217	224	148
Capital of registered construction companies (JD million)	16.3	10.3	11.1	7.7
Index for cement production quantities (1999= 100)	45.0	37.0	40.6	34.6
Number of permits (permit)	32,466	36,601	39,578	35,775
Licensed areas for building (thousands of sq.m.)	12,907	13,985	14,992	13,123

Source : Monthly Statistical Bulletin / Central Bank of Jordan.

Regarding the Housing and Urban Development Corporation (HUDC) activities during 2015, the corporation implemented five land development projects (serviced land units) with a total cost estimated by JD 3.6 million, one of these projects was accomplished with a total cost of JD 1.8 million.

Under the royal initiative "Decent House for Decent living", around 2500 residential apartments have commercialized in 2015, of which 2300 apartments assigned for the Ministry of



Education, bringing out the number of apartments that were sold and allocated to 8400 apartments (99 percent of the entire apartments) till the end of 2015.

- o **Electricity and Water:** The "electricity and water" sector displayed a significant recovery in 2015, with an improvement of 10.9 percent, compared with a growth of 3.3 percent in 2014. Accordingly, its contribution to overall GDP growth rate at constant prices increased by 0.2 percentage point to stand at 0.3 percentage point. Also, its relative importance to GDP increased by 0.2 percentage point to amount 2.7 percent. This improvement, partially, was generated from the growth of the quantity production index of electricity by 0.7 percent, compared with its stabilized performance in 2014, due to the growing demand on electricity; the "mining and quarrying" sectors, in particular. In addition to the positive influence gained from the decline in international oil prices which was reflected on the cost of electricity generation.

- **Developments in Service-Producing Sectors during 2015:**

- o **Transport, Storage and Communications:** The performance of this sector displayed an improvement by 3.1 percent compared with 1.6 percent in 2014. Thus, its contribution to overall GDP growth rate, at constant basic prices, increased by 0.2 percentage point to reach 0.5

percentage point. Similarly, the relative importance of this sector in GDP increased by 0.1 percentage point to stand at 17.2 percent in 2014. This growth was generated from continuous improvement in communications sub-sector, given the significant widespread in the communication service; the penetration rate of using mobile phones and internet services increased by 145 percent and 83 percent of total population, respectively. Meanwhile, the transport sub-sector continued to suffer from the repercussions of political and security instability in the region which resulted in borders closure with Syria and Iraq. Many indicators for this sub-sector displayed a significant decline in their performance, such as; number of passengers and cargo via Royal Jordanian Airlines, which contracted by 7.9 percent and 0.7 percent, respectively. Further, the contraction of the aggregate number of departures by 7.4 percent, accompanied by another contraction in the balance of credit facilities granted to transport sub-sector by 11.2 percent in 2015.

- o **Finance, Insurance, Real Estate and Business Services:** An improvement in performance by 3.4 percent was shown by this sector compared to 2.5 percent in 2014. Further, it continued to capture the biggest share of contribution to overall GDP growth rate, at constant basic prices, with an increasing by 0.2 percentage point to stand at 0.8 percentage point.

Likewise, its relative importance increased by 0.2 percentage point amounting to 23.9 percent. This growth was driven by "finance and insurance services" sub-sector which grew by 4.8 percent compared with 2.7 percent in 2014. Accordingly, this sub-sector's contribution to overall GDP, at constant basic prices, increased by 0.2 percentage point to reach 0.5 percentage point, as well as, its relative importance in GDP which grew by 0.2 percentage point to stand at 11.7 percent in 2015. As for the real estate sub-sector; it maintained its previous year performance with a growth rate of 2.1 percent in 2015. Consequently, this sub-sector preserved its contribution to overall GDP, at constant basic prices, and its relative importance in GDP with 0.3 percentage point and 12.1 percent, respectively, in 2015. The available indicators on this sub-sector indicated a contraction in the value traded at the real estate market by 2.0 percent compared with a growth of 22.4 percent in 2014, despite the increased number of sold apartments by 21.0 percent compared with 19.2 percent in 2014, given the Government's decision of broadening the exemption on the registration fees for the apartments and houses of 120 square meters to include 150 square meters of the apartment, which is sized 180 square meters or less, regardless of the identity of the seller. This decision is become effective starting June 2015.

o **Producers of Government Services:**

This sector maintained its performance by registering a growth rate of 2.3 percent. Further, its relative importance in GDP, at constant basic prices, almost remained unchanged at 13.4 percent. This growth was attributed to the increase of the compensation of government's employees by 1.9 percent, which is considered as indicator for the sector's performance.

o **Trade, Restaurants and Hotels:** This sector grew by 0.7 percent compared with 3.7 percent in 2014. Its relative importance in GDP, at constant basic prices, declined by 0.2 percentage point, to reach 11.8 percentage points. Examining the Sub-components of this sector; it is noted that "wholesale and retail trade", sub-sector, witnessed a deceleration in performance by 1.2 percent compared with 3.9 percent in 2014. Consequently, its relative importance in GDP was decreased by 0.1 percentage point to stand at 10.6 percent. Hereby, some indicators demonstrate the slackening in performance for this sub-sector:

- The sales tax revenue contracted by 1.1 percent compared with a growth of 11.0 percent in 2014.
- Deceleration in wholesale price index, which grew by 1.6 percent against a growth of 2.0 percent in 2014.

The "restaurants and hotels" sub-sector, it witnessed a contraction in its performance by 3.3 percent compared with

growth of 2.9 percent in 2014. Thus, it contributed negatively to overall GDP by 0.04 percentage point compared with a positive contribution of 0.04 percentage point in 2014. Further, the tourism income displayed a contraction by 7.1 percent compared with growth of 6.3 percent in 2014. In addition, credit facilities extended to this sub-sector decelerated by 3.8 percent against a growth of 13.5 percent in 2014.

**Main Indicators of Tourism Sector**  
2012 - 2015

	2012	2013	2014	2015
Number of arrivals (million)	6.3	5.4	5.3	4.8
Gross tourism income/GDP (%)*	13.1	12.3	12.2	10.8
Value added at current prices (JD million)**	1,441.8	1,461.5	1,553.3	1,443.1
Growth rate at constant prices (%)**	13.6	-3.2	3.6	-8.7
Outstanding credit facilities extended by licensed banks (JD million)	505.6	503.5	571.5	593.1
Number of hotels	496	519	536	558
Number of rooms (thousand)	24.7	26.4	27.1	27.6
Room occupancy ratio (%)	50.3	43.8	N.A	N.A
Employees in hotels (thousand)	15.4	18.3	18.6	19.1
Employees in tourism sector (thousand)	43.9	48.1	48.7	49.1

Sources : - Monthly Statistical Bulletin / Central Bank of Jordan.

- Ministry of Tourism and Antiquities.

\* : Gross tourism income according to the balance of payments data.

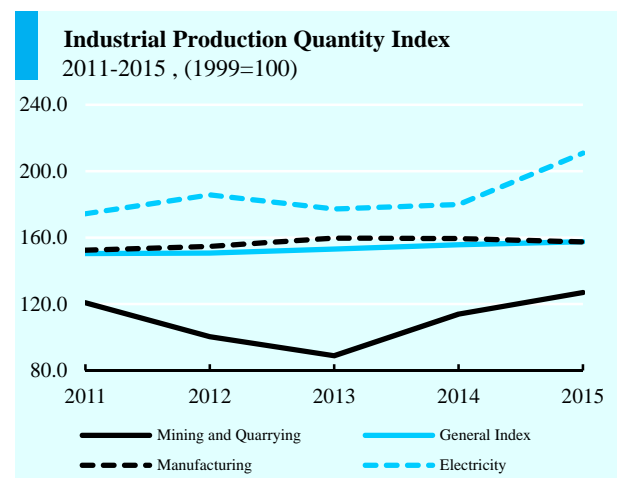
\*\* : CBJ estimates.

## Industrial Production Index (IPI)

The industrial production quantity index witnessed a slowdown in its

performance by 1.2 percent compared with growth of 1.7 percent in 2014. This slowdown was an outcome for the following:

- "Mining and quarrying" production quantity index declined by 11.4 percent compared with growth of 28.3 percent in 2014. This drop was a reflection of the decrease in the production quantity index of phosphate and potash with a growth of 10.9 percent and 12.9 percent respectively.
- The electricity production index grew by 17.2 percent compared with growth of 1.5 percent in 2014, resulted from the growing demand on electricity, in particular; mining industry.
- The manufacturing production quantity index declined by 1.2 percent compared with a contraction of 0.2 percent in 2014, given the drop in production quantity index of various items, prominently; "Wearing Apparel and Textiles", Furniture, "paper and its product", and Fertilizers (statistical appendix/ table4).

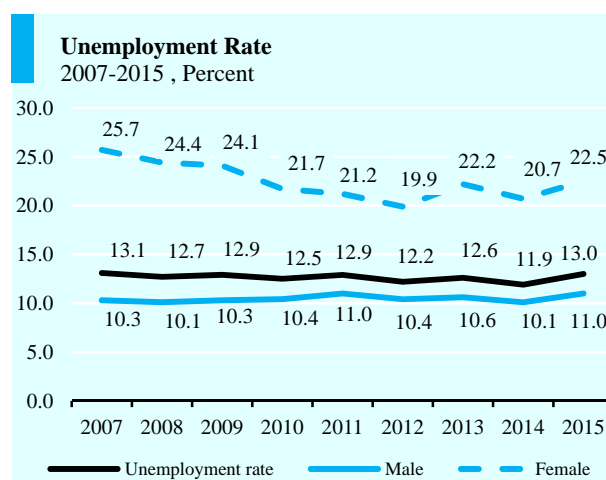


## Labor Market

Numerous structural imbalances at the demand and supply sides in the labor market. On the demand side; the labor market is facing obstacles in creating sufficient job opportunities to absorb new entrants to the labor market, in light of slow economic growth rates, public sectors' incapability of employing, and the divergent growth among provinces and its concentration in the capital governorate, Amman. As for the supply side; the labor market is suffering from a mismatch between the educational and training system outcomes and the market requirements coupled with the growing of unskilled, low-paid foreign labor (formal and informal) which has taken over, lately, enormous number of potential vacancies in the economy; crowding out Jordanian employment, given the upward numbers of Syrian refugees in the Kingdom. In addition to the Jordanian participation ratio in the labor market which considered one of the lowest rate in the worldwide, (not exceeding 40 percent of the total working-age population). These imbalances have resulted in a continuous recording of high unemployment rates, despite the exerted efforts made by the government towards this issue. Hereby, an analysis of prominent indicators of labor market in the Kingdom during 2015:

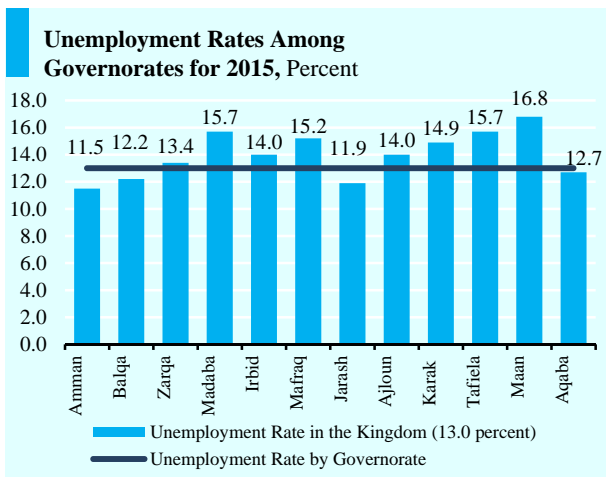
## Unemployment

The number of unemployed Jordanians in 2015 increased by 36 thousand to stand at 209.6 thousand (68.9 percent males and 31.1 females). Accordingly, the unemployment rate (the ratio of unemployed persons to the labor force) stood at 13.0 percent.

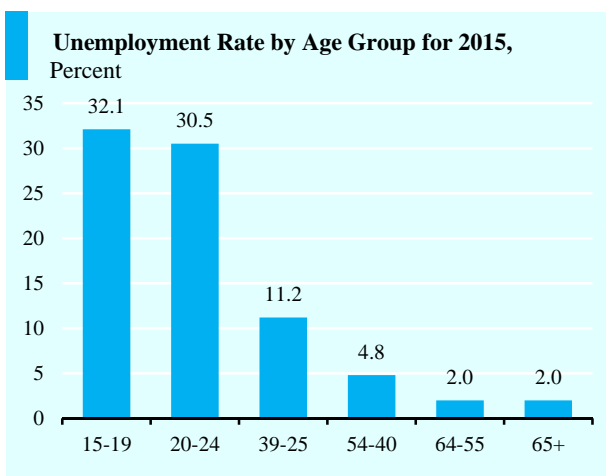


Further, the distribution of unemployment according to gender displayed the disparity between males and females remains high. Males' unemployment rate increased by 0.9 percentage point to stand at 11.0 percent in 2015. Whereas, females' unemployment rate, increased by 1.8 percentage points to reach 22.5 percent.

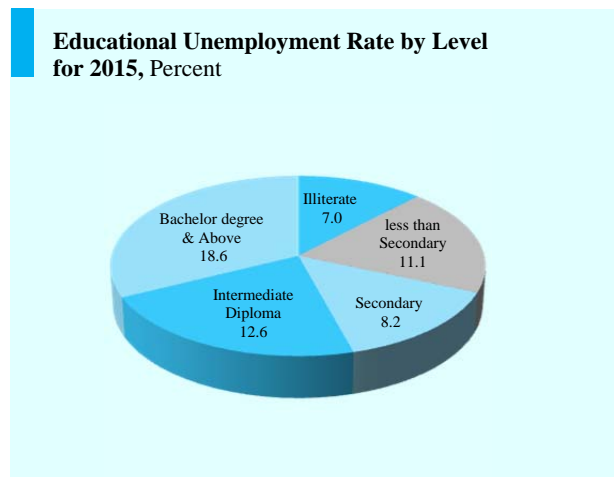
At the governorate level, the capital governorate Amman registered the lowest unemployment rate (11.5 percent), whereas, Ma'an governorate scored the highest unemployment rate with 16.8 percent. This disparity of unemployment rates among governorates reflected the disparity in development phases of these governorates.



As for the age category, the highest unemployment rate was among the age group (15-19) years by 32.1 percent. While, the unemployment rate decreased among older age groups to reach 2.0 percent.

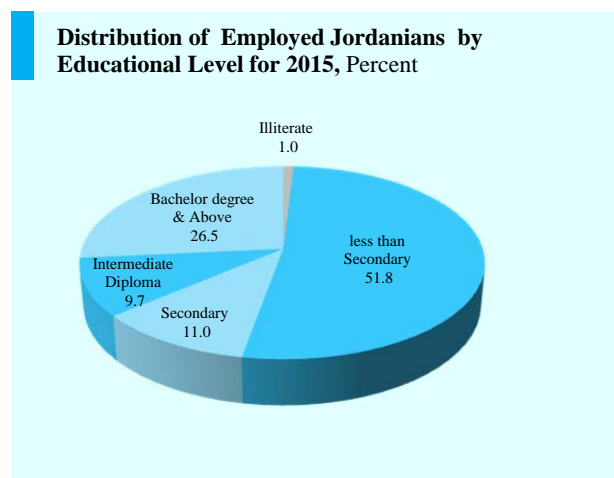


Regarding the educational level, the highest rate of unemployment was recorded among academic degree holders (Bachelor degree and higher) with 18.6 percent which reflects, partially, the mismatch between the outcomes of the educational and training system and the labor market requirements.

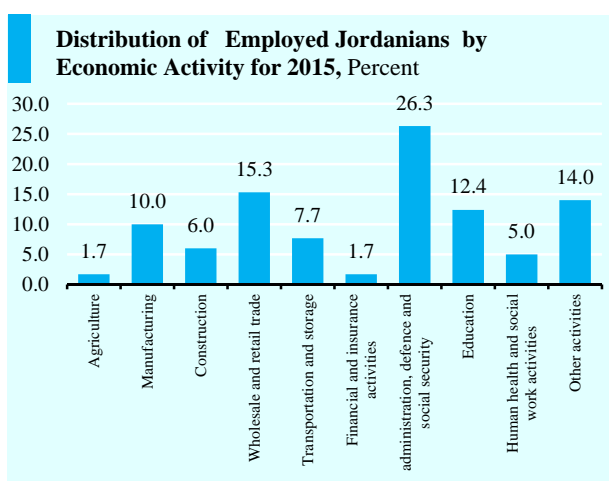


### □ Employment

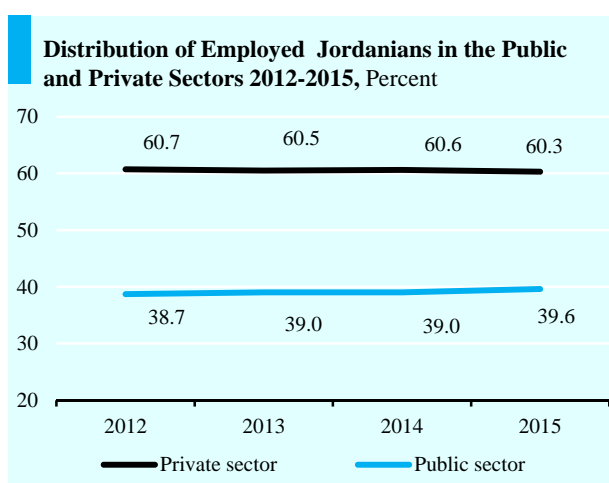
The number of employed Jordanians in 2015 increased by 111 thousand to stand at 1,398 thousand (83.9 percent for males and 16.1 percent for females). Accordingly, the employment rate; the ratio of employed persons to population aged 15 years and older, amounted for 31.9 percent. In terms of educational level, holders of secondary school degree (Tawjihi) or less accounted for 63.8 percent. Holders of academic degree (Bachelor degree or higher), meanwhile, amounted to 26.5 percent.



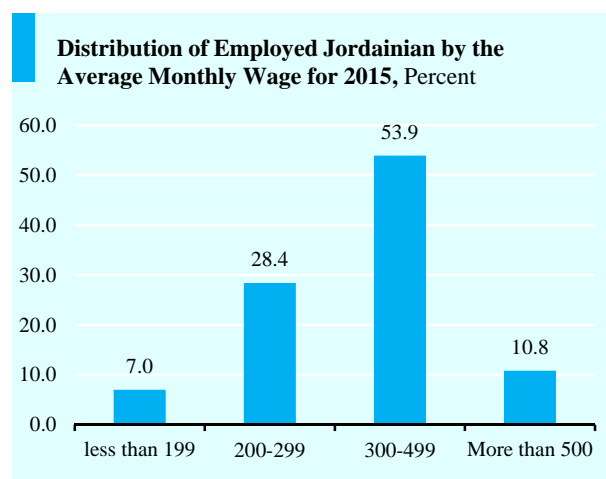
Regarding the sectoral aspect, service producing sectors is considered to be most prominent sector in employing Jordanian labor, particularly; "public administration, defence, and social security", "wholesale and retail trade", and education, which have collectively amounted for 54 percent from the total number of employed labor force.



It is worth mentioning that around 60.3 percent of the total employed labor force is assigned by the private sector. The public sector, meanwhile, preserved its high ratio of employing which amounted to 39.6 percent, especially, when compared with public sector employment ratios in developed economies (not exceeding 10.0 percent).



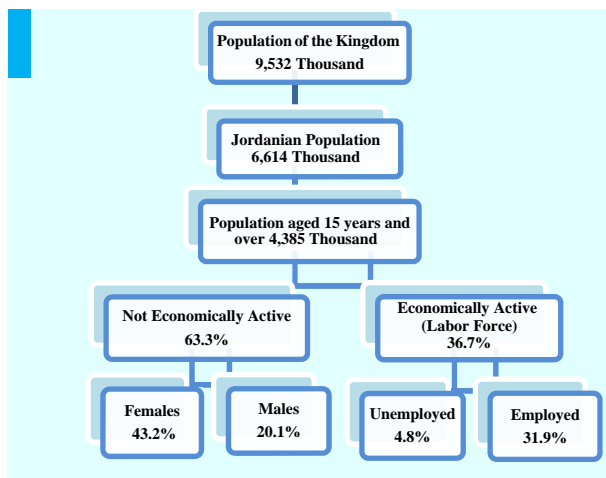
In terms of average monthly wages 35.4 percent of employees received less than JD 300 per month.



### □ Total Labor Force (Employed and Unemployed)

The Jordanian population during 2015 reached 9,532 thousand habitants, of which Jordanian citizens constituted 6,614 thousand. Also, 1,608 thousand were included as Jordanian labor force. Accordingly, the crude economic participation ratio (the labor force divided by the total population) stood at 24.3 percent. Whereas the refined economic participation ratio (the labor force divided by population aged 15 years and over), which reflects the utilization level of human resources in the economy, mounted at 36.7 percent (60.0 percent for males and 13.3 percent for females).

### The structure of labor market in Jordan, 2015



Accordingly, unemployment is a structural issue that requires effective reforms to curb the aggravation of this problem, especially on the supply side. For this purpose, several designated institutions pursued efforts to create job opportunities through training and rehabilitation of unemployed labor to meet the labor market needs, superior share was in the favor of the Vocational Training Corporation (VTC), and the National Company for Employment and Training (NET).

Taking into consideration the importance of small and medium enterprises (SMEs) in generating job opportunities; the National Microfinance Bank (NMB) expanded its loans by 15.1 percent to reach JD 36.8 million in 2015. Regarding the employment's initiatives; the ongoing National Employment Campaign (NEC),

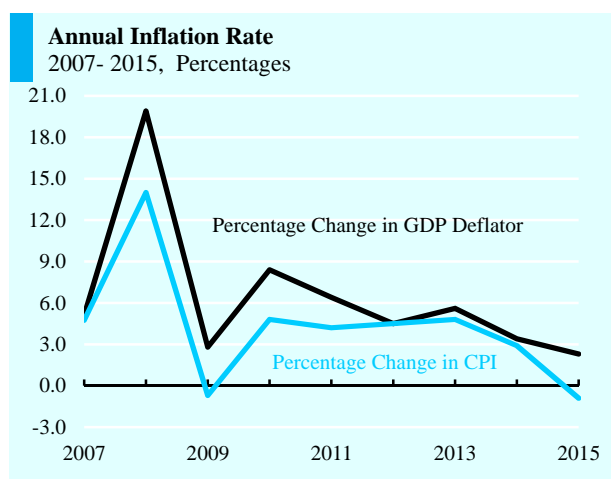
which was launched by the Ministry of labor in corporation with the private sector, has provided around 26.1 thousand vacancies in various economic sectors during 2015, amounting for 96.7 thousand vacancies since its takeoff year; 2013.

## Prices

The impact of the dramatic fall during 2015 in international prices of oil and related commodities and services in the global markets on the general price level in the Kingdom, was displayed by a contraction in the consumer price index by 0.9 percent, compared with an increase of 2.9 percent in 2014. This contraction is the first since 2009, which was influenced by the repercussions of the global financial and economic crises and the diminishing of global demand. Further, this contraction was the most severe one for more than three decades. However, it basically was originated from the drop in oil prices rather than a drop in domestic demand, which caused a decrease in the imported food product's prices, followed by a decrease in the domestic cost production, thus, we cannot consider the impact of this contraction to be harmful. Hereby, an analysis for the most prominent measures of the inflation:

## □ The GDP Deflator

Inflation rate, measured by the percentage change in GDP deflator, displayed a notable deceleration by 2.3 percent compared with 3.4 percent in 2014. This slowdown came as a result of the decline in international oil prices which was reflected on the reduction of production costs for various economic sectors, which correspondingly, witnessed a slackening in their prices compared with 2014, mainly; manufacturing (0.6 percent), "electricity and water" (4.3 percent), and "trade, restaurants and hotels" (1.4 percent) compared with 2.9 percent, 8.0 percent and 2.7 percent respectively, in 2014.



## □ Consumer Price Index (CPI)

The general price level, measured by the percentage change in CPI, contracted by 0.9 percent compared with an increase of 2.9 percent in 2014. This contraction was

attributed, basically, to the decline in international prices of oil and related commodities and services in the global markets. This decline was reflected on transportation and "Fuels and Lighting" items as they were directly influenced by the variation in prices of petroleum products. Thus, contributing to the declining inflation rate by 2.9 percentage points against a growth of 0.3 percentage point in 2014. Further, the inflation rate was affected by the contraction in international food prices. The food price index, issued by the Food and Agriculture Organization (FAO), contracted by 18.7 percent compared with a contraction of 3.8 percent in 2014. Also, the price index of imports contracted by 9.8 percent compared with a growth of 5.5 percent in 2014.

**The recorded inflation rate in 2015 was an outcome of the following:**

- A contraction in the prices of some groups and items in the consumer's basket, such as the transportation group which contracted by 14.1 percent compared with an increase of 2.1 percent in 2014, in light of



the Land Transport Regulatory Commission decision to reduce Public transportation fares by 10 percent, starting from early 2015. It's worth mentioning that fuel costs constitute between 30 percent to 35 percent of the operational costs of this sector. Further, a contraction was registered in "fuels and lighting" item by 13.3 percent compared with a slight contraction by 0.2 percent in 2014. Likewise, "clothing and footwear" group slowed down with a growth of 4.9 percent compared with 9.3 percent in 2014. This slackening was an outcome, partially, in accordance with government decision in reducing general sales tax from 16 percent to 8 percent for each of clothing, bags, watches, shoes, perfumes and cosmetics, jewelry and toys, as well as, the reduction in the special sales tax, with effect from October 2015 on the sales of the following items from 25 percent to 8 percent on perfumes, cosmetics, and natural leather clothes. In

addition to the deceleration in prices for the following; rents item (4.9 percent), education group (3.1 percent), and health group (2.6 percent), which collectively contributed in reducing inflation rate by 1.6 percentage points compared with a positive contribution amounted of 2.0 percentage points in 2014.

- Surging in the prices of some items and groups in the consumer's basket, which contributed to mitigate the severity of reduction in the general price level, the surge was prominent in the groups of "culture and recreation" (5.5 percent), and "food and non-alcoholic beverages" (1.1 percent), which collectively contributed in raising the inflation rate by 0.5 percentage point compared with 0.2 percentage point in 2014. The acceleration in the above mentioned food items reflects the increased demand on food which resulted from hosting 1.3 million Syrian in the Kingdom.

## Inflation Rate during the years 2014 – 2015

Groups	Relative Imp.	Relative change		Contribution	
		2014	2015	2014	2015
All Items	100	2.9	-0.9	2.9	-0.9
<b>1. Food and non-Alcoholic Beverages, of which:</b>	<b>33.365</b>	<b>0.3</b>	<b>1.1</b>	<b>0.1</b>	<b>0.4</b>
Meat and Poultry	8.244	-0.3	0.3	0.0	0.0
Vegetables and Legumes Dry and Canned	3.886	2.2-	1.8	-0.1	0.1
<b>2. Alcohol and Tobacco and Cigarettes, of which:</b>	<b>4.431</b>	<b>15.0</b>	<b>3.5</b>	<b>0.7</b>	<b>0.1</b>
Tobacco and Cigarettes	4.403	15.0	3.5	0.7	0.1
<b>3. Clothing and footwear, of which:</b>	<b>3.549</b>	<b>9.3</b>	<b>4.9</b>	<b>0.3</b>	<b>0.2</b>
Clothing	2.789	9.4	4.4	0.3	0.1
<b>4. Housing, of which:</b>	<b>21.920</b>	<b>4.8</b>	<b>0.6</b>	<b>1.0</b>	<b>0.1</b>
Rents	15.570	6.8	4.9	1.1	0.8
Fuels and Lighting	4.847	-0.2	-13.3	0.0	-0.7
<b>5. Household Furnishings and Equipment</b>	<b>4.186</b>	<b>2.3</b>	<b>1.9</b>	<b>0.1</b>	<b>0.1</b>
<b>6. Health</b>	<b>2.212</b>	<b>6.3</b>	<b>2.6</b>	<b>0.1</b>	<b>0.1</b>
<b>7. Transportation</b>	<b>13.575</b>	<b>2.1</b>	<b>-14.1</b>	<b>0.3</b>	<b>-2.2</b>
<b>8. Communication</b>	<b>3.504</b>	<b>-0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>
<b>9. Culture and Recreation</b>	<b>2.274</b>	<b>2.6</b>	<b>5.5</b>	<b>0.1</b>	<b>0.1</b>
<b>10. Education</b>	<b>5.407</b>	<b>3.4</b>	<b>3.1</b>	<b>0.2</b>	<b>0.2</b>
<b>11. Restaurants and Hotels</b>	<b>1.834</b>	<b>2.1</b>	<b>1.3</b>	<b>0.0</b>	<b>0.0</b>
<b>12. Other Goods and Services</b>	<b>3.746</b>	<b>1.3</b>	<b>0.8</b>	<b>0.0</b>	<b>0.0</b>

Source: Department of Statistics.

## Output, Employment and Prices Policies

In 2015, the government pursued embraced several measures and legislations that would contribute in enhancing and

stimulating the economic growth in the Kingdom, through fostering the business environment to attract domestic and foreign investments. Hereby, some accomplishments in this regard:

□ The government approved a number of legislations and regulations to enhance the investment environment, as follows:

- Investment Window by-law No. 32 of 2015, which seeks to regulate operations carried by the investment window's agenda, and granting all the necessary jurisdictions towards licensing investment projects.
- Investment incentives by-law No. 33 of 2015, which aims to ensure good governance in terms of strengthen the principle of neutrality, transparency and fairness, in granting exemptions based on unified bases and standards for projects within the same sector. Which guarantees the prevention of duplication, achieving justice, and equity among projects. Further, providing opportunities for small and medium enterprises to take advantage from these exemptions.
- Issuing by-law of regulating investment environment, and recording institutions in the

- development areas and free zones No.129 of 2015, which aims to regulate economic activities in development areas and free zones, through identifying the terms of obtaining a license for these activities. Also, defining activities that are banned or restricted and determining the requirements and procedures for business registration and fees.
- Granting license for the first credit information company, in accordance with the Credit Information Law of 2010, which began its work in mid-December 2015, to provide comprehensive credit information for banks and other financial companies regarding their clients, which will contribute in improving access to finance for small and medium-sized enterprises.
  - Endorsing Micro-Finance Companies By-law No. 5 of 2015 which through licensing, and monitoring the micro-finance companies have become under the supervision of the Central Bank of Jordan (CBJ), which would contribute in strengthening the ability of these companies in providing the required financing needs for micro, small and medium enterprises.
  - Approving the by-law of partnership projects between the public-private sectors No. 98 of 2015, which include the identification of PPP projects as well as bidding procedures.
- In terms of labor market policies; several procedures and measures were endorsed during 2015, aiming at regulation labor market and promoting the participation of Jordanians in the labor market, these measures included the following:
- Establishing units in various ministries and institutions concerned with promoting Jordanian labor force in various economic sectors. The establishment of these units came with the purpose of applying horizontal coordination among ministries and institutions according to specialization to diagnose the labor market status, and addressing imbalances located in the labor sectors in cooperation with the private sector.
  - Suspending the recruitment of foreign workers for a specific time periods; with a target of replacing foreign workers with Jordanians in the targeted sectors. In addition, determining the foreign labor

portions in several economic sectors to regulate labor market through signing agreements with the private sector.

- Increasing the work permits' fees in the construction sector from JD 180 to JD 240 for Arab workers, and for non- Arab foreign workers from JD 300 to JD 360, in order to raise the cost of labor recruitment within this sector, since it became targeted for employing Jordanians.
- Imposing additional fee on foreign labor's recruitment in all sectors, excluding the "restaurants and hotels", retail trade, agriculture, and "qualified industrial zones".

## CHAPTER TWO

# MONEY, BANKING AND FINANCIAL MARKETS

The monetary policy of the CBJ in 2015 evolved in line with domestic and external developments to ensure and maintain monetary stability and enhance the general confidence in the saving and investment environment in the Kingdom. The monetary policy has been further modulated to raise the efficiency of utilizing the available liquidity within the banking system and steering it to the private sector lending with the aim of fostering economic growth. In February 2015, the CBJ applied the second revision of its monetary policy operational framework through upgrading its monetary policy tools in a manner that helps banks to enhance their ability to effectively and efficiently manage their liquidity to satisfy their operational needs adequately, as well as fulfilling the financing needs of different economic sectors. The introduction of a key interest rate **“the CBJ main Rate”** was the main amendment to the CBJ’s monetary policy in 2015; this rate represents the benchmark rate by which other policy rates will be determined. In addition, one week certificates of deposit in Jordanian dinar were issued with different volumes determined according to the CBJ’s monetary policy stance.

During the year and based on the continuing positive developments in monetary indicators, the CBJ’s monetary policy remained accommodative. Foreign reserves amounted to USD 14.2 billion and the dollarization rate continued to decline reflecting the increasing demand for the Jordanian dinar as a saving instrument relative to other foreign currencies. Therefore, interest

rates were brought down twice in 2015 by 125 basis points for the overnight deposit window and 50 basis points for all other policy rates.

The licensed banks' operations displayed a credit expansion by 9.5 percent to reach JD 21,103.5 million, and a growth in total deposits by 7.7 percent to reach JD 32,598.5 million. The increase in deposits is attributed to the increase in JD deposits by JD 2,001.4 million (8.3 percent) and the increase in foreign currency deposits by JD 336.1 million (5.4 percent).

The market rates on deposits declined at a faster pace than the market rates on credit facilities. Subsequently, the interest rate margin, measured by the difference between the rate on “loans and advances” and the rate on “time deposits”, has widened by 45 basis points to reach 518 basis points compared with 473 basis points in 2014.

Furthermore, the CBJ introduced a considerable set of measures to organize banks operations, improve their ability to finance economic activities, and to ensure and strengthen the soundness of the banking sector. The CBJ also dedicated intensive efforts to streamline financing to microfinance companies as well as Small and Medium Enterprises (SMEs) at preferable interest rates and appropriate maturities.

On another front, indicators of Amman Stock Exchange (ASE), displayed mixed outcomes. The trading volume surged by 51.0 percent, while the share price index, weighted by the free float shares, and market capitalization edged down by 1.3 percent and 0.5 percent, respectively.

## Central Bank of Jordan and Monetary Policy

Corresponding to domestic and external macroeconomic developments, the CBJ in 2015 continued to conduct a flexible and interactive monetary policy. The CBJ boosted its monetary policy operational framework for the second time, whereby the CBJ introduced the CBJ main rate as a benchmark rate to determine other policy rates, in addition to the issuance of one week certificates of deposit in Jordanian dinar with different volumes. The revision aimed at enhancing bank's ability to effectively and efficiently manage their liquidity, to fulfill the financing needs of different economic sectors. Driven by the positive performance of economic and monetary indicators since early 2013, the CBJ further eased its monetary policy in 2015 to reduce the cost of lending and provide the required financing to various economic sectors. On the other hand, the CBJ intensified its efforts to ensure monetary stability which supports the saving and investment environment in the Kingdom thus attaining the sustainable economic growth. Also, the CBJ implemented a considerable set of measures to organize the operations of the banking system and strengthen their financial positions, in order to foster the financial stability and enhance the soundness of the banking system.

### □ Interest Rates on Key Monetary Policy Instruments:

Aiming at spurring investment and providing the proper financing for various

economic sectors at adequate cost, the CBJ carried out two interest rate cuts on its key policy instruments in 2015. The first cut took place in February 2015 whereby overnight deposit window rate was reduced by 100 basis points and all other policy rates were brought down by 25 basis points. In the second cut, which was in July 2015, all policy rates were lowered by 25 basis points. The said monetary policy actions aimed at stimulating credit and reducing its cost for all economic sectors, as well as encouraging the domestic expenditure for both consumption and investment, thus fostering economic growth. These decisions were consistent with international and regional developments and supported by the performance of the main economic indicators, particularly the level of deflation and the slowdown in economic growth. Consequently, the CBJ's key interest rate structure at the end of 2015 relative to the end of 2014 was as follows:

- Rediscount rate was reduced to 3.75 percent, compared with 4.25 percent in 2014.
- Overnight repurchase agreements rate declined to 3.50 percent, against 4.00 percent in 2014.
- Overnight deposit window rate was lowered to 1.5 percent, compared with 2.75 percent in 2014.
- Interest rates on Repos agreements, for one week and one month, declined to 2.50 percent, compared with 3.00 percent in 2014.
- The interest rate on one week certificates of deposit was 2.25 percent at the end of 2015.

## □ Exchange Rate and Foreign Reserves

### • Jordanian Dinar Exchange Rate

The CBJ has operated a pegged exchange rate to the US dollar since 1995, which continued to be the optimal exchange rate regime for the Kingdom; as it is consistent with Jordan's main economic fundamentals besides its positive impact on strengthening monetary and financial stability in the Kingdom. The peg has been instrumental for increasing the confidence in the Jordanian dinar and enhancing the competitiveness of national exports, as well as providing the suitable environment for attracting domestic and foreign investments. This broadly contributed to stabilize the level of foreign reserves, which reached USD 14.2 billion by the end of 2015.

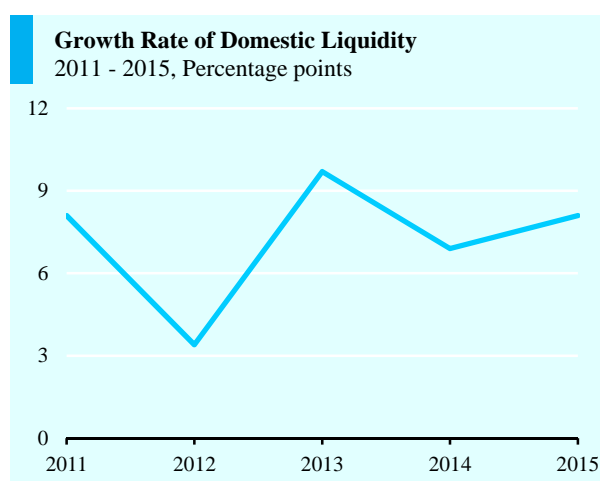
During 2015, the exchange rate of the Jordanian dinar has appreciated against the Euro by 22.1 percent, the Japanese Yen by 15.3 percent, and the Pound Sterling by 9.8 percent relative to the exchange rates at the end of 2014.

### • The CBJ Foreign Exchange Reserves

Foreign exchange reserves at the CBJ increased in 2015 by USD 74.7 million (0.5 percent), to reach USD 14,153.5 million, which covers around 7.8 months of the Kingdom's imports of goods and services. This level of reserve, according to international standards of foreign reserves adequacy, is comfortable and reflects a convenient monetary stability in the Kingdom.

## □ Domestic Liquidity

Broad money supply (M2) grew by JD 2,365.1 (8.1 percent) to reach JD 31,605.5 million, compared to increasing by JD 1,877.0 million (6.9 percent) in the previous year. The following sections elaborate on components and factors that influenced domestic liquidity in 2015:



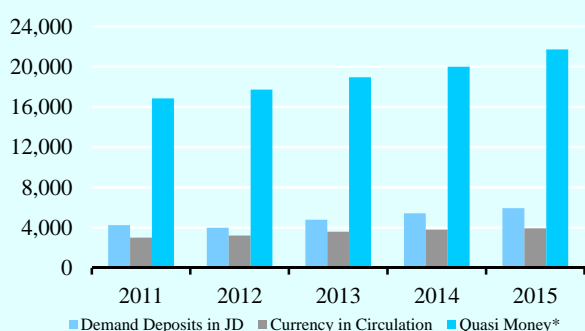
### • Components of Domestic Liquidity

The increase in domestic liquidity was fueled by the expansion in quasi money, by JD 1,716.6 million (8.6 percent) and the increase in narrow money supply (M1) by JD 648.5 million (7.0 percent).

- The rise in quasi money was a result of the increase in time and saving deposits in Jordanian dinar by JD 1,470.5 million (9.5 percent); the increase in foreign currencies' demand deposits by JD 268.1 million (12.0 percent); and the decrease in time and saving deposits in foreign currencies by JD 22.0 million (1.0 percent).

- o The expansion in narrow money supply (M1) was influenced by the increase in JD's demand deposits by JD 519.7 million (9.6 percent) and the rise in currency in circulation by JD 128.8 million (3.4 percent).

**Components of Domestic Liquidity**  
2011- 2015, JD Million

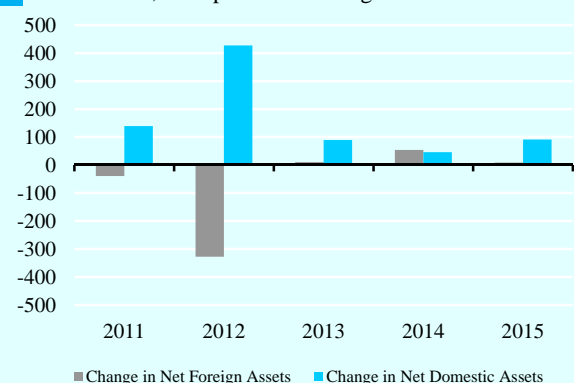


\*: Quasi-money consists of demand deposits in foreign currency, saving deposits, and time deposits.

### • Factors Affecting Domestic Liquidity

The increase in domestic liquidity is attributed to the expansion of net domestic assets (NDA) by JD 2,160.1 million (10.1 percent) and the increase of net foreign assets (NFA) by JD 205.0 million (2.6 percent).

**Factors Affecting Domestic Liquidity**  
2011- 2015, As a percent of change in M2



### o Net Domestic Assets

The rise in NDA captured 7.4 percent of the total increase in domestic liquidity. This is attributed to the increase in net credit extended to the public sector by JD 885.5 million (8.2 percent), and the increase in credit to the private sector by JD 851.7 million (4.8 percent).

### o Net Foreign Assets

The increase in NFA accounted for 0.7 percent of the total expansion in domestic liquidity. The increase in NFA stemmed from the increase in the NFA of the CBJ by JD 184.7 million (1.9 percent) and the increase in the NFA of licensed banks by JD 20.3 million (1.0 percent).

**Factors Affecting Domestic Liquidity**  
2011 - 2015, Percentage Points

	2011	2012	2013	2014	2015
<b>Growth rates (%)</b>					
<b>Foreign assets (net)</b>	<b>-7.0</b>	<b>-28.9</b>	<b>3.9</b>	<b>14.6</b>	<b>2.6</b>
<b>Domestic assets (net)</b>	<b>20.7</b>	<b>23.9</b>	<b>11.8</b>	<b>4.2</b>	<b>10.1</b>
Net claims on public sector	33.0	37.8	10.2	-1.0	8.2
Claims on private sector (resident)	9.6	6.9	8.0	3.7	4.8
Claims on financial institutions	-8.2	-0.2	-18.4	0.5	-1.0
Other items (net)	8.0	3.0	1.1	-4.3	-5.6
<b>Domestic liquidity</b>	<b>8.1</b>	<b>3.4</b>	<b>9.7</b>	<b>6.9</b>	<b>8.1</b>
<b>Percentage changes of beginning stock of (M2)</b>					
<b>Foreign assets (net)</b>	<b>-3.2</b>	<b>-11.2</b>	<b>1.0</b>	<b>3.7</b>	<b>0.7</b>
<b>Domestic assets (net)</b>	<b>11.3</b>	<b>14.6</b>	<b>8.7</b>	<b>3.2</b>	<b>7.4</b>
Net claims on public sector	8.0	11.3	4.1	-0.4	3.0
Claims on private sector (resident)	5.9	4.3	5.1	2.3	2.9
Claims on financial institutions	-0.1	0.0	-0.2	0.0	0.0
Other items (net)	-2.5	-1.0	-0.3	1.2	1.5



## □ Balance Sheet of the CBJ

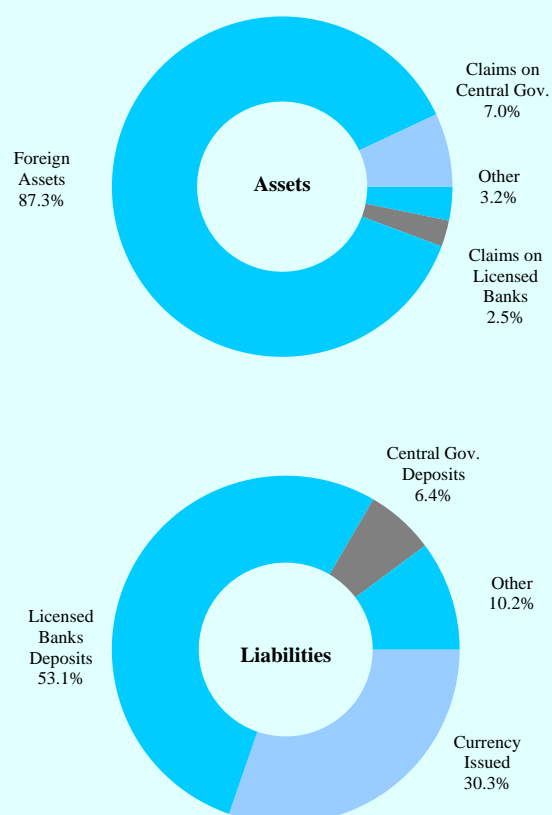
Total assets/liabilities of the CBJ expanded by JD 296.6 million (2.1 percent) in 2015 to reach JD 14.3 billion, relative to an increase of JD 828.9 million (6.3 percent) in 2014, (Statistical Annex / Table 12).

- On the assets side; foreign assets grew by JD 372.5 million (3.1 percent) to stand at JD 12,514.7 million, compared to an increase of JD 1,574.1 million (14.9 percent) in 2014. This increase was driven by the growth of "cash, balances & deposits" by JD 1,001.5 million (20.7 percent); the increase of gold by JD 469.9 million (89.0 percent); and the decline of "treasury bills and bonds" by JD 1,069.0 million, (18.1 percent).

In contrast, domestic assets declined by JD 75.9 million (4.0 percent) to reach JD 1,814.7 million, compared to a decrease of JD 745.2 million (28.3 percent), in 2014. The contraction in domestic assets was due to the decline of claims on central government by JD 165.9 million (14.2 percent) which resulted from the redemption of maturing government bonds. Meanwhile, unclassified assets increased by JD 244.9 million.

- On the liabilities' side; domestic liabilities increased by JD 531.9 million (4.1 percent). This increase resulted from the expansion of licensed banks deposits by JD 335.1 million (4.6 percent); the increase in currency issued by JD 158.9 million (3.8 percent), and the decline of central government's deposits by JD 42.8 million (4.5 percent). In contrast, foreign liabilities decreased by JD 235.3 million (19.7 percent) in 2015.

**Relative Importance of the Central Bank Balance Sheet Components, 2015**



**Components of the CBJ Balance Sheet 2011 - 2015, JD Billion**

	2011	2012	2013	2014	2015
Foreign assets	9.4	7.0	10.6	12.1	12.5
Domestic assets	1.7	3.3	2.6	1.9	1.8
Claims on government	1.2	2.1	1.6	1.2	1.0
Claims on licensed banks	0.4	0.4	0.5	0.5	0.3
Other	0.1	0.8	0.5	0.2	0.5
<b>Assets = Liabilities</b>	<b>11.1</b>	<b>10.3</b>	<b>13.2</b>	<b>14.0</b>	<b>14.3</b>
Currency issued	3.4	3.6	3.9	4.2	4.3
Licensed banks' deposits, of which:	5.8	4.6	6.2	7.3	7.6
Certificates of deposit in JD	0.2	0.2	0.2	0.3	1.1
Central government deposits	0.8	0.8	1.1	1.0	0.9
Other	1.1	1.3	2.0	1.5	1.5

## □ Banking Legislations and Measures of the CBJ

The CBJ in 2015 continued to update its monetary and banking policies in order to manage banking operations, strengthen their financial positions, and improve banks' ability to finance economic activities. Following is a summary of the main legislations and measures devised by the CBJ in 2015:

### ■ Banking Legislations:

- Amendment draft to the CBJ Law to deepen the independence of the CBJ, expand its supervisory responsibilities, and broaden its objectives to include the financial stability as a primary objective of the CBJ alongside maintaining monetary stability.
- Amendment draft to the Banking Law to cope with domestic, regional and international developments in the banking supervision industry. This will strengthen the role of the CBJ in banking supervision through enacting the rules of corporate governance, primarily; the separation of ownership and management. The sanctions provisions also have been modified to ensure that banks are compliant with the CBJ's regulations. The new law will enable the CBJ to address internationally recognized alternative measures to consider the situation of troubled banks to prevent their liquidation thus confirming the financial stability.

- Issuance of the new Law for exchange companies which aims at regulating the exchange companies and enhance their oversight according to international best practices. The CBJ is currently working on issuing the by-law of licensing which addresses the types of companies to be licensed and their minimum capital requirement, as well as the by-law of business which determines the activities for those companies.
- Following the approval of the by-law of Microfinance Institutions (MFIs) in June 2015, the CBJ extended its regulatory umbrella to monitor and supervise the operations of MFIs. The by-law aims at improving the role of the MFIs, underpinning their activities, and determining the terms of licensing and oversight requirements. This will also enable MFIs to provide services in compliance with Islamic principles, and other services that the CBJ approve.

### ■ Banking Measures:

- Issuing the corporate governance instructions for banks according to the principles of Basel committee, Organization of Economic Cooperation and Development (OECD), and Financial Stability Board (FSB). The instructions aim at overcoming the drawbacks of financial institutions' governance which was revealed by the global financial crisis. This will help in determining the objectives of banking

institutions and how to achieve them; determining the mechanisms for safe management of banking operations; and protecting the interests of depositors and other stakeholders.

- Licensing the first credit bureau in Jordan which started its business in 15<sup>th</sup> December, 2015. The Credit Bureau is enabled to construct a comprehensive database of creditworthiness for clients which should help mitigating the credit risks and reducing the size of non-performing loans. The bureau will contribute to facilitate the Micro, Small and Medium Enterprises (MSMEs) access to finance, through enhancing risk management and improve business environment in Jordan.
- Given their importance in creating jobs and raise the standard living of Jordanian people, the CBJ continued to provide a bundle of incentives for banks to encourage high value-added sectors in the economy and SMEs. The CBJ provides financing programs with a maturity of ten years for renewable energy sector and five years for industry, tourism, agriculture and information technology (ICT) sectors. Furthermore, the CBJ amended lending instructions for these programs to be in compliance with Islamic principles.

The potential funding under these programs is estimated at around JD 1 billion; an amount of JD 202.5 million (20.3 percent of the total funding) was utilized by the end of 2015. In addition, several loans agreements were signed with international institutions including the World Bank, European Bank for Reconstruction and Development (EBRD), and the Arab Fund for Social and Economic Development. Upon these agreements, the CBJ obtained around USD 440 million to licensed banks for refinancing SMEs operations.

### Licensed Banks' operations

The banking system in Jordan consisted of 25 operating banks by the end of 2015. Among these banks were 16 Jordanian banks, three of which were Islamic banks; and nine were branches of foreign banks, including one branch of a foreign Islamic bank. These banks carried out their business through a network of 785 branches and 82 representative offices. Accordingly, the index of population to the total number of branches reached 12.1 thousand citizens per branch.

The Jordanian banks branches operating abroad reached 177 branches and 28 offices, including; 86 branches, 20 offices, and 2 associates operating in the Palestinian territories.

## □ Consolidated Balance Sheet of Licensed Banks

Total assets/ liabilities of licensed banks expanded by JD 2,265.1 million (5.0 percent) to reach JD 47.1 billion, compared with an increase of JD 2,065.3 million (4.8 percent) in 2014, (Statistical Annex/Table 14).

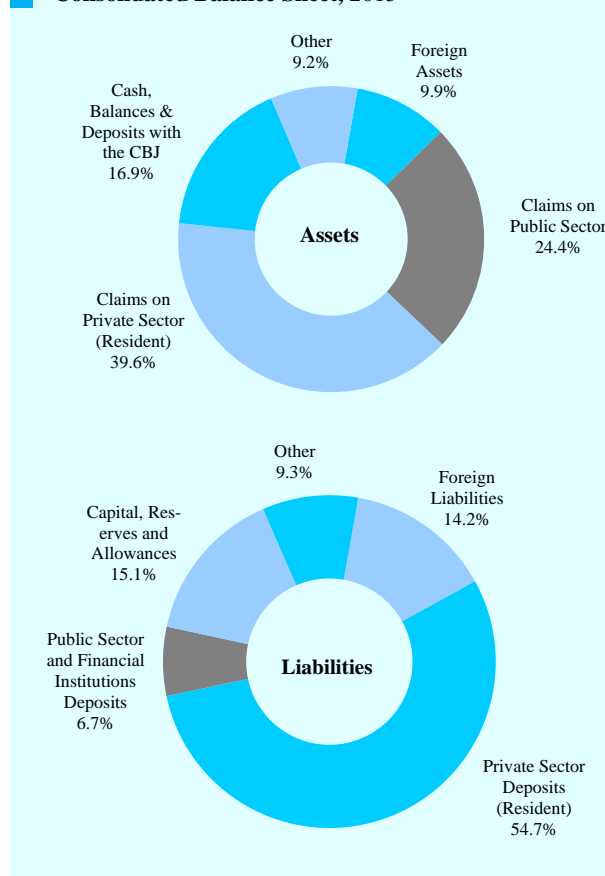
- The rise in assets was driven by the increase in domestic assets by JD 2,311.7 million (5.8 percent), compared to increasing by JD 2,486.1 million (6.6 percent) in 2014, and the decline in foreign assets by JD 46.6 million (1.0 percent), compared to a decline of JD 420.8 million (8.2 percent) in the previous year. The growth in domestic assets was attributed to; the increase in claims on the private sector (resident) by JD 851.0 million (4.8 percent); the increase in unclassified assets by JD 582.3 million (16.1 percent); the increase in claims on the public sector by JD 498.7 million (4.5 percent); and the increase in reserves by JD 502.7 million (7.3 percent). In contrast, balances at the CBJ in foreign currencies were declined by JD 121.3 million (16.6 percent).

The decrease in foreign assets was mainly attributed to; the decline of "other foreign assets" by JD 35.1 million (32.7 percent); the decline of balances at banks abroad by JD 31.1 million (0.9 percent); and the decline of cash in vaults in foreign currencies by JD 26.3

million (12.5 percent). However, portfolio of nonresidents increased by JD 50.7 million (7.9 percent).

- The increase in liabilities was influenced by; the expansion in saving and time deposits by JD 1,448.7 million (8.2 percent) which constitutes 64.0 percent of the total increase in liabilities; the increase in demand deposits by JD 789.7 million (10.3 percent) accounting for 34.9 percent of the increase in liabilities; and the increase in capital and reserves by JD 334.1 million (4.9 percent), which captured 14.7 percent of the total increase in liabilities.

**Relative Importance of the licenced Banks Consolidated Balance Sheet, 2015**



**Components of the Consolidated Balance Sheet of Licensed Banks**  
2011 - 2015, JD Billion

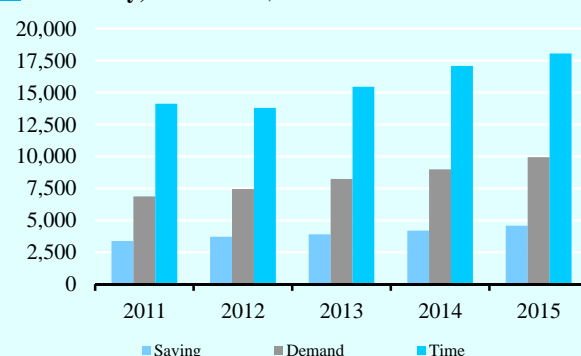
	2011	2012	2013	2014	2015
Foreign assets	6.3	6.4	5.2	4.7	4.7
Claims on public sector	7.4	9.0	10.5	11.0	11.5
Claims on private sector (resident)	14.9	15.9	17.2	17.8	18.7
Cash in vaults and balances with the Central Bank	6.2	4.8	6.5	7.6	8.0
Other	2.9	3.2	3.4	3.8	4.2
<b>Assets = Liabilities</b>	<b>37.7</b>	<b>39.3</b>	<b>42.8</b>	<b>44.9</b>	<b>47.1</b>
Foreign liabilities	6.2	5.8	6.7	6.7	6.7
Private sector (resident) deposits	19.9	20.4	22.2	24.0	25.8
Borrowing from Central Bank	0.4	1.0	0.8	0.6	0.5
Capital, reserves and allowances	5.4	5.8	6.1	6.8	7.1
Other	5.8	6.3	7.0	6.8	7.0

## □ Deposits Structure at Licensed Banks

Total deposits at licensed banks increased by JD 2,337.5 million (7.7 percent) in 2015 to record JD 32.6 billion, compared with a growth of JD 2,667.8 million (9.7 percent), in the preceding year, (Statistical Annex / Table 15).

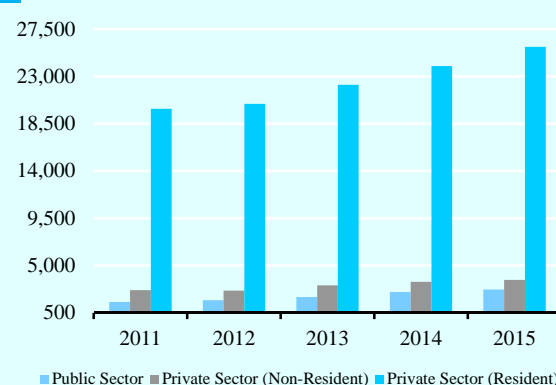
- According to maturity, the increase in total deposits was primarily supported by the increase in time deposits by JD 978.7 million (5.7 percent), equivalent to 41.9 percent of the overall increase in deposits. Demand and saving deposits also increased by JD 960.9 million (10.7 percent) and JD 397.9 million (9.5 percent), respectively.

**Deposits at Licensed Banks According to Maturity, 2011 - 2015, JD Million**



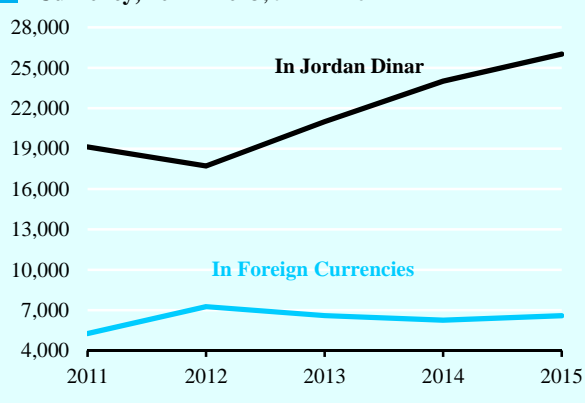
- In terms of deposit holders, the private sector's (resident) deposits surged by JD 1,822.8 million (7.6 percent), equivalent to 78.0 percent of the overall increase in deposits. The deposits of public sector (central government and public institutions) also increased by JD 246.0 million (10.0 percent); followed by the increase in the deposits of the private sector (non-resident) and the non-banking financial institutions by JD 185.9 million (5.4 percent) and JD 82.8 million (23.0 percent), respectively.

**Deposits at Licensed Banks According to Depositor, 2011 - 2015, JD Million**



- The structure of deposits according to currency, displayed that JD deposits grew by JD 2,001.4 million (8.3 percent), relative to an increase of JD 3,010.1 million (14.3 percent) in 2014. In addition, foreign currency deposits increased by JD 336.1 million (5.4 percent), compared with a decrease of JD 342.3 million (5.2 percent) in 2014.

**Deposits at Licensed Banks According to Currency, 2011 - 2015, JD Million**



**Relative Importance of Deposits at Licensed Banks**

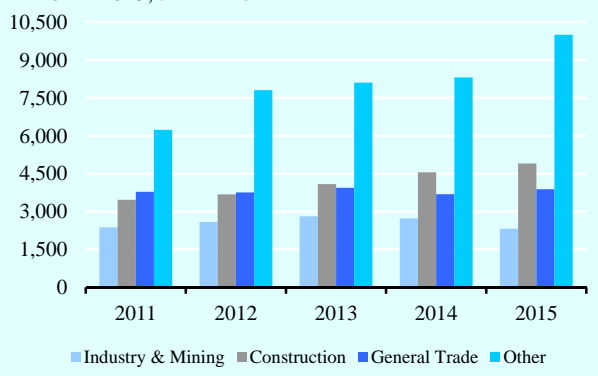
2011 - 2015, Percentage Points

	2011	2012	2013	2014	2015
<b>According to depositor</b>					
Public sector	6.3	6.8	7.3	8.2	8.3
Private sector (resident)	81.7	81.6	80.4	79.2	79.1
Private sector (non-resident)	10.9	10.5	11.3	11.4	11.2
Non-banking financial institutions	1.1	1.1	1.0	1.2	1.4
<b>According to maturity</b>					
Demand deposits	28.2	29.8	29.9	29.7	30.5
Saving deposits	13.8	14.9	14.1	13.8	14.1
Time deposits	58.0	55.3	56.0	56.5	55.4
<b>According to currency</b>					
In Jordan Dinar	78.4	70.9	76.1	79.4	79.8
In foreign currencies	21.6	29.1	23.9	20.6	20.2

## □ Credit Facilities

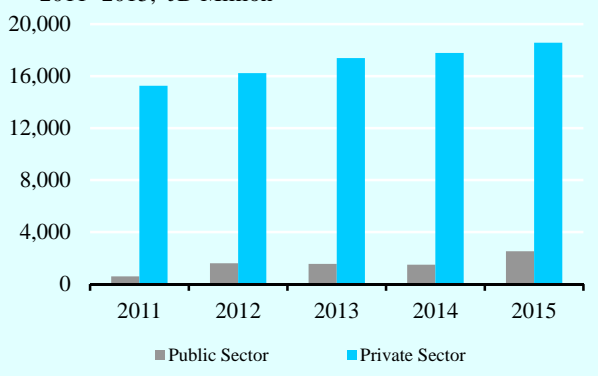
- The outstanding balance of credit facilities extended by banks increased by JD 1,829.0 million (9.5 percent) to reach JD 21.1 billion in 2015, compared to increasing by JD 334.8 million (1.8 percent) in 2014, (Statistical Annex/Table 16).
- The distribution of credit facilities according to economic activity, revealed that credit extended to public services and utilities increased by JD 1,062.0 million (48.9 percent). Other credit facilities (mostly representing facilities extended to individuals for consumption purposes) also grew by JD 688.5 million (15.3 percent). Furthermore, credit extended to the construction and general trade sectors increased by JD 351.7 million (7.7 percent), and JD 200.0 million (5.4 percent), respectively. Nevertheless, credit extended to the industry sector fell by JD 385.4 million (15.2 percent) owing to the refinery's repayment of a considerable amount of its loans. Credit to the transportation services decreased by JD 32.9 million (11.2 percent) as well.

**Credit Facilities Extended by Licensed Banks According to Economic Activity**  
2011- 2015, JD Million



- According to borrowers, credit to the public sector (central government and public institutions) increased by JD 1,037.5 million (70.0 percent). Credit to the private sector (resident) also increased by JD 794.0 million (4.6 percent), but if we exclude loans repayments of the refinery, credit would grow by 7.7 percent. Meanwhile, credit to private sector (non-resident) declined by JD 4.9 million (1.0 percent).

**Credit Facilities Extended by Licensed Banks According to Borrower**  
2011- 2015, JD Million



- The structure of credit according to currency composition, displayed that credit in foreign currencies made 13.4

percent of the total credit in 2015, against 13.3 percent in 2014.

### □ Licensed Banks' Interest Rates

During the year, interest rates on all deposits and credit facilities had declined compared to their levels in the previous year. Detailed developments of the interest rates in 2015 are explained as follows:

#### • Interest Rates on Credit Facilities:

- Interest rate on loans and advances declined by 60 basis points to stand at 8.24 percent, compared to 8.84 percent in 2014.
- Interest rate on discounted bills and bonds decreased by 125 basis points to reach 8.70 percent, compared with 9.95 percent in 2014.
- Interest rate on overdraft accounts fell by 114 basis points to reach 8.01 percent, compared to 9.15 percent in 2014.
- The prime lending rate declined by 35 basis points to reach 8.37 percent, compared with 8.72 percent in 2014.

#### • Interest Rates on Deposits

- Interest rate on time deposits decreased by 105 basis points to reach 3.06 percent, compared to 4.11 percent in 2014.
- Interest rate on saving deposits fell by 17 basis points to reach the level of 0.62 percent, compared to 0.79 percent in 2014.

- Interest rate on demand deposits declined by 11 basis points to stand at 0.32 percent, compared with 0.43 percent in 2014.
- Accordingly, the interest rate margin, measured by the difference between the rate on "loans and advances" and the rate on "time deposits" increased by 45 basis points to reach 518 basis points at the end of 2015.

**Banks' Weighted Average Interest Rates on Deposits and Credit Facilities \***  
2011 - 2015, Percentage Points

	2011	2012	2013	2014	2015
<b>Deposits</b>					
Demand deposits	0.43	0.42	0.38	0.43	0.32
Saving deposits	0.70	0.76	0.87	0.79	0.62
Time deposits	3.46	4.19	4.97	4.11	3.06
<b>Credit facilities</b>					
Overdrafts	8.80	9.28	9.20	9.15	8.01
Loans and advances	8.67	8.95	9.03	8.84	8.24
Discounted bills & bonds	9.34	9.59	10.13	9.95	8.70

\* : Interest rates in this table represent weighted averages for customers at the individual bank level, and for banks at the banking system level.

## □ The Jordanian Banks' Activities in the Palestinian Territories

The consolidated balance sheet of the Jordanian banks' branches operating in the Palestinian territories for the year 2015 showed an expansion in total assets/liabilities by JD 44.8 million (1.1 percent) to reach JD 4,169.3 million, compared to a slight growth of JD 5.6 million (0.1 percent) in 2014, (Statistical Annex/Table 17).

On the assets side; credit facilities increased by JD 194.1 million (12.4 percent), and cash in vaults also increased by JD 5.4 million (2.7 percent). In contrast, "balances with the banking system" and the "portfolio" declined by JD 89.4 million (5.2 percent) and JD 61.7 million (12.4 percent), respectively.

On the liabilities side, customers' deposits increased by JD 59.6 million (1.9 percent), noting that 35.5 percent of these deposit were held in other foreign currencies, while 34.4 percent were held in USD, and the remaining 30.1 percent were held in JDs. Further, deposits of the banking system increased by JD 23.5 million (14.7 percent). On the other hand, "capital and reserves" and "other liabilities" declined by JD 29.5 million (5.0 percent) and JD 8.8 million (3.5 percent), respectively.

## Insurance Companies

The insurance sector in Jordan consists of 25 operating companies at the end of 2015. One of which is specialized in life insurance, 9 others are general insurance companies, while the remaining 15 companies practicing both types of insurance.

The consolidated balance sheet of insurance companies for the year 2014 displayed an expansion in total assets/liabilities by JD 44.2 million (5.5 percent), to reach JD 842.2 million, (Statistical Annex/Table 18).

On assets side; cash balances and deposits increased by JD 37.4 million (15.9 percent); and investments and other assets also increased by JD 7.3 million (1.7 percent). In



contrast, accounts receivables declined by JD 0.5 million (0.3 percent) compared to their levels in 2013. The increase in liabilities was dominated by the expansion in technical reserves by JD 28.1 million (8.6 percent), as well as the increase of other liabilities by JD 20.2 million (41.1 percent), followed by the increase of accounts payable and provisions by JD 4.3 million (4.8 percent), and JD 1.8 million (14.5 percent), respectively. Paid-up capital and reserves increased by JD 10.2 million (3.2 percent).

The collected premiums of insurance companies in 2015 witnessed improved by JD 25.8 million (4.9 percent), to reach JD 551.5 million. Collected premiums of motor insurance constituted 40.3 percent of the total premiums, followed by medical insurance by 28.0 percent. Other insurance types namely; fire, life, maritime and general accidents, accounted for 12.5 percent, 11.1 percent, 4.1 percent and 4.0 percent of the overall collected premiums, respectively, (Statistical Annex/Table 19).

**Relative Importance of Insurance Written Premiums**  
2011 - 2015, Percentage Points

	2011	2012	2013	2014	2015
Maritime insurance	5.4	5.3	5.0	4.8	4.1
Fire insurance	13.1	13.1	13.9	13.0	12.5
Motor vehicle insurance	42.2	42.0	40.8	40.4	40.3
Accident insurance	5.7	4.8	4.5	4.6	4.0
Life insurance	9.3	9.5	9.7	10.1	11.1
Medical insurance	24.3	25.3	26.1	27.1	28.0

Source: Insurance Commission.

The compensations paid by insurance companies grew slightly by JD 0.5 million (0.1 percent) to record JD 366.6 million at the end of 2015. Compensations paid for motor insurance and medical insurance increased by JD 14.7 million (51.9 percent) and JD 10.2 million (33.7 percent), respectively, (Statistical Annex/Table 20).

**Relative Importance of Paid Claims by Insurance Companies**

2011 - 2015, Percentage Points

	2011	2012	2013	2014	2015
Maritime insurance	1.4	3.6	2.1	1.9	2.0
Fire insurance	7.4	3.9	4.0	11.5	5.3
Motor vehicle insurance	55.3	52.9	51.7	48.1	51.9
Accident insurance	1.2	0.9	0.9	1.8	1.5
Life insurance	6.2	7.4	5.9	5.9	5.6
Medical insurance	28.5	31.3	35.4	30.8	33.7

Source: Insurance Commission.

## Amman Stock Exchange

The performance of ASE indicators in 2015 displayed mixed outcomes relative to 2014. The share price index weighted by the free float shares, declined by 1.3 percent and market capitalization fell by 0.5 percent to reach JD 18.0 billion (67.5 percent of GDP). Nevertheless, trading volume increased by 51.0 percent, and non-Jordanian net investments at ASE recorded an inflow of JD 10.6 million. Following is a summary of the main performance indicators of ASE in 2015:

Trading volume was up by JD 1,153.7 million (51.0 percent) as compared to its level in 2014, to reach JD 3,417.1 million. Against a decline of JD 763.8 million (25.2 percent) in 2014, this growth resulted from:

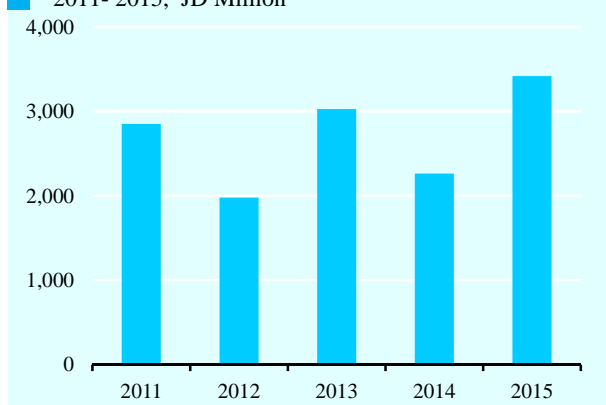
- The increase of the trading volume for the financial sector by JD 830.1 million (54.9 percent) and the services sector by JD 356.1 million (95.4 percent).
- The contraction in the trading volume of the industrial sector by JD 32.5 million (8.6 percent), (Statistical Annex/Table 21).

**Relative Importance of Shares Traded by Sectors**  
2011 - 2015, Percentage Points

	2011	2012	2013	2014	2015
Industry	18.1	19.5	13.1	16.8	10.1
Services	20.2	20.4	13.5	16.5	21.4
Financial	61.7	60.1	73.4	66.7	68.5

Source: Amman Stock Exchange.

**Value Traded at Amman Stock Exchange**  
2011- 2015, JD Million



Market capitalization declined by JD 97.9 million (0.5 percent) to stand at JD 18.0 billion (67.5 percent of GDP), compared to a decrease of JD 150.9 million (0.8 percent) in 2014.

The number of traded shares increased by 264.1 million shares (11.4 percent), to reach JD 2,585.7 million shares, compared to a decrease of 384.2 million shares (14.2 percent) in 2014. Further, number of executed contracts decreased by 57 thousand (6.0 percent) to reach 899 thousand by the end of 2015. The breakdown of traded shares indicated that financial sector accounted for the majority of the traded shares at 68.5 percent, followed by the services and the industrial sectors, at 21.4 percent and 10.1 percent, respectively.

Net non-Jordanian investments at ASE registered an inflow of JD 10.6 million, compared to an outflow of JD 22.0 million in 2014. During 2015, purchases of non-Jordanian investors amounted to JD 981.7 million while their selling recorded JD 971.1 million.

**Shares Traded by Non-Jordanians at Amman Stock Exchange**

2011 - 2015, JD million

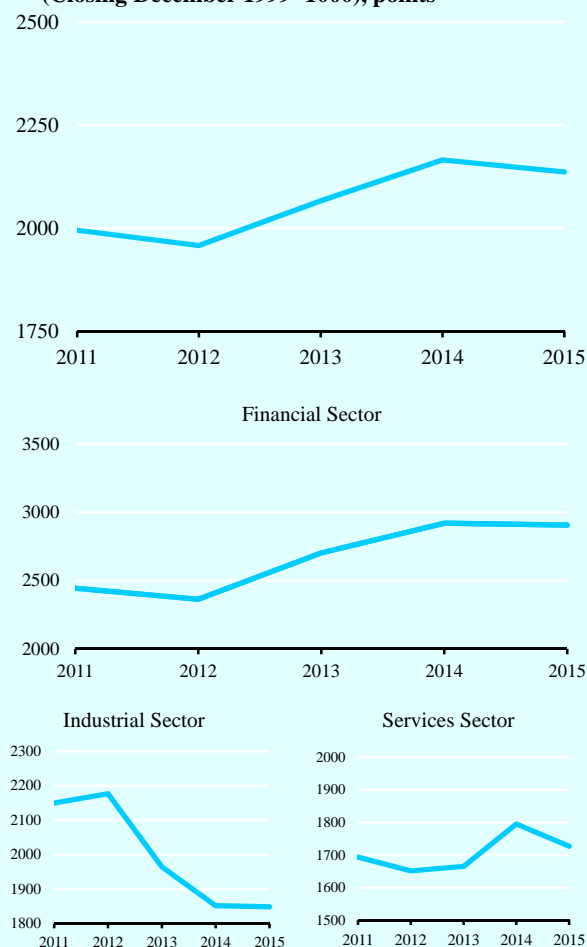
	2011	2012	2013	2014	2015
<b>Total purchases</b>	<b>555.8</b>	<b>322.9</b>	<b>939.5</b>	<b>362.7</b>	<b>981.7</b>
Arab	364.8	227.7	818.5	262.1	894.3
Foreigners	191.0	95.2	121.0	100.6	87.4
<b>Total sales</b>	<b>477.2</b>	<b>285.2</b>	<b>792.6</b>	<b>384.8</b>	<b>971.1</b>
Arab	335.4	225.8	693.2	247.8	873.5
Foreigners	141.8	59.4	99.4	137.0	97.6
<b>Net investment</b>	<b>78.6</b>	<b>37.7</b>	<b>146.9</b>	<b>-22.2</b>	<b>10.6</b>
Arab	29.4	1.9	125.3	14.3	20.8
Foreigners	49.2	35.8	21.6	-36.4	-10.2

Source: Amman Stock Exchange.

**General Share Price Index (GSPI)**

- The share price index weighted by free floating shares closed at 2,136.3 points, with a decrease of 29.2 points (1.3 percent), against an increase of 99.7 points (4.8 percent) in 2014. The decline in the said index was derived by the decline in services sector index by 68.1 points (3.8 percent) and the decrease in financial sector index by 14.7 points (0.5 percent), as well as the decline in industrial sector index by 3.2 points (0.2 percent), (Statistical Annex/Table 23).

- The share price index weighted by market capitalization closed at 4,229.9 points, with a decline of 7.7 points (0.2 percent). This fall was influenced by the drop in the index of services sector by 70.2 points (5.8 percent). On the other hand the indices of banking, industrial and insurance sectors increased by 90.7 points (1.1 percent), 39.9 points (1.5 percent), and 31.9 points (2.4 percent) respectively, (Statistical Annex/Table 22).

**General Share Price Index Weighted by Free Float Shares 2011- 2015 (Closing December 1999=1000), points**

## Other Financial Institutions

Jordanian financial and banking system is augmented with other non-banking financial institutions that provide supportive financial services to the banking activities in the Kingdom, including deposit insurance services, loans and export credit guarantee services, and mortgage refinancing. A detailed discussion on the operations of these institutions is provided below:

### □ Deposits Insurance Corporation

The Corporation adhered to its objectives of protecting depositors at licensed banks, encouraging savings, and strengthening the confidence and stability in the banking sector. In attempt to expand its operations and activities to protect a larger share of deposit holders in the banking system, the cabinet approved an amending law to the insurance corporation law. Accordingly, the corporation was enabled to cover Islamic banks with its insurance umbrella, thus providing protection for larger majority of depositors.

Insured deposits in 2015 recorded JD 19,489.8 million (74.9 percent of total JD deposits at the banking system), compared with JD 18,018.1 million (75.0 percent of total JD deposits) in 2014. The fully insured deposits, after raising the coverage limit from JD 10,000 to JD 50,000, accounted for

22.9 percent of total deposits subject to the provisions of the corporation's Law. These fully insured deposits belonged to 1.7 million depositors, or 97.3 percent of the insured depositors.

The annual membership fees collected from member banks amounted to JD 45.8 million, while net investments income registered JD 29.3 million, during 2015. Accordingly, the reserves grew at the corporation by 16.0 percent to reach JD 537.2 million, against JD 463.1 million in 2014. The reserves covering ratio reached 2.8 percent of the insured deposits, compared to 2.6 percent in 2014. In addition, the book value of the corporation investments portfolio improved by 16.3 percent to reach JD 527.9 million, compared to JD 453.8 million in 2014.

### □ Jordan Loans Guarantee Corporation

Consistent with its main objectives, the corporation provided several loan guarantees for SMEs, supporting Jordanian economy, and creating jobs. Particularly, the corporation guaranteed 872 loans with a value of JD 41.0 million in 2015. The corporation also maintained its support to Jordanian exports via its Export Credit Guarantee Program; it guaranteed 1,083 shipments with a value of JD 54.0 million, compared to 1,219 shipments with a value of JD 53.0 million in 2014.

The operational revenues of the corporation, recorded JD 970 thousand, compared with JD 874.0 thousand in 2014. Investment revenues, however, declined to reach JD 713 thousand, compared to JD 879.0 thousand in 2014. The net profit increased to reach JD 597 thousand, compared to JD 420 thousand in 2014.

#### □ **Jordan Mortgage Refinance Company (JMRC)**

The JMRC effectively involved in the development of the mortgage market and helps to meet the housing needs of low-income segments of population. In 2015, the JMRC signed 14 loans agreements, with maturities ranging between less than 1 year up to 5 years with a total amount of JD 77.5 million. Since the inception of its operations in 1996, the JMRC signed a total of 208 agreements for refinancing existing and new housing loans in the amount of JD 899.6 million, with an outstanding balance of JD 148.8 million by the end of 2015.

These loans helped making housing loans attainable to a larger segment of the population. Further, it helped increasing banks' allocations for housing loans, improving their terms and extending their maturities, as well as fortifying competition among banks.

The JMRC relies on the issuance of corporate bonds in the local market as a

primary source for financing its business. In 2015, the company issued JD 87.5 million of bonds bringing the accumulated amount of issued bonds since establishment to JD 1,001.2 million, with maturities ranging from less than 1 year up to 5 years. Those issuances were conducted through private and public offerings, and have been sold to individuals as well as financial and investment institutions of the public and the private sectors. The outstanding balance of corporate bonds issued by the JMRC recorded JD 147.0 million at the end of 2015.

#### □ **Social Security Investment Fund (SSIF)**

The social security corporation (SSC) plays a vital role at the social and economic levels. It strengthens the protection of workers under the social security umbrella. Moreover, the SSC is investing in economic and financial projects based on investment expertise; balanced decisions and performance control. The investment strategy of the SSC helps optimizes the real value of its assets and, hence, enhances its ability to meet its obligations; to this end the SSIF was established in 2003.

According to the latest available data on SSIF's operations for 2014, total assets/liabilities expanded by JD 742.9

million (12.1 percent) to reach JD 6,859.8 million. On assets side, bonds portfolio increased by JD 732.8 million (34.3 percent), and other assets increased by JD 185.4 million. On the other hand, financial instruments portfolio dropped by JD 201.4 million (22.6 percent), while strategic equity portfolio recorded a decrease of JD 18.8 million (0.9 percent), (Statistical Annex/ Table 24).

On another front, assets allocation at the fund in 2014 indicates that bonds portfolio constituted 41.8 percent of total assets, followed by strategic equity portfolio with 29.7 percent of total assets, and financial instruments portfolio, which accounted for 10.0 percent of total assets.

## CHAPTER THREE

### PUBLIC FINANCE SECTOR

In light of the completion of the national fiscal and economic reform program (2012-2015), and the disciplined fiscal policy adopted by the government accompanied by the plunge in oil prices, the government succeeded in reducing the budget deficit (including grants) to reasonable levels, due to the improved structure of public spending, through curbing current spending and gradually reducing its ratio to GDP to reach 24.9 percent in 2015, boosting capital spending, and additional efforts to support and enhance tax administration.

The fiscal deficit (including grants) increased by 1.2 percentage points to reach 3.5 percent of GDP in 2015, compared to a deficit of 2.3 percent of GDP in 2014. Public revenues (including grants) dropped by 6.5 percent during 2015 compared to their level in 2014, mainly due to the decline in foreign grants, and in the proceeds of taxes on goods and services. Moreover, public expenditures, both current and capital, were down by 1.6 percent during 2015 compared to their level in 2014.

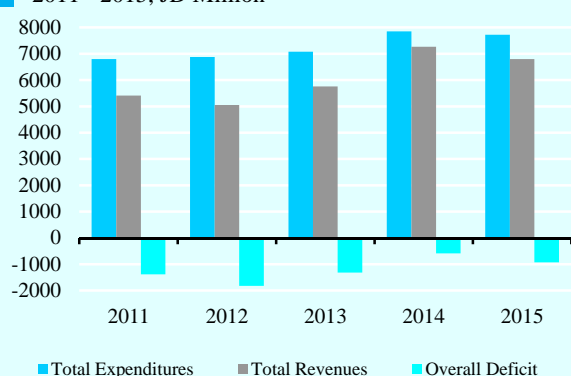
Owing to the central bank's efforts since 2013 to lower interest rates on its monetary policy instruments by a total of 250 basis points, interest rates on new public debt instruments issuances declined, as a result, interest payments for budgetary central government on internal debt declined by JD 85.0 million, compared to their estimated level in the General Budget Law for the year 2015, to reach JD 710.0 million.

The outstanding balance of net public debt, increased by 5.0 percentage points of GDP, to reach JD 22,847.5 million (85.8 percent of GDP) at the end of 2015. Gross public debt reached JD 24,876.5 million (93.4 percent of GDP). This increase was an outcome of financing the central government's budget deficit, as well as guaranteed loans for the National Electric Power Company (NEPCO) and the Water Authority of Jordan (WAJ), in addition to the economic slowdown during the year 2015. It's noteworthy, that these utilities' indebtedness reached JD 6.7 billion at the end of 2015.

## General Budget

In light of the decline in domestic revenues during 2015, compared to their level in 2014, as well as its estimated level in the General Budget Law, in addition to the decrease in foreign grants by 28.3 percent compared to 2014, the fiscal deficit (including grants) increased by JD 343.0 million to stand at JD 926.5 million (3.5 percent of GDP), compared to JD 583.5 million (2.3 percent of GDP) in 2014. When foreign grants are excluded, the deficit widens to JD 1,812.8 million (6.8 percent of GDP) compared to a larger deficit in the amount of JD 1,820.0 million (7.2 percent of GDP) in 2014. Due to the weak performance of domestic revenues, the self-reliance indicator, measured by the coverage ratio of domestic revenues to current expenditures, declined by 4.5 percentage points compared to its estimated level in the Budget Law, to reach 89.2 percent.

**Summary of Central Government Budget**  
2011 - 2015, JD Million



**Developments in Public Revenues and Public Expenditures, 2012 - 2015, JD Million**

	2012	2013	2014	2015
<b>Total revenues and grants</b>	<b>5,054.2</b>	<b>5,758.9</b>	<b>7,267.6</b>	<b>6,796.4</b>
Growth rate (%)	-6.6	13.9	26.2	-6.5
<b>Total expenditures</b>	<b>6,878.2</b>	<b>7,077.1</b>	<b>7,851.1</b>	<b>7,722.9</b>
Growth rate (%)	1.2	2.9	10.9	-1.6
<b>Overall deficit/surplus</b>	<b>-1,824.0</b>	<b>-1,318.2</b>	<b>-583.5</b>	<b>-926.5</b>
Ratio to GDP (%)	-8.3	-5.5	-2.3	-3.5

## Public Revenues

Public revenues (domestic revenues and foreign grants) decreased by JD 471.2 million (6.5 percent) to reach JD 6,796.4 million in 2015. This decrease in Public revenues was a result of the drop in domestic revenues by JD 121.0 million and the decline in foreign grants by JD 350.2 million.

The aforementioned downturn on the revenue side has contributed in widening the gap between government revenues and expenditures. Accordingly, the coverage ratio of public revenues to public expenditures declined by 4.6 percentage points, compared to its level in 2014, to record 88.0 percent in 2015.



**Main Indicators of Public Revenues**

2012 - 2015, JD Million

	2012	2013	2014	2015
<b>Domestic revenues</b>	<b>4,726.9</b>	<b>5,119.8</b>	<b>6,031.1</b>	<b>5,910.1</b>
Ratio to total revenues and grants (%)	93.5	88.9	83.0	87.0
Ratio to current expenditures (%)	76.2	84.5	89.8	89.2
Ratio to GDP (%)	21.5	21.5	23.7	22.2
<b>Foreign grants</b>	<b>327.3</b>	<b>639.1</b>	<b>1,236.5</b>	<b>886.3</b>
Ratio to total revenues and grants (%)	6.5	11.1	17.0	13.0
Ratio to GDP (%)	1.5	2.7	4.9	3.3
<b>Domestic revenues and grants</b>	<b>5,054.2</b>	<b>5,758.9</b>	<b>7,267.6</b>	<b>6,796.4</b>
Ratio to total expenditures (%)	73.5	81.4	92.6	88.0
Ratio to GDP (%)	23.0	24.1	28.6	25.5

- **Domestic Revenues**

Domestic revenues decreased by JD 121.0 million (2.0 percent) to reach JD 5,910.1 million. This decrease in domestic revenues, was an outcome of the decline in non-tax revenues by JD 177.8 million (9.0 percent) to reach JD 1,795.2 million, and the drop in pension contributions by JD 2.4 million (11.4 percent) to reach JD 18.6 million. Meanwhile, tax revenues slightly increased by JD 59.1 million (1.5 percent) to reach JD 4,096.2 million, compared to a rise by 10.5 percent during 2014.

This weak performance of domestic revenues was a result of several factors, mainly, the sharp drop in the prices of crude oil and its derivatives, reflected on the

decline in the prices of commodities and services, in addition to the slowdown of aggregate demand; both consumption and investment .

The developments in tax revenues collections, which accounted for 69.3 percent of domestic revenues, revealed a decrease in the proceeds of the General Sales Tax (GST) by JD 31.5 million (1.1 percent) to reach JD 2,779.9 million in 2015 compared to an increase by 11.0 percent in the preceding year. The descending curve of the proceedings of General Taxes on goods and services was driven by the decline in the proceedings of sales taxes (general and special) on oil derivatives due to the decrease in international oil prices, followed by its effect on the local prices of oil derivatives. Moreover, the slowdown of private consumption spending has led to a slowdown in the proceedings of Sales Tax on domestic goods, and a reduction in Sales Tax on services and commercial sector by 1.7 percent and 3.0 percent, respectively. It is noteworthy, that the taxes on goods and services remained on top of the list of levies, in terms of proceeds, accounting for 67.9 percent of total tax revenues in 2015.

Income and profits taxes proceeds have increased by JD 92.5 million (12.1 percent) to reach JD 858.8 million. The corporate income taxes accounted for 75.9 percent of overall income and profits taxes, while taxes on individuals and employees accounted for

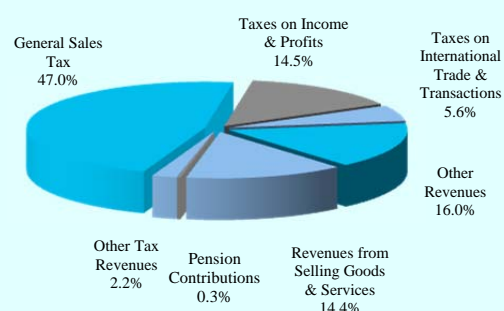
the remaining 24.1 percent. This improvement in the proceeds of income taxes is attributed to several amendments in the new income tax law for the year 2014, which became effective since 2015. These amendments included; widening tax exemptions for individuals (taxpayer and dependents) to reach a maximum of JD 28 thousand (of which JD 4 thousand for treatment, education and rent ...) as well as adjusting tax rates on income (both individuals and corporate), as follows:

- Increasing the number of tax brackets imposed on individuals' income, starting by 7 percent on the first JD 10 thousand, 14 percent on the next JD 10 thousand, and 20 percent on whatever follows.
- Raising the tax rates imposed on the banking sector from 30 percent to 35 percent.
- Raising tax rates imposed on electricity generation and distribution, and mining from 14 percent to reach 24 percent.
- Maintaining the same tax rates imposed on telecommunication companies, insurance companies, financial intermediation companies, and financial companies; including money exchange and financial leasing (24 percent).
- Maintaining the same tax rates imposed on the industrial sector (14 percent).
- Exempting agricultural sector's income from income taxes.
- Raising tax rates on all other sectors and companies from 14 percent to 20 percent.

**Components of Domestic Revenues**  
2012 - 2015, JD Million

	2012	2013	2014	2015
<b>Tax revenues</b>	<b>3,351.4</b>	<b>3,652.4</b>	<b>4,037.1</b>	<b>4,096.2</b>
Ratio to domestic revenues (%)	70.9	71.3	66.9	69.3
Ratio to GDP (%)	15.3	15.3	15.9	15.4
<b>Other revenues</b>	<b>1,351.2</b>	<b>1,445.3</b>	<b>1,973.0</b>	<b>1,795.2</b>
Ratio to domestic revenues (%)	28.6	28.2	32.7	30.4
Ratio to GDP (%)	6.2	6.1	7.8	6.7
<b>Pension contributions</b>	<b>24.3</b>	<b>22.1</b>	<b>21.0</b>	<b>18.6</b>
Ratio to domestic revenues (%)	0.5	0.4	0.3	0.3
Ratio to GDP (%)	0.1	0.1	0.1	0.1
<b>Total domestic revenues</b>	<b>4,726.9</b>	<b>5,119.8</b>	<b>6,031.1</b>	<b>5,910.1</b>

**Structure of Domestic Revenues in the Budgetary Central Government, 2015**



Taxes on international trade and transactions proceeds slightly improved by JD 5.4 million to reach JD 332.7 million.

Other (non-tax) revenues declined by JD 177.8 million. This decline was a result of the drop in the proceeds of "Property income" by 34.8 percent due to the decrease in the proceeds of financial surpluses from government units, in addition to the drop in "selling of goods and services" by 3.4 percent, while, "miscellaneous revenues" rose by 5.6 percent. Accordingly, non-tax revenues reached JD 1,795.2 million accounting for 30.4 percent of total domestic revenues.

#### • Foreign Grants

Budget grants decreased by JD 350.2 million, compared to its level in 2014, to reach JD 886.3 million (3.3 percent of GDP) in 2015. According to sources, these grants can be detailed as follows:

- USA grant in the amount of JD 204.5 million.
- Part of the Gulf Cooperation Council (GCC) grant in the amount of JD 332.6 million.
- European Union grant in the amount of JD 37.3 million.
- Other grants in the amount of JD 311.9 million.

Within the context of the GCC grant which allocated USD 5.0 billion to finance

development projects in the Kingdom within five years. By the end of 2015, the total disbursed amounts reached JD 1.15 billion (around USD 1.63 billion). It is noteworthy, that Qatar has not paid any part of its contribution to the GCC grant. It was agreed with Kuwait Fund for Arab Economic Development, the Saudi Fund for Development, and Abu Dhabi Fund for Development to finance a bundle of programs and projects mainly in the energy, transportation and education sectors. The programs and projects signed during the year 2015 were as follows:

#### Programs and Projects signed under the GCC grants agreement during 2015, JD Million

Projects	Value
<b>Saudi Fund for Development</b>	<b>228.0</b>
Construction & Equipping of Princess Basma Hospital	49.7
Maintenance and Rehabilitation of the Desert Road	46.2
Expansion of Al-Hussein Cancer Center	36.9
Fiber-optic Cable Network in the Middle Region of the Kingdom	35.5
Rehabilitation and Maintenance of King Hussein Hospital Center	25.6
Establishment of Industrial Cities in Governorates (Madaba, Tafilah, Salt, Jerash)	21.3
Establishment of Food Laboratories and a Radiotherapy Center	12.8
<b>Abu Dhabi Development fund</b>	<b>162.7</b>
Public Universities Development	89.5
Expansion of Granaries in Jewaida and Aqaba	50.1
Establishment of Liquefied Petroleum Gas Port in Aqaba	23.1
<b>Total</b>	<b>390.7</b>

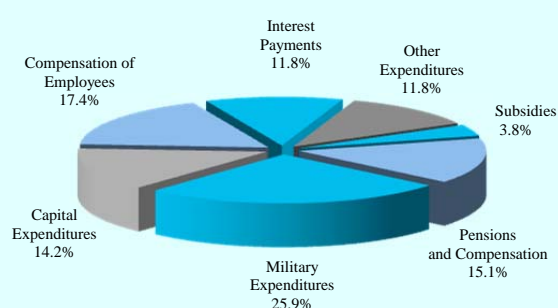
Source : Ministry of Planning and International Cooperation.

#### □ Public Expenditures

Public expenditures decreased by JD 128.2 million (1.6 percent), to reach

JD 7,722.9 million in 2015, driven by the drop in current and capital expenditures in the amount of JD 89.1 million and JD 39.1 million, respectively. Accordingly, public expenditures as a percentage of GDP reached 29.0 percent down from 30.9 percent in 2014.

#### Structure of Public Expenditures in the Budgetary Central Government, 2015



#### Main Indicators of Public Expenditures

2012 - 2015, JD Million

	2012	2013	2014	2015
<b>Current expenditures</b>	<b>6,202.8</b>	<b>6,056.1</b>	<b>6,713.6</b>	<b>6,624.5</b>
Ratio to total expenditures (%)	90.2	85.6	85.5	85.8
Ratio to GDP (%)	28.2	25.4	26.4	24.9
<b>Capital expenditures</b>	<b>675.4</b>	<b>1,021.0</b>	<b>1,137.5</b>	<b>1,098.4</b>
Ratio to total expenditures (%)	9.8	14.4	14.5	14.2
Ratio to GDP (%)	3.1	4.3	4.5	4.1
<b>Total expenditures</b>	<b>6,878.2</b>	<b>7,077.1</b>	<b>7,851.1</b>	<b>7,722.9</b>
Ratio to GDP (%)	31.3	29.7	30.9	29.0

#### • Current Expenditures

Current expenditures decreased by JD 89.1 million (1.3 percent) compared to 2014,

to reach JD 6,624.5 million (24.9 percent of GDP) in 2015. The fiscal discipline related to subsidies and social spending rationalization largely offset the decline in domestic revenues during the year 2015.

The decrease in current expenditures in 2015 compared to 2014 was driven by the drop in most of its items. Specifically; "government units subsidy" declined by 43.1 percent, "social assistances", including social safety net, also decreased by 21.7 percent, as a result of the termination of cash subsidies for oil derivatives, due to the fall in international oil prices below USD 100 per barrel, accounting for 3.6 percent of public expenditures compared to 4.5 percent in 2014. Furthermore, "purchases of goods and services" went down by 16.0 percent, "food and oil subsidies" also declined by 10.5 percent, and interest payments were slightly down by 1.2 percent. Meanwhile, military expenditures (including salaries) and compensations of civil servants increased by 4.0 percent and 1.9 percent, respectively.

The structure of current expenditures (Statistical Annex/Table 27) demonstrates that rigid current expenditures items accounted for 81.8 percent of total current expenditures. Military expenditures captured 30.1 percent of the total current expenditures, followed by "compensation of employees" (wages, salaries and social security contributions) accounted for 20.3

percent, "pension and compensations" accounted for 17.6 percent, and interest payments made up 13.8 percent. On the other side, flexible current expenditures accounted for the remaining 18.2 percent of total current expenditures. Food subsidies, accounted for 2.9 percent of total current expenditures, "purchases of goods and services" made up 6.1 percent of total current expenditures, while "miscellaneous current expenditures" accounted for the remaining 9.2 percent.

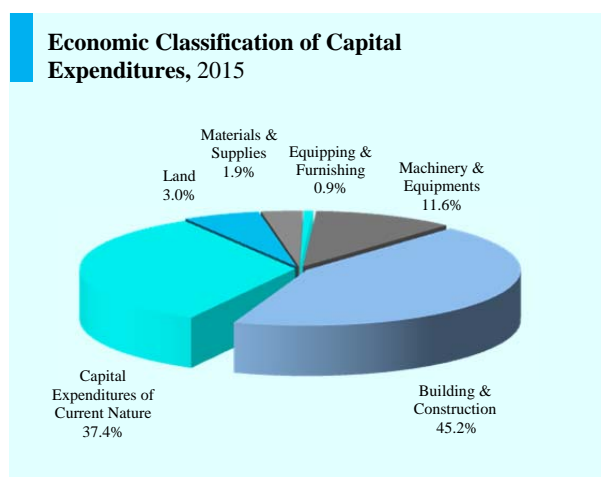
The functional classification of the current expenditures showed that social protection expenses made up the largest share of expenditures accounting for 22.5 percent, followed by the expenditures of general public services accounting for 20.0 percent. Meanwhile, public safety, education, defense, and health expenditures, accounted for 14.8 percent, 13.6 percent, 13.7 percent and 11.5 percent, respectively. The remaining 3.9 percent has been distributed amongst other expenses.

### • Capital Expenditures

Capital expenditures decreased by JD 39.1 million compared to their level in 2014 to reach JD 1,098.4 million (4.1 percent of GDP) in 2015. Consequently, capital expenditures accounted for 14.2 percent of total public expenditures. The ratio of achievement, measured by the ratio of actual capital expenditures to the planned capital

expenditures in the Budget Law, stood at 93.5 percent, up from 89.6 percent in 2014.

The capital expenditures with current nature (includes subsidies for government units, "purchases of goods and services", compensation of employees, and "studies and research" item) accounted for 37.4 percent of total capital expenditures, while "buildings and construction" made up 45.2 percent (the largest share). The remaining 17.4 percent was distributed among other items such as equipment, furniture, supplies and lands.



The functional classification of the capital expenditures revealed that the expenditures on economic affairs have acquired the largest share of capital expenditures accounting for 34.8 percent, followed by expenditures on "housing and community facilities" which accounted for 19.8 percent, and expenditures on health and education which accounted, collectively, for 23.5 percent. The remaining share of 21.9 percent was distributed amongst other expenses.

## □ Fiscal Deficit / Surplus

The impact of the above-mentioned developments during 2015 on the various measures of the fiscal deficit can be detailed as follows:

- The overall deficit including grants increased to JD 926.5 million (3.5 percent of GDP), compared to a deficit of JD 583.5 million (2.3 percent of GDP) in 2014. In consequence, the overall deficit was higher than the targeted level stipulated in the Budget Law for 2015 by JD 458.1 million. When foreign grants are excluded, the overall deficit reaches JD 1,812.8 million (6.8 percent of GDP) in 2015, compared to JD 1,820.0 million (7.2 percent of GDP) in 2014.
- The primary deficit including grants (public revenues *minus* public expenditures after excluding interest payments on public debt) stood at JD 12.1 million (0.05 percent of GDP), compared to a primary surplus of JD 342.4 million (1.3 percent of GDP) in 2014. When foreign grants are excluded, the primary deficit widens to reach JD 898.4 million or 3.4 percent of GDP compared to a primary deficit of 3.5 percent of GDP in 2014.
- Current deficit (domestic revenues minus current expenditures) reached JD 714.4 million (2.7 percent of GDP) compared to a current deficit in the amount of JD 682.5 million (2.7 percent of GDP) in 2014.

### Measures of Budget Deficit/ Surplus

2012 - 2015, In Percent of GDP

	2012	2013	2014	2015
Primary deficit/ surplus (Including Grants)	-5.6	-2.4	1.3	-0.05
Current deficit/ surplus	-6.7	-3.9	-2.7	-2.7
Overall deficit/ surplus (Including Grants)	-8.3	-5.5	-2.3	-3.5
Overall deficit/ surplus (Excluding Grants)	-9.8	-8.2	-7.2	-6.8

## Own-Budget Agencies

Own-budget agencies have collectively registered a fiscal deficit in the amount of JD 482.9 million in 2015, compared to a deficit totaling JD 1,046.5 million in 2014. The consolidated budget of own-budget agencies revealed that 20 governmental units (out of 67 agencies) recorded a fiscal deficit of JD 748.8 million. The highest deficit was registered by NEPCO, in the amount of JD 398.0 million (of which operating losses amounting to JD 204.4 million), according to re-estimates, compared to a deficit amounting to JD 1,198.8 million (of which operating losses amounting to JD 1,014.9 million), in 2014. This improvement in the company's performance is attributed to the decline in its purchases of diesel and heavy fuel oil, due to switching to natural gas exported through Aqaba port since July 2015. In addition to the steep drop in international oil prices and its effect on the value of the company's purchases of fuel

used in the generation process. WAJ, according to re-estimates, recorded a fiscal deficit of JD 235.3 million, compared to a fiscal deficit of JD 184.1 million in 2014.

In this regard, own-budget agencies revenues amounted to JD 1,238.5 million up by JD 621.2 million compared to 2014. "Total revenues from sales of goods and services" topped the list of own-budget agencies revenues reaching JD 931.8 million. Meanwhile, government subsidies, both current and capital, for these institutions totaled JD 163.2 million, while foreign grants amounted to JD 56.4 million. Meanwhile total expenditures of these agencies slightly increased by 3.5 percent to reach JD 1,721.4 million, due to the increase in capital expenditures, by 12.5 percent, which accounted for 37.0 percent of total expenditures. Meanwhile, current expenditures of these agencies, declined by 1.2 percent, accounting for 63.0 percent of total expenditures. (Statistical Annex/Table 25-B)

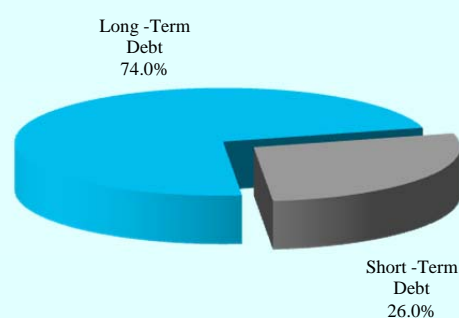
## Public Debt

Preliminary data on public indebtedness revealed that net public debt (including budget and guaranteed debt) rose by JD 2,292.4 million to reach JD 22,847.5 million (85.8 percent of GDP), compared to an increase of JD 1,458.6 million in 2014. In more details, net domestic public debt surged by JD 932.0 million to reach JD 13,457.0

million (50.5 percent of GDP) at the end of 2015. The outstanding balance of external debt also witnessed an increase of JD 1,360.4 million to reach JD 9,390.5 million (35.3 percent of GDP) at the end of 2015. The expansion in public indebtedness reflected the financing needs of central government budget, and own-budget agencies guaranteed loans, namely NEPCO and WAJ.

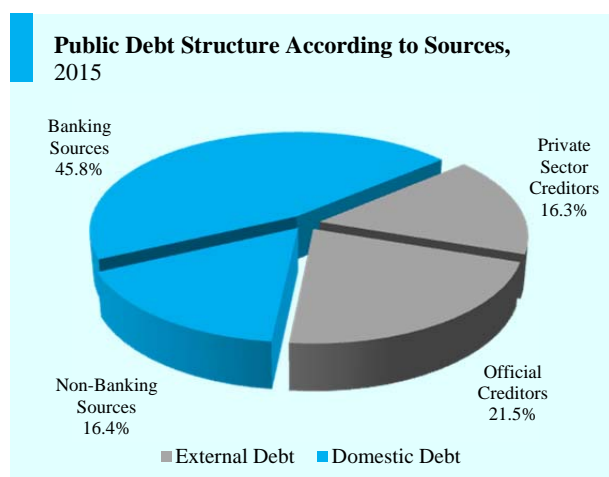
The structure of public debt, according to remaining maturity, showed that 26.0 percent of total debt is short-term (matures in one year or less). While, medium and long-term debt (matures after one year or more) constituted 74.0 percent of the public debt, at the end of 2015.

**Public Debt Structure, According to Maturity, 2015**  
(Based on Loan's Remaining Life)



The structure of public debt, according to sources, showed that external public debt from official creditors (governments, international and financial institutions) accounted for 21.5 percent of the total public debt at the end of 2015, while private sector creditors made up 16.3 percent. Moreover,

domestic public debt held by licensed banks captured almost 45.8 percent of total public debt, whereas debt held by non-bank institutions accounted for 16.4 percent.



Major debt indicators, such as financial solvency and liquidity indicators, are highlighted in the table below:

#### Major Public Debt Indicators

2012 - 2015, percentage points

	2012	2013	2014	2015
<b>Financial solvency indicators:</b>				
Net public debt/ GDP	75.5	80.0	80.8	85.8
Net public debt/ Domestic revenues	350.8	373.0	340.8	386.6
External debt/ Domestic revenues	104.3	141.3	133.1	158.9
External debt/ Exports	48.6	71.4	72.9	93.6
<b>Liquidity indicators:</b>				
External debt service/ Domestic revenues	11.8	11.7	15.0	24.7
External debt service/ Exports	5.5	5.9	8.2	14.6
Public debt interests / Domestic revenues	12.3	14.4	15.4	15.5
Short-term debt <sup>(1)</sup> / Public debt	28.7	27.7	24.1	26.0

Source : Ministry of Finance/ Public debt bulletin, January 2016.

(1) : Debt due within one year or less.

#### Net Domestic Public Debt

The government's fiscal policy until the past few years focused more on domestic borrowing, for financing budgetary needs, in addition to financing some own-budget agencies' losses, particularly NEPCO and WAJ. In order to continue meeting these growing financing needs without significantly raising borrowing costs, and to provide more space for financing the private sector's needs, the government switched towards more external borrowing during 2014 and 2015. As a result, net domestic public debt increased by JD 662.0 million and JD 932.0 million during the last two years, compared to a larger increase, by JD 2,733.0 million, in 2012.

Within this context, gross domestic public debt increased by JD 865.0 million at the end of 2015 compared to its level at the end of 2014, to reach JD 15,486.0 million in 2015, while central government banks deposits declined by JD 67.0 million, to reach JD 2,029.0 million. Accordingly, net domestic public debt increased by JD 932.0 million compared to its level at the end of 2014, to reach JD 13,457.0 million at the end of 2015. This increase in public debt was an outcome of the rise in the domestic debt of own-budget agencies by JD 1,003.0 million on one hand, and the decline in gross budgetary government debt by JD 75.0 million, on the other. These developments were influenced

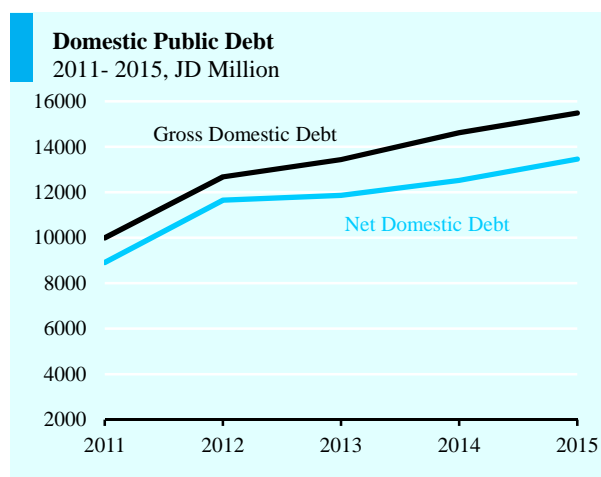


by stopping direct transfers from the treasury to NEPCO to finance its operational losses, repay interests, and redeem maturing bonds. Instead, the company was allowed to resume borrowing directly from commercial and Islamic local banks, with a government guarantee, to cover its financial obligations, during 2015.

The distribution of public debt between budgetary central government and own budget government agencies showed that gross domestic public debt of budgetary central government accounted for 83.5 percent of gross domestic public debt standing at JD 12,935.0 million. Meanwhile the debt of own-budget agencies (guaranteed debt) accounted for the remaining 16.5 percent. It is noteworthy, that NEPCO and WAJ indebtedness reached around 25.2 percent of GDP at the end of 2015.

The structure of gross domestic public debt according to sources indicates that debt provided through banking resources amounted to JD 11,395.0 million (73.6 percent of gross domestic debt), compared to 75.5 percent at the end of 2014. This debt can be decomposed into "treasury bills and bonds" which amounted to JD 8,894.0 million (57.4 percent of gross domestic public debt), and direct credit facilities in the amount of JD 2,501.0 million (16.2 percent of gross domestic public debt). Debt extended through non-banking institutions amounted to JD 4,091.0 million (26.4

percent of gross domestic public debt) at the end of 2015 (Statistical Annex/Table 28).



The turnover of domestic debt securities (treasury bills and bonds including those of public entities) revealed that the issues of these securities amounted to JD 3,620.0 million, lower by JD 2,397.5 million than their level in 2014. These securities were distributed as follows:

- Treasury bills in the amount of JD 125 million.
- Treasury bonds in the amount of JD 3,475 million.
- Public entities bonds in the amount of JD 20 million.

The amortization of these securities during 2015, reached JD 3,833.1 million with a decrease of JD 921.6 million, compared to 2014. Accordingly, the volume of net amortization stood at JD 213.1 million in 2015, compared to a net issued securities standing at JD 1,262.8 million in 2014.

Interests paid on domestic public debt securities decreased by JD 56.8 million to reach JD 752.9 million, accounting for 12.7 percent of domestic revenues in 2015, down by 0.7 percentage point compared to its level in 2014. The interest rates on government securities with a maturity of two, three and five years dropped to reach 2.77 percent, 3.27 percent and 3.62 percent, respectively, compared to 4.24 percent, 4.74 percent, and 5.58 percent in 2014. In addition to the issuance of seven years treasury bonds with an interest rate of 5.00 percent.

#### Selected Domestic Public Debt Indicators

2012 - 2015, JD Million

	2012	2013	2014	2015
<b>Gross outstanding domestic debt</b>	<b>12,678.0</b>	<b>13,440.0</b>	<b>14,621.0</b>	<b>15,486.0</b>
Ratio to GDP (%)	57.7	56.3	57.5	58.1
Gross government's deposits with the banking system	1,029.0	1,577.0	2,096.0	2,029.0
<b>Net outstanding domestic debt</b>	<b>11,648.0</b>	<b>11,863.0</b>	<b>12,525.0</b>	<b>13,457.0</b>
Ratio to GDP (%)	53.0	49.7	49.2	50.5
<b>Transactions in domestic public debt instruments <sup>(1)</sup></b>				
Issue	6,158.5	5,020.0	6,017.5	3,620.0
Amortization	4,367.8	4,181.7	4,754.7	3,833.1
Interests	550.4	709.6	809.7	752.9

Source : Ministry of Finance.

(1) : Includes public entities bonds.

## External Public Debt

The outstanding balance of external public debt, budget and guaranteed, increased by JD 1,360.4 million or 16.9

percent to reach JD 9,390.5 million (35.3 percent of GDP) at the end of 2015, compared to JD 8,030.1 million (31.6 percent of GDP) at the end of 2014. This increase was mainly driven by the government's issuance of USD 1.5 billion sovereign Eurobonds in international markets in June 2015 (of which USD 1.0 billion that mature in seven years with an interest rate of 2.578 percent, and USD 500.0 million that mature in ten years with an interest rate of 3.0 percent). This issuance was the Kingdom's third issuance of Eurobonds in international markets with U.S government guarantees. The government has also issued non- guaranteed Eurobonds in international markets, in the amount of USD 500.0 million in November 2015, (mature in ten years, with an interest rate of 6.125 percent). This issuance was the Kingdom's second issuance of non- guaranteed Eurobonds, the first issuance was in November 2010 in the amount of USD 750.0 million. In addition, the government received the seventh, and eighth tranches of the IMF facility under the Stand-By Arrangement (SBA) in the amount of USD 200 million, and USD 396.3 million, respectively.

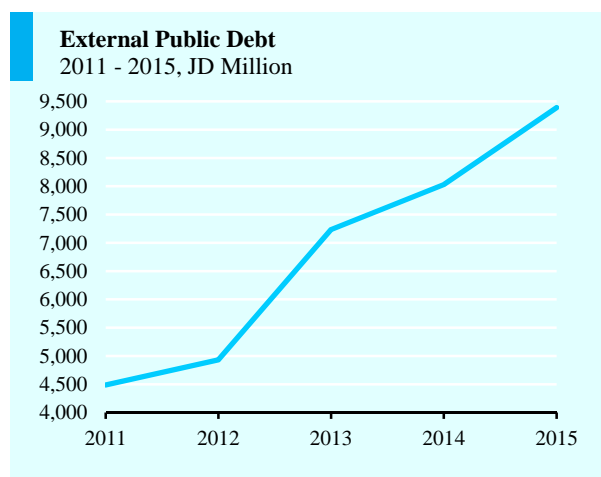
The increase in total outstanding balance of external public debt was an outcome of the rise in net external borrowing by USD 2,127.7 million, equivalent to JD 1,510.7 million, and the decline in the exchange rates of major creditors' currencies against the

dinar by USD 211.7 million, equivalent to JD 150.3 million.

External public debt according to sources showed that regional and international institutions contributed by 36.7 percent of the external public debt, most of it is owed to the International Monetary Fund (14.0 percent), and the World Bank (11.7 percent). Other external sources (bonds and foreign banks) made up 43.1 percent of the outstanding balance of external public debt. Meanwhile, debt owed to Arab and foreign governments (bilateral and export credit guarantees) accounted for 20.2 percent of external public debt at the end of 2015. The stock of bilateral loans accounted for the highest share to reach JD 1,825.5 million, whereas, the outstanding balance of export credit guarantees declined to stand at JD 69.9 million, at the end of 2015. The external debt data also shows that Japan had topped the list of creditor countries; accounting for 7.4 percent of the outstanding balance of external debt. (Statistical Annex/Table 29).

The currency composition of the external debt showed that debt denominated in US dollar had accounted for 60.0 percent of the gross balance of the external public debt, followed by debt denominated in Special Drawing Rights (SDR) which accounted for 15.7 percent, then Kuwaiti dinar, Japanese yen, and Euro which accounted for 8.2 percent, 7.0 percent, and 6.2 percent of the

gross balance of external public debt, respectively. Debt in other currencies had accounted for the remaining 2.9 percent.



As for the external public debt management, the data showed that the volume of contracted external public debt (budget and guaranteed) during 2015 reached JD 2,353.5 million (USD 3,314.8 million). These amounts were distributed over several economic purposes. Energy sector received JD 243.8 million, water sector received JD 54.4 million, while the largest share was allocated for financing the general budget deficit in the amount of JD 2,055.3 million. According to sources, the contracted external loans can be detailed as follows:

- The issuance of Sovereign Eurobonds, guaranteed by the U.S government, in the amount of JD 1,065.0 million, as well as non-guaranteed Eurobonds in the amount of JD 355.0 million .

- A loan from the World Bank in the amount of JD 213.0 million.
- A loan from the French government in the amount of JD 118.8 million.
- A loan from the Arab Fund for Economic and Social Development (AFESD) in the amount of JD 119.1 million.
- A loan from the Japanese agency in the amount of JD 137.7 million.
- A loan from Arab Monetary Fund (AMF) in the amount of JD 39.5 million.
- A loan from International Fund for Agricultural Development (IFAD) in the amount of JD 7.2 million.

The total disbursement of external loans increased by JD 967.3 million in 2015, compared to its level in 2014, to reach JD 2,696.5 million. Disbursements from several creditors (bonds) accounted for 56.6 percent of total disbursements (JD 1,526.5 million), while disbursements from regional and international institutions accounted for 33.6 percent of total disbursements (JD 903.8 million). Furthermore, disbursements from Arab and Industrial countries accounted for 9.6 percent (JD 261.0 million), while disbursements from other sources made up the remaining 0.2 percent. (Statistical Annex/Table 30).

The external debt service of interests and principals, amounted to JD 1,462.6 million (5.5 percent of GDP), compared to JD 906.3 million in the preceding year, with an increase of JD 556.3 million. In effect, the ratio of external public debt service (measured by the ratio of cash payments to total exports of goods and non-factor services) reached 14.6 percent, up from 8.2 percent in 2014.

#### Selected External Public Debt Indicators

2012 - 2015, JD Million

	2012	2013	2014	2015
<b>Outstanding external debt <sup>(1)</sup></b>	<b>4,932.4</b>	<b>7,234.5</b>	<b>8,030.1</b>	<b>9,390.5</b>
Ratio to GDP (%)	22.5	30.3	31.6	35.3
<b>Repayments</b>	<b>558.1</b>	<b>598.9</b>	<b>906.3</b>	<b>1,462.6</b>
Principal	437.5	469.1	701.7	1,230.2
Interest	120.5	129.8	204.6	232.4
Debt service ratio (%) <sup>(2)</sup>	5.5	5.9	8.2	14.6

Source : Ministry of Finance.

(1) : Represents balance of disbursed loans after discounting repayments.

(2) : Represents ratio of repayments (principal + interest) to total exports of goods and non-factor services.

## Fiscal Measures and Legislations

In light of the successful completion of the national fiscal and economic reform program, the government continued its commitment to the consolidation path, and focused on sustaining program achievements, part from which is the pursuit of implementing the financial reform executive program for the years 2016-2018. During 2015, the government adopted several fiscal measures, which included; the

completion of renewable energy projects, operation the LNG terminal and solar energy for electricity generation, in addition to reviewing the public debt management strategy, and accomplishing the implementation of development projects financed by the GCC grant. The government also introduced a package of economic incentives for certain economic sectors, including the real-estate sector, the tourism sector, information technology sector, and public transportation sector, along with extending the exemptions granted to economic activities that enjoy tax or customs exemptions under investment regulating legislations. These measures aim at fostering economic growth and job creation. Main measures introduced in 2015 are as follows:

- The cabinet approved the by-law and conditions for exempting renewable energy sources and equipment, as well as rationalization of energy consumption systems and its production inputs from customs duties, and subjecting them to zero rate general sales tax, to be effective starting from 16<sup>th</sup> November 2014 (March 2015).
- The cabinet decided to approve amending electricity tariffs, pursuant to the provisions of Article (18/ electricity prices) of the privilege agreement granted to the Jordanian Electric Power company (JEPCO), to become as follows:

  - Raising electricity tariffs by rates ranging from 0 percent - 7.5 percent starting from 16<sup>th</sup> February 2015 and until 31<sup>st</sup> December 2015 (March 2015).
  - Raising electricity tariffs by rates ranging from 0 percent - 15 percent starting from the beginning of each following year 2016 and 2017 (March 2015). However, the cabinet decided later to maintain the electricity tariffs for 2016.
  - Reducing electricity tariff for Hotels in the kingdom by 50 percent to be charged the same tariff as medium industrial sector starting form 1<sup>st</sup> May 2015 and until the end of 2016 (April 2015).
- In order to stimulate the real estate sector in Jordan, the cabinet decided to exempt homebuyers from registration fees for the first 150 square meters (sq. m.) of apartments sized 180 sq. m. or less, regardless of the character of the seller. Meanwhile, apartments that exceed 180 sq. m. are subject to the registration fees on the whole area without exemptions. This decision will be valid until the end of the year 2015. Noting that this decision was extended until 30<sup>th</sup> November 2016 (December 2015).
- Approving the 2015 law on the transfer of the revenues of government departments and units, aiming at resolving the distortions and imbalances accompanied by off-budget spending, as well as curbing public finances in general. The law will be

effective starting 1<sup>st</sup> Jan. 2016 (September 2015).

□ Amending the fixed charges on the water bill, to be effective starting 1<sup>st</sup> Oct. 2015, as follows:

- 0 - 18 cubic meter per cycle/ three months; an increase of 2.0 JDs on the quarterly bill.
- 19 - 72 cubic meter per cycle/ three months; an increase of 4.0 JDs on the quarterly bill.
- 73 and higher cubic meter per cycle/ three months; an increase of 6.0 JDs on the quarterly bill.

□ Reducing the general sales tax from 16 percent to 8 percent on clothes, leather clothes and bags, watches, shoes, perfumes, cosmetics, jewelry and toys, in addition to reducing the special tax from 25 percent to 8 percent on perfumes, cosmetics and natural leather clothing (October 2015).

□ Reducing the customs duties from 30 percent to 5 percent on leather clothing, used clothing and shoes, and some toys. In addition to, reducing customs duties on hand watches from 10 percent to 5 percent. Moreover, hybrid and electric car batteries, circuit breakers, electric transformers and other similar production inputs are exempted from customs duties in 2015.

□ The cabinet approved the by-law and the amended by-law for driving licenses and

vehicle registration and licensing fees to be effective starting 1<sup>st</sup> December 2015 (November 2015).

□ The cabinet decided to extend the exemptions granted to economic activities that benefit from tariff or tax incentives or exemptions for three years (December 2015).

□ Continuing the implementation of the mechanism of oil derivative price-liberalization, which was approved in 2012. Based on that mechanism, all oil derivatives' prices have declined noticeably during 2015, as follows:

#### Developments in the Prices of Oil Derivatives in 2015

Product	Unit	December 2014	December 2015	Change %
Unleaded Gasoline 90	Fils/Liter	690.0	535.0	-22.5
Unleaded Gasoline 95	Fils/Liter	835.0	700.0	-16.2
Gas Oil (Diesel)	Fils/Liter	545.0	400.0	-26.6
Kerosene	Fils/Liter	545.0	400.0	-26.6
Liquid Gas (12.5kg)	JD/Unit	10.0	7.0	-30.0
Fuel Oil for Industry	JD/Ton	362.7	234.3	-35.4
Fuel for airplanes (local companies)	Fils/Liter	491.0	336.0	-31.6
Fuel for airplanes (foreign companies)	Fils/Liter	496.0	341.0	-31.3
Fuel for unplanned flights	Fils/Liter	511.0	356.0	-30.3
Asphalt	JD/Ton	389.8	253.7	-34.9

Source: Jordan Petroleum Refinery Company.

## CHAPTER FOUR

### THE EXTERNAL SECTOR

A number of risks manifested in 2015, the closure of land trade routes with Syria and Iraq and the deepening instability in the region adversely impacted many external sector indicators such as trade, tourism and direct investment. However, the drop in international oil prices helped reduce the energy imports bill significantly by 40.6 percent, which in turn contributed to the overall decline in total imports and the trade balance deficit by 11.4 percent and 14.0 percent, respectively. In light of these developments, the current account deficit (excluding grants) narrowed down to 11.9 percent of GDP compared to 12.6 percent of GDP during 2014.

On the other hand, the current account deficit (including grants) increased to reach JD 2,365.6 million (8.9 percent of GDP) during 2015, compared to JD 1,851.7 million (7.3 percent of GDP) during 2014. This deterioration was mainly attributed to the decline in total exports by 6.6 percent, the decline in the surplus registered in services by 27.7 percent (which was affected by the decline in travel receipts by 7.1 percent), in addition to the decline in the surplus registered in current transfers due to the decrease in foreign grants.

Capital and financial transactions with the rest of the world resulted in a net inflow of JD 1,593.7 million during 2015, compared to an inflow of JD 909.0 million in 2014, derived by the increase in the claims of the Kingdom to the rest of the world. Among these claims, foreign direct investment (FDI) registered a net inflow of JD 904.4 million, while portfolio investments recorded an inflow of JD 918.4 million, mainly due to the issuance of sovereign Eurobonds in an amount of USD 2.0 billion. Moreover, loans disbursements increased by JD 545.3 million, due to the use of the International and Arab Monetary Funds (IMF and AMF) credit facilities. As an outcome of these developments, the overall balance of the balance of payments registered a surplus of JD 328.7 million in 2015, compared with a surplus of JD 1,550.7 million in 2014.

Further, net international investment position (IIP) witnessed an increase in the Kingdom's net obligations to abroad; to reach JD 24,357.5 million, compared to a net obligation of JD 22,578.8 million at the end of 2014 as a result of the increase in the stock of external financial assets and liabilities of all resident economic sectors to reach JD 18,657.9 million and JD 43,015.5 million; respectively.

## External Trade

The volume of external trade (domestic exports *plus* imports) registered a decline by 10.3 percent during 2015 compared to a 4.7 percent growth in 2014. Domestic exports and imports decreased by 7.1 percent and 11.3 percent; respectively. Consequently, the trade openness ratio (the external trade volume as a percent of GDP) declined to 72.2 percent in 2015, compared to 84.3 percent in 2014. Moreover, the coverage ratio of total exports to imports improved by 1.9 percentage points, compared to its level in 2014, to reach 38.5 percent.

### External Trade Indicators 2012-2015

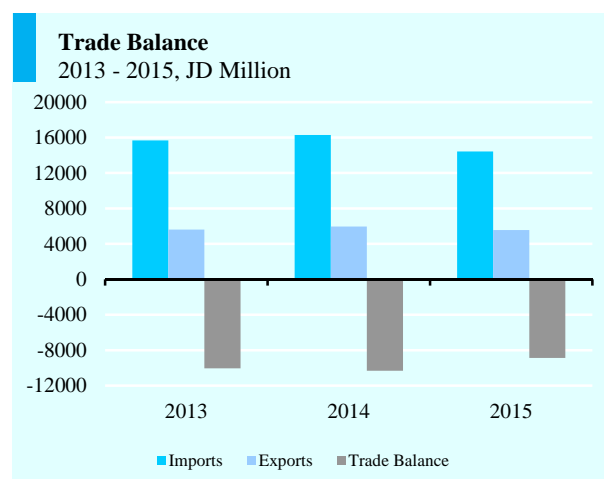
	2012	2013	2014	2015 <sup>(1)</sup>
<b>Annual Growth Rate (%)</b>				
<b>External Trade</b>	<b>6.8</b>	<b>5.1</b>	<b>4.7</b>	<b>-10.3</b>
Total Exports	-1.5	0.3	6.0	-6.6
Domestic Exports	-1.2	1.2	7.4	-7.1
Re-exports	-3.3	-4.4	-2.8	-3.4
Imports*	9.6	6.3	3.9	-11.3
<b>Trade Balance</b>	<b>17.8</b>	<b>10.0</b>	<b>2.8</b>	<b>-14.0</b>
<b>In Percent of GDP (%)</b>				
<b>External Trade</b>	<b>88.7</b>	<b>85.8</b>	<b>84.3</b>	<b>72.2</b>
Total Exports	25.5	23.6	23.4	20.9
Domestic Exports	21.6	20.1	20.3	18.0
Re-exports	3.9	3.4	3.1	2.9
Imports*	67.1	65.7	64.0	54.2
<b>Trade Balance</b>	<b>-41.6</b>	<b>-42.1</b>	<b>-40.6</b>	<b>-33.3</b>

\* : Including imports of non-residents.

(1) : Preliminary

In light of these developments, the trade balance deficit (total exports *minus* imports) declined by 14 percent to reach JD 8,877.6 million, compared to its level in 2014. These

developments were an outcome of the following:



### Total Merchandize Exports

Total exports (domestic exports *plus* re-exports) decreased by 6.6 percent to reach JD 5,558.4 million. This decrease was mainly due to the decline in domestic exports by 7.1 percent, to reach JD 4,795.2 million, and in re-exports by 3.4 percent to reach JD 763.2 million, which was affected by the closing of the Syrian and Iraqi borders, in addition to the appreciation of the U.S. dollar against other currencies. It is worth mentioning that domestic exports would grow by 0.6 percent if we exclude exports to Iraq and Syria; which can be explained by the increase in domestic exports to the Gulf countries by 16.8 percent.

#### Domestic Exports

- o The decline in the value of domestic exports came as a result of the decrease in both exported quantities and prices. The commodity composition of domestic exports in 2015 revealed the following:



- A decline in the exports of **vegetables** by JD 57.6 million (12.6 percent) to reach JD 399.8 million, compared to an increase of 25.6 percent in 2014, which was an outcome of the decline in exported quantities and the rise in prices. Exports of vegetables constituted around 8.3 percent of domestic exports. The main destination markets were UAE, Saudi Arabia, and Kuwait; which collectively accounted for 54.8 percent.
- A decrease in "**medical and pharmaceutical products**" exports by JD 25.7 million (6.1 percent) to reach JD 398.7 million, compared to a decrease of 3.3 percent during 2014, which was an outcome of the decline in exported quantities and the rise in prices. These products constituted around 8.3 percent of domestic exports. The main destination markets were Saudi Arabia, Algeria, Sudan, and Iraq; which collectively accounted for 54.4 percent.
- A decline in the exports of **fertilizers** by JD 151.7 million (50.0 percent) to reach JD 151.5 million, after a growth of 45.0 percent in 2014, this was an outcome of the decline in exported quantities and the rise in prices. Fertilizers accounted for 3.2 percent of domestic exports. India, Iraq, and Turkey were the main destination markets; collectively accounting for 68.3 percent.
- A decline in the exports of **live animals** by JD 0.5 million (0.3 percent) to reach JD 147.3 million compared to a decline of 5.4 percent in 2014, which was an outcome of the decline in prices and the increase in exported quantities. Live animals constituted around 3.1 percent of domestic exports, and Saudi Arabia was the main destination market; accounting for 96.4 percent.
- An increase in the exports of **clothes** by JD 70.9 million (7.8 percent) to reach JD 979.1 million, compared to an increase of 12.1 percent during 2014. This was a result of the increase in both prices and exported quantities. Clothes constituted around 20.4 percent of domestic exports and the main destination market was the USA which accounted for the majority of these exports (89.8 percent).
- An increase in the **potash** exports by JD 10.8 million (2.5 percent) to reach JD 434.6 million, compared to an increase of 0.9 percent during 2014. Potash exports accounted for 9.1 percent of domestic exports, and the main destination markets were China, India, and Malaysia; which accounted for 69.1 percent.

**Major Domestic Exports By Commodity**

2014 – 2015, JD Million

	2014	2015 <sup>(1)</sup>	Percentage Change
<b>Domestic Exports</b>	<b>5,163.0</b>	<b>4,795.2</b>	<b>-7.1</b>
<b>Clothes</b>	<b>908.2</b>	<b>979.1</b>	<b>7.8</b>
United States	820.8	879.3	7.1
<b>Potash</b>	<b>423.8</b>	<b>434.6</b>	<b>2.5</b>
China	125.7	146.1	16.2
India	111.4	110.1	-1.2
Malaysia	36.2	44.3	22.4
<b>Vegetables</b>	<b>457.4</b>	<b>399.8</b>	<b>-12.6</b>
United Arab Emirates	82.9	77.5	-6.5
Saudi Arabia	62.0	74.5	20.2
Kuwait	61.6	67.0	8.8
<b>Medical &amp; Pharmaceutical Products</b>	<b>424.4</b>	<b>398.7</b>	<b>-6.1</b>
Saudi Arabia	109.6	95.4	-13.0
Algeria	57.4	46.9	-18.3
Sudan	37.9	42.9	13.2
Iraq	49.1	31.6	-35.6
<b>Phosphates</b>	<b>333.0</b>	<b>369.3</b>	<b>10.9</b>
India	230.3	248.5	7.9
Indonesia	51.2	57.4	12.1
Iran	5.4	15.4	185.2
<b>Fertilizers</b>	<b>303.2</b>	<b>151.5</b>	<b>-50.0</b>
India	81.1	45.1	-44.4
Iraq	14.0	31.9	127.9
Turkey	61.9	26.5	-57.2

Source : Department of Statistics

(1) : Preliminary

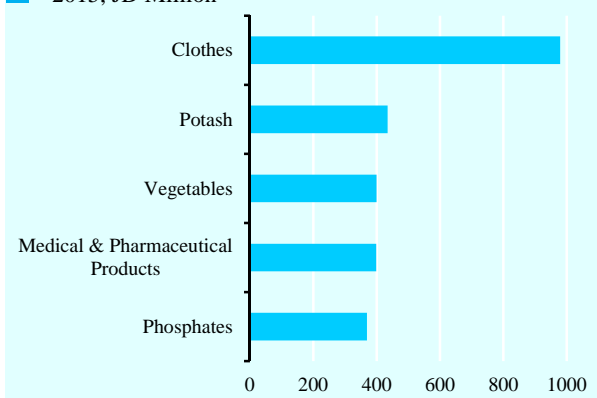
- A rise in **phosphates** exports by JD 36.3 million (10.9 percent) to reach JD 369.3 million, compared to an increase of 24.5 percent in 2014. This was a result of the increase in exported quantities and prices.

Phosphates exports accounted for 7.7 percent of domestic exports, and the main destination market was India; which consumed 67.3 percent of these exports.

Accordingly, exports of clothes, potash, vegetables, "medical and pharmaceutical products", phosphates, fertilizers, and live animals topped the list of exported commodities, and collectively, accounted for 60.1 percent of total domestic exports in 2015 compared to 58.1 percent in 2014.

**Major Exported Items**

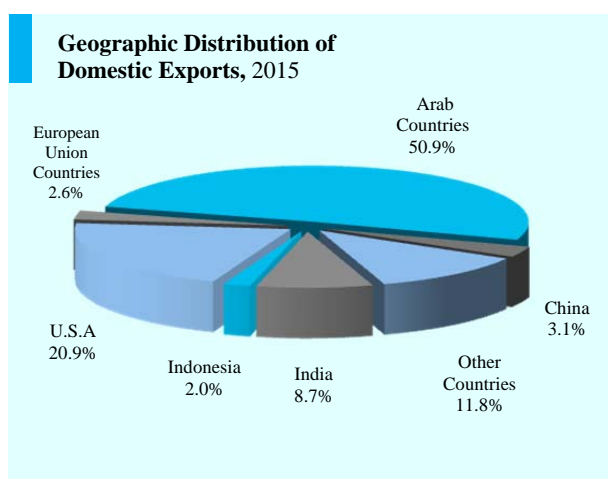
2015, JD Million



- o The commodity structure of exports according to economic functions revealed a decline in the exports of "consumer goods" by 1.0 percent to reach JD 2,684.9 million, which constituted 56.0 percent of total domestic exports in 2015, compared to 52.5 percent in 2014. Also, exports of "crude materials and intermediate

goods" decreased by 14.1 percent to stand at JD 1,984.2 million. Hence, the share of these exports went down from 44.8 percent in 2014 to 41.4 percent in 2015.

- As for the geographical distribution of domestic exports, the markets of the USA, Saudi Arabia, Iraq, India, the UAE, Kuwait, and China accounted for almost 68.6 percent of domestic exports in 2015, compared with 65.5 percent in 2014.



### • Re-Exports

Re-exported goods decreased by JD 27.0 million (3.4 percent) to reach JD 763.2 million in 2015, compared to a decline of 2.8 percent during 2014, and therefore constituted around 13.7 percent of total exports; an increase of 0.4 percent over its level in 2014. It is worth mentioning that the UAE, Iraqi, Saudi and Palestinian markets

acquired 19.6 percent of re-exported goods during 2015.

The commodity structure of re-exports according to economic functions during 2015 showed that consumer goods accounted for 28.9 percent of total re-exported goods. Capital Goods and "crude materials and intermediate goods", meanwhile, accounted for 40.0 percent and 25.6 percent, respectively.

### □ Merchandize Imports

The Kingdom's total merchandize imports decreased by JD 1,844.2 million (11.3 percent), to reach JD 14,436.0 million in 2015, compared to an increase of 3.9 percent in 2014. It is worth mentioning that the energy imports' bill declined by 40.6 percent in 2015 to reach JD 2,574.2 million, and constituted around 17.8 percent of total imports. Moreover, merchandize imports (excluding energy) decreased by 0.7 percent to reach JD 11,861.8 million.

- The decline in the value of imports was driven by the decline in both prices and imported quantities. The commodity composition of imports in 2015 compared to 2014 demonstrates the following:

- A decrease in the imports of **petroleum products** by JD 1,485.3 million (60.8 percent) to reach JD 958.3 million, compared to an increase of 30.6 percent in 2014, this was attributed to the decline in prices and imported quantities, in addition to starting the operations of the liquefied natural gas (LNG) terminal at the port of Aqaba and substituting petroleum products for (LNG) in electricity generation, as evidenced by the increase in LNG imports that reached JD 492.1 million. Petroleum products accounted for around 6.6 percent of total imports and the main source markets were Saudi Arabia, Turkey, and Belgium; accounting for 62.2 percent.
- A decline in the imports of **crude oil** by JD 709.6 million (43.2 percent) to stand at JD 931.1 million, compared with a decrease of 10.3 percent in 2014. This was outcome of the fall in oil prices by 47.6 percent and the increase in imported quantities by 8.4 percent. Crude oil accounted for 6.4 percent of total imports and the main source market is Saudi Arabia.
- A contraction in the imports of **"iron and steel"** by JD 61.6 million (11.7 percent) to reach JD 465.2 million, compared to a decrease of 7.7 percent in 2014, which was outcome of the decline in prices and the increase in imported quantities. These imports

made up around 3.2 percent of total imports and the main source markets were China, Iran, and Saudi Arabia; accounting for 63.3 percent.

**Major Imports By Commodity**  
2014-2015, JD Million

	2014	2015 <sup>(1)</sup>	Percentage Change
<b>Imports</b>	<b>16,280.2</b>	<b>14,436.0</b>	<b>-11.3</b>
<b>Petroleum Products</b>	<b>2,443.6</b>	<b>958.3</b>	<b>-60.8</b>
Saudi Arabia	403.8	337.6	-16.4
Turkey	220.9	129.9	-41.2
Belgium	84.0	128.4	52.9
<b>Crude Oil</b>	<b>1,640.7</b>	<b>931.1</b>	<b>-43.2</b>
Saudi Arabia	1,640.7	931.1	-43.2
<b>Transport Equipment &amp; Spare Parts</b>	<b>1,218.1</b>	<b>1,344.2</b>	<b>10.4</b>
Japan	256.4	286.9	11.9
South Korea	234.1	280.4	19.8
United States	273.9	216.7	-20.9
<b>Textile Yarn, Fabrics &amp; Related Products</b>	<b>595.4</b>	<b>596.6</b>	<b>0.2</b>
China	243.2	225.6	-7.2
Taiwan	168.2	200.1	19.0
Turkey	39.1	39.0	-0.3
<b>Iron &amp; Steel</b>	<b>526.8</b>	<b>465.2</b>	<b>-11.7</b>
China	146.0	166.2	13.8
Iran	4.6	92.8	-
Saudi Arabia	46.6	35.6	-23.6
<b>Plastic and Articles Thereof</b>	<b>522.2</b>	<b>448.7</b>	<b>-14.1</b>
Saudi Arabia	258.2	216.3	-16.2
United Arab Emirates	33.1	38.2	15.4
China	33.2	30.8	-7.2

Source : Department of Statistics.

(1) : Preliminary

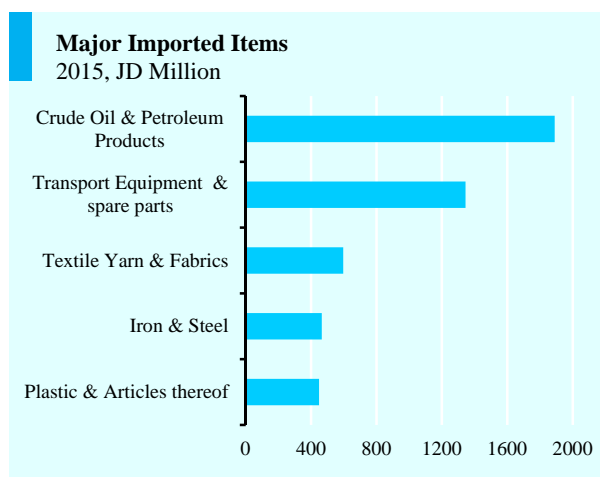
- A decrease in the imports of **"plastic & articles thereof"** by JD 73.5 million (14.1percent) to reach JD 448.7 million, compared to an increase of 7.9 percent in 2014, this was an outcome of the decline in prices and the increase in imported quantities. These products made up around 3.1 percent of total

imports, and the main source markets were Saudi Arabia, the UAE and China; accounting for 63.6 percent.

- An increase in the imports of **"transport equipment and spare parts"** by JD 126.1 million (10.4 percent) to stand at JD 1,344.2 million, compared with an increase of 26.9 percent in 2014, this was an outcome of the increase in imported quantities and the decline in prices. Transport equipment and spare parts made up around 9.3 percent of total imports and the main source markets were Japan, South Korea, and the USA ; accounting for 58.3 percent.
- A rise in the imports of **"textile yarn, fabrics, made up articles and related products"** by JD 1.2 million (0.2 percent) to reach JD 596.6 million, compared to an increase of 1.1 percent in 2014, this was outcome of the increase in imported quantities and the decline in prices. These imports made up around 4.1 percent of total imports and the main source markets were China, Taiwan and Turkey; accounting for 77.9 percent.
- An increase in the imports of **"electrical machinery, apparatus and appliances"** by JD 104.9 million (31.1 percent) to reach JD 442.6

million, compared to a decline of 4.3 percent in 2014, which was an outcome of the increase in imported quantities and the decline in prices. These imports made up around 3.1 percent of total imports and the main source markets were China, Turkey and Italy; accounting for 45.9 percent.

- Accordingly, imports of "transport equipment and spare parts", petroleum products, crude oil, "textile yarn, fabrics, made up articles and related products", "iron and steel", "plastic and articles thereof", and "electrical machinery, apparatus and appliances" accounted for 35.9 percent of Jordan's total imports in 2015 compared to 44.7 percent in 2014.

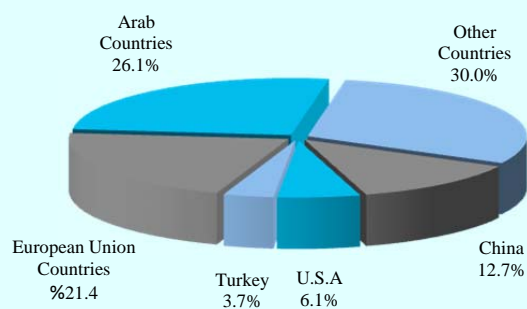


- As for the commodity structure of imports according to economic functions, the share of "crude materials and intermediate goods" to imports went down from 58.9 percent in 2014 to 51.7 percent in 2015. Meanwhile, the share of consumer goods and capital goods increased to 30.7

percent and 15.8 percent in 2015, compared to 26.9 percent and 12.6 percent in 2014; respectively.

- The geographical distribution of imports showed that the markets of Saudi Arabia, China, the USA, Germany, the UAE, Italy, and Turkey accounted for 50.4 percent of total imports, compared to 51.1 percent in 2014.

**Geographic Distribution of Imports, 2015**



## Commodity Terms-of-Trade

- The price terms-of-trade indicator (the ratio of export price index to import price index) went up by 5.9 percent in 2015 to reach 70.1 points, compared to 66.2 points in 2014. Which reflects an improvement in Jordan's exports competitiveness. This improvement was a result of the decrease in the export and import price indices by 4.4 percent and 9.8 percent; respectively.
- Moreover, the quantity terms-of-trade indicator (the ratio of imports quantity index to export quantity index) declined

by 1.2 percent in 2015. This decline was a result of the decrease in the quantity indices of both imports and exports by 3.7 percent and 2.5 percent; respectively.

- The indicator of capacity to import (the price terms of trade multiplied by the quantity index of exports), which reflects the purchasing power of exports value measured by the prices of imports, has increased by 3.3 percent to reach 178.6 points in 2015.

## Commodity Terms of Trade

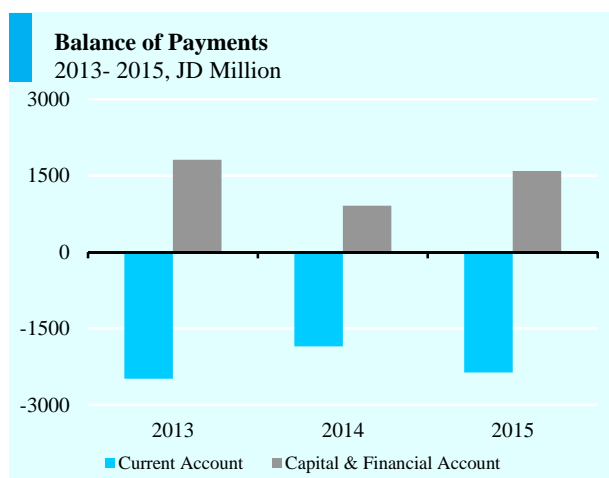
2012-2015, (1994=100)

	2012	2013	2014	2015 <sup>(1)</sup>
Price terms of trade	74.0	68.9	66.2	70.1
Quantum terms of trade	77.3	73.3	70.1	69.3
Capacity to import	166.6	170.8	172.9	178.6

(1) : Preliminary

## Balance of Payments

The transactions of the Jordanian economy with the rest of the world resulted in a surplus of JD 328.7 million in the overall balance of the balance of payments during 2015, compared to a surplus of JD 1,550.7 million during 2014, accordingly; the net foreign assets of the central bank increased by JD 782.9 million. The current account recorded a deficit of JD 2,365.6 million (8.9 percent of GDP). Meanwhile, capital and financial transactions recorded a net inflow of JD 1,593.7 million.



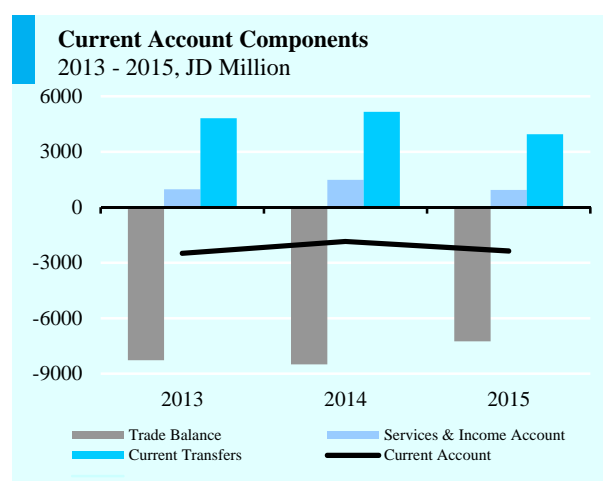
### □ Current Account

The current account deficit (excluding grants) narrowed down to register JD 3,167.8 million (11.9 percent of GDP) during 2015, compared to a deficit of JD 3,193.1 million (12.6 percent of GDP) in 2014. On the other hand, the current account deficit (including grants) widened during 2015 to reach JD 2,365.6 million (8.9 percent of GDP), compared to a deficit of JD 1,851.7 million (7.3 percent of GDP) during 2014. This was an outcome of the following developments:

- A decline in the trade balance deficit by JD 1,246.3 million (14.7 percent) to reach JD 7,249.3 million in 2015.
- A decline in the surplus of the services account by JD 492.5 million, due to the decline in services' receipts and payments by JD 590.4 million and JD 97.9 million; respectively. The deterioration in the surplus of the services account was

largely attributed to the decrease in the surplus registered in travel (net) by JD 233.3 million.

- A rise in the deficit of the income account by JD 51.9 million to reach JD 347.8 million, as a result of the increase in the deficit of investment income (net) by JD 57.1 million and the increase in the surplus of compensation of employees (net) by JD 5.2 million. It is worth noting that the primary current account deficit (current account excluding interest payments on loans) increased to reach 8.0 percent of GDP during 2015 compared to 6.5 percent of GDP during 2014.
- A decline in the surplus of net current transfers by JD 1,215.8 million to reach JD 3,945.1 million, as a result of the decline in net current transfers for the private sector by JD 676.6 million and in net public current transfers by JD 539.2 million. It is worth mentioning that workers' remittances receipts from abroad grew by 1.5 percent to reach JD 2,423.3 million.



Consequently, current receipts and payments reached JD 14,890.9 million and JD 17,256.5 million; respectively. Accordingly, the coverage ratio of current receipts to current payments declined to 86.3 percent, in 2015, compared to a coverage ratio of 90.3 percent in 2014.

### □ Capital and Financial Account

Capital and financial transactions with the rest of the world resulted in a net inflow of JD 1,593.7 million, compared to a net inflow of JD 908.9 million in 2014. In further details, the developments in the capital and financial transactions were driven by the following:

- Direct investment registered a net inflow of JD 904.4 million, compared to a net inflow of JD 1,367.5 million in 2014, decreasing by 33.9 percent. Main foreign direct investment inflows were concentrated in:
  - Sales of land and real estate to non-residents, Arab and foreigners, in an amount of JD 423.2 million.
  - Re-invested earnings in an amount of JD 244.0 million.
  - New and added investments, for Arab and foreigners in a total amount of JD 106.1 million, as registered at the Ministry of Industry and Trade.
- Portfolio investments registered a net inflow of JD 918.4 million, compared to a similar inflow of JD 824.9 million in 2014. This development was mainly attributed to the issuance of USD 2.0 billion sovereign Eurobonds, in addition to amortizing the 2010 issue of Eurobonds in an amount of USD 750 million.
- Other investments displayed a net inflow of JD 313.7 million in 2015, compared to a similar inflow of JD 391.4 million in 2014. This was mainly an outcome of the decline in licensed banks' deposits abroad by JD 57.4 million, the rise in the use of the International and Arab Monetary Funds (IMF and AMF) credit facilities by JD 469.1 million, in addition to the decline in non-resident deposits at the Jordanian banking system by JD 323.2 million.
- Reserve assets of the CBJ increased by JD 547.6 million, compared to an increase of JD 1,678.0 million in 2014. This came as a result of the rise in CBJ's portfolio of foreign securities and holdings of monetary gold by JD 1,006.1 million and JD 611.0 million, respectively, in addition to the decline in "currency and deposits" holdings by JD 1,037.6 million.

### International Investment Position

The international investment position (which represents the stock of net positions of external financial assets and liabilities) recorded a net obligation to abroad of JD 24,357.5 million, compared to a net obligation of JD 22,578.8 million at the end of 2014. This was an outcome of the following developments:



### □ External Assets

- An increase in the stock of external assets (the stock of claims, obligations and financial assets) for all resident economic sectors by JD 121.0 million at the end of 2015 compared to the end of 2014, to stand at JD 18,657.9 million, as a result of the increase in CBJ's reserve assets by JD 372.6 million and the decrease in the currency and deposits of the banking system abroad by JD 294.0 million.

### □ External Liabilities

- A rise in the position of external liabilities (the stock of claims, obligations and financial assets) for all resident economic sectors by JD 1,899.7 million at the end of 2015, to stand at JD 43,015.5 million, as a result of:
  - An increase in the stock of foreign direct investment by JD 883.0 million, to stand at JD 21,269.9 million.
  - An increase in the stock of portfolio investments by JD 956.8 million to reach JD 6,728.0 million, due to an increase in the debt securities, after the issuance of a USD 2.0 billion sovereign Eurobonds in the international markets and the amortization of previously issued Eurobonds in an amount of USD 750 million.
  - A rise in the outstanding balance of the IMF credit facilities by JD 346.2

million to reach JD 1,310.5 million.

- An increase in the outstanding balance of general government loans by JD 182.6 million, to stand at JD 3,377.9 million.
- A decline in the deposits of non-residents at the banking system by JD 323.2 million to reach JD 7,766.3 million.

### Aqaba Port Activity

Available data on the activities of the Aqaba port in 2015 showed a decrease in the volume of exported and imported commodities through the port by 0.7 million tons (3.5 percent) compared to 2014. Furthermore, the number of laid-anchor ships decreased by 25 ships to reach 2,244 ships, compared to 2,269 ships in 2014.

The volume of exported commodities through the port during 2015 increased by 0.6 percent to reach 5.2 million tons in 2015.

On the other hand, the volume of imported commodities through the port during 2015 decreased by 5.0 percent to reach 13.1 million tons, compared to an increase of 17.5 percent in 2014.

As for arrivals and departures of passengers through the port during 2015, the data showed a decrease in the number of arrivals and departures by 30.0 thousand and 9.8 thousand, to reach 256.9 thousand and 244.2 thousand; respectively.



## **STATISTICAL TABLES ANNEX**



## STATISTICAL TABLES ANNEX

### THE REAL SECTOR

1- Gross Domestic Product at Current Prices by Economic Activity.....	75
2- Expenditure on Gross Domestic Product at Current Prices .....	76
3- Production of Main Agricultural Crops .....	77
4- Industrial Production Quantity Index .....	78
5- Quantities Produced by Major Industries .....	79
6- Registered Companies According to Economic Activity .....	79
7- Construction Activity in The Kingdom .....	80
8- Consumer Price Index.....	81
9- Relative Distribution of Jordanian workers Aged 15 years and over by Economic Activity....	82

### MONEY, BANKING AND FINANCIAL MARKETS

10- Monetary Survey of the Banking System .....	83
11- Factors Affecting Money Supply .....	84
12- Assets and Liabilities of the Central Bank of Jordan.....	85
13- Average Exchange Rate of the Jordanian Dinar in Major Foreign Currency Units ..	86
14- Assets and Liabilities of Licensed Banks .....	87
15- Deposits Structure with Licensed Banks.....	88
16- Sectorial Distribution of Licensed Banks' Credit Facilities According to Economic Activity and Borrower .....	89
17- Consolidated Balance Sheet of Jordanian Banks' Branches Operating in the Palestinian Territories .....	90
18- Assets and Liabilities of Insurance Companies .....	91
19- The Premiums underwritten of Insurance Companies.....	92
20- Compensations Paid by Insurance Companies .....	92

21- Sectorial Distribution of Shares Traded .....	93
22- Share Price Index Weighted by Market Capitalization .....	94
23- Share Price Index Weighted by Free Float Shares .....	94
24- Assets of Social Security Investment Fund .....	95

## PUBLIC FINANCE SECTOR

25- Fiscal Situation of Central Government (Budgetary and Own-Budget Agencies)...	96
- Summary of Central Government Budget (A).....	97
- Accumulated Summary of Government Units Budgets (B) .....	98
26- Components of Domestic Revenues .....	99
27- Components of Public Expenditures .....	100
28- Central Government Domestic Debt .....	101
29- Outstanding External Public Debt .....	102
30- Distribution of External Loans Disbursed in 2015 According to Source .....	103
31- Distribution of External Loans Contracted in 2015 According to Source and Economic Sector .....	104

## THE EXTERNAL SECTOR

32- Balance of Payments .....	105
- Balance of Payments (Continued) .....	106
33- External Trade by Economic Functions.....	107
34- External Trade by Commodity According to S.I.T.C. ....	108
35- Geographic Distribution of External Trade.....	109
36- Price and Quantity Indices of Domestic Exports. ....	110
37- Price and Quantity Indices of Imports. ....	111
38- International Investment Position .....	112
- International Investment Position (Continued) .....	113
39- Aqaba Port Activity .....	114

**Table 1**  
**Gross Domestic Product at Current Prices**  
**by Economic Activity**

(JD Million)

	2011 <sup>(1)</sup>	2012 <sup>(1)</sup>	2013 <sup>(1)</sup>	2014 <sup>(1)</sup>	2015 <sup>(1)</sup>
Agriculture, Hunting, Forestry and Fishing	598.3	604.5	713.7	845.4	979.9
Mining and Quarrying	803.5	723.6	563.9	676.8	777.8
Manufacturing	3,485.3	3,633.4	4,074.4	4,254.5	4,335.3
Electricity and Water	417.5	482.8	531.0	592.5	685.7
Construction	888.0	961.7	1,060.6	1,140.0	1,159.6
Trade, Restaurants, and Hotels	1,845.3	2,055.9	2,279.9	2,428.2	2,479.2
Transport, Storage and Communications	2,426.1	2,637.4	2,889.2	2,975.5	3,122.3
Finance, Insurance, Real Estate and Business Services	3,483.9	3,838.4	4,205.3	4,514.7	4,800.4
Social and Personal Services	694.7	781.2	866.0	936.7	985.2
Producers of Government Services	4,121.3	4,485.6	4,831.6	5,080.3	5,269.4
Producers of Private Non-Profit Services for Households	101.3	109.3	117.3	126.3	135.1
Domestic Services of Households	58.3	61.3	61.3	61.4	61.4
Less: Imputed Bank Service Charge	-935.8	-1,076.9	-1,212.8	-1,266.4	-1,315.5
<b>GDP at Basic Prices</b>	<b>17,987.7</b>	<b>19,298.2</b>	<b>20,981.4</b>	<b>22,365.9</b>	<b>23,475.8</b>
Net Taxes on Products	2,488.9	2,667.3	2,870.2	3,071.2	3,161.6
<b>GDP at Market Prices</b>	<b>20,476.6</b>	<b>21,965.5</b>	<b>23,851.6</b>	<b>25,437.1</b>	<b>26,637.4</b>
Net Factor Income from Abroad	-187.8	-275.5	-240.4	-295.9	-347.8
<b>GNP at Market Prices</b>	<b>20,288.8</b>	<b>21,690.0</b>	<b>23,611.2</b>	<b>25,141.2</b>	<b>26,289.6</b>

Source : Department of Statistics.

(1) : Preliminary.

**Table 2**  
***Expenditure on Gross Domestic Product***  
***at Current Prices***

(JD Million)

	2008	2009	2010 <sup>(1)</sup>	2011 <sup>(1)</sup>
<b>Total Consumption</b>	<b>15,766.6</b>	<b>16,387.9</b>	<b>17,960.3</b>	<b>21,512.3</b>
Public	3,363.6	3,699.5	3,809.8	3,916.2
Private	12,403.0	12,688.4	14,150.6	17,596.1
<b>Gross Capital Formation</b>	<b>4,661.6</b>	<b>4,447.9</b>	<b>4,787.0</b>	<b>4,754.0</b>
Gross Fixed Capital Formation	4,342.9	4,254.2	4,427.5	4,430.5
Buildings and Constructions	2,722.9	3,004.7	N.A	N.A
Machines and Equipment	1,620.0	1,249.5	N.A	N.A
Change in Stocks	318.7	193.7	359.5	323.6
<b>Total Domestic Demand</b>	<b>20,428.2</b>	<b>20,835.8</b>	<b>22,747.3</b>	<b>26,266.3</b>
<b>Net Exports of Goods and Non-Factor Services</b>	<b>-4,834.8</b>	<b>-3,923.6</b>	<b>-3,985.3</b>	<b>-5,789.7</b>
Exports	8,811.2	7,758.6	8,966.1	9,334.1
Imports	13,646.0	11,682.2	12,951.4	15,123.8
<b>GDP at Market Prices</b>	<b>15,593.4</b>	<b>16,912.2</b>	<b>18,762.0</b>	<b>20,476.6</b>

Source : Department of Statistics.

(1) : Preliminary, data for 2010 and 2011 are indicative and used only for guideline purposes.

**Table 3**  
***Production of Main Agricultural Crops***

(Thousand Ton)

	2010	2011	2012	2013 <sup>(1)</sup>	2014 <sup>(1)</sup>
<b>Field Crops, of which:</b>					
Wheat	22.1	19.8	19.2	28.5	27.5
Barley	10.7	29.3	32.1	40.9	38.9
Tobacco	0.0	0.0	0.0	0.0	0.0
Lentils	0.2	0.1	0.1	0.2	0.1
Maize and Sorghum	54.5	34.0	32.8	32.7	24.4
Clover	223.6	99.9	148.3	232.4	277.2
<b>Vegetables, of which:</b>					
Tomatoes	737.3	777.8	738.2	869.1	744.6
Eggplant	104.7	117.0	121.2	109.4	80.7
Cucumbers	197.2	230.4	161.7	179.0	279.6
Cauliflowers and Cabbages	75.0	84.6	79.2	95.2	98.9
Melons	184.2	160.4	150.7	136.5	169.7
Potatoes	174.9	216.5	141.6	103.2	204.1
Zucchini	69.7	93.1	69.0	78.7	60.0
<b>Fruitful Trees, of which:</b>					
Olives	171.7	131.8	155.6	128.2	155.8
Grapes	29.7	38.4	35.7	35.2	34.6
Citrus Fruits	119.7	107.6	111.7	98.7	95.2
Bananas	43.8	48.3	38.9	42.0	37.5
Apple	28.8	39.7	36.4	40.6	39.9
Peach	23.2	16.1	28.1	30.7	32.0

Source : Department of Statistics.

(1) : Preliminary.



**Table 4**  
**Industrial Production Quantity Index**

(1999=100)

	Weight	2011	2012	2013	2014	2015 <sup>(1)</sup>
<b>Mining, Quarrying, and Manufacturing :</b>	<b>93.552</b>	<b>148.7</b>	<b>148.3</b>	<b>151.4</b>	<b>154.0</b>	<b>153.8</b>
<b>Mining and Quarrying:</b>	<b>11.027</b>	<b>120.8</b>	<b>100.4</b>	<b>88.9</b>	<b>114.0</b>	<b>127.0</b>
Extraction of Petroleum & Natural Gas	0.357	70.7	63.8	58.9	49.7	47.9
Quarrying of Stone	0.393	47.9	41.5	16.5	12.2	6.3
Phosphate	5.414	125.2	106.1	89.4	123.9	137.4
Potash	4.863	125.5	101.6	96.4	115.9	130.9
<b>Manufacturing:</b>	<b>82.525</b>	<b>152.4</b>	<b>154.7</b>	<b>159.7</b>	<b>159.4</b>	<b>157.4</b>
Food Products and Beverages	15.396	190.3	196.5	206.4	203.3	211.6
Tobacco Products	2.401	343.1	343.2	445.3	469.0	448.5
Wearing Apparel and Textiles	2.770	142.8	129.7	110.5	113.6	89.8
Footwear and Leather	0.636	18.1	19.4	21.8	21.9	29.0
Furniture	2.024	204.0	210.5	188.9	195.6	183.7
Wood and Cork Except Furniture	0.404	34.8	35.1	35.2	60.9	61.9
Paper and its Products	2.859	94.8	108.8	86.4	70.0	67.2
Fertilizers	10.665	100.7	87.5	93.5	110.1	97.4
Basic Chemicals Except Fertilizers	0.535	77.5	80.7	69.6	62.6	59.9
Paints	1.066	292.6	271.8	253.1	245.9	272.9
Pharmaceuticals	4.436	206.3	215.3	222.0	216.2	218.5
Detergents and Soap	2.571	123.2	137.3	256.7	131.0	125.9
Refined Petroleum Products	14.713	98.0	107.6	96.0	93.2	98.9
Rubber and Plastic Products	2.694	151.3	159.3	164.2	168.3	158.7
Cement and Lime	3.309	58.1	45.0	37.0	40.6	34.6
Iron and Steel	2.914	121.7	118.7	102.3	102.9	105.7
Publishing and Printing	1.804	102.9	111.6	99.7	105.0	108.3
Manufacture of Articles of Concrete & Cement	2.253	320.5	400.8	423.6	479.4	475.5
Cutting, Shaping and Finishing of Stone	0.915	116.3	114.2	115.8	128.3	115.1
Machinery and Equipment	1.250	248.8	189.3	190.1	166.3	163.8
Medical Equipment	0.210	59.0	65.0	72.5	10.6	4.0
Electrical Machinery and Apparatus	1.285	156.4	163.9	151.8	126.8	115.6
Basic Precious and Non-Ferrous Metals	0.647	120.0	102.9	105.0	115.0	105.0
Fabricated Metal Products Except Machinery and Equipment	2.682	320.2	295.3	314.5	334.1	326.6
Radio, T.V. and Communication Equipment	0.652	20.7	9.7	14.0	16.9	16.6
Motors Vehicles Trailers	0.595	102.5	95.6	91.3	73.0	69.1
Other	0.839	135.5	142.2	102.8	165.9	142.3
<b>Electricity, Gas, Steam and Hot Water Supply</b>	<b>6.448</b>	<b>174.4</b>	<b>185.7</b>	<b>177.3</b>	<b>180.0</b>	<b>210.9</b>
<b>General Index</b>	<b>100</b>	<b>150.3</b>	<b>150.7</b>	<b>153.1</b>	<b>155.7</b>	<b>157.5</b>

Source : Department of Statistics.

(1) : Preliminary.

**Table 5**  
**Quantities Produced by Major Industries**

	Unit	2011	2012	2013	2014 <sup>(1)</sup>	2015 <sup>(1)</sup>
<b>Mining and Quarrying:</b>						
Phosphate	1000 Ton	7,593.9	6,382.9	5,274.2	7,108.9	8,263.5
Potash	1000 Ton	2,258.6	1,823.4	1,728.4	2,086.2	2,355.0
<b>Manufacturing:</b>						
Fertilizers	1000 Ton	722.7	640.3	678.1	886.0	619.4
Chemical Acids	1000 Ton	1,413.0	1,290.7	1,266.4	1,441.5	1,205.8
Clinker	1000 Ton	1,205.6	1,025.8	906.1	865.0	652.5
Petroleum Products	1000 Ton	3,158.2	3,476.0	3,081.9	3,007.1	3,211.9
<b>Electricity</b>	<b>Mill.K.W.H.</b>	<b>8,160.4</b>	<b>7,895.5</b>	<b>7,539.3</b>	<b>8,147.9</b>	<b>6,557.4</b>

Source : Industrial Companies in Jordan.

(1) : Preliminary.

**Table 6**  
**Registered Companies According to Economic Activity**

(Capital in JD Million)

	2011		2012		2013		2014 <sup>(1)</sup>		2015 <sup>(1)</sup>	
	Number	Capital	Number	Capital	Number	Capital	Number	Capital	Number	Capital
Agriculture	919	332.1	707	35.3	687	29.3	751	30.4	720	12.5
Industry	1,427	25.9	2,172	60.1	2,263	163.3	2,179	58.2	1,891	49.1
Construction	341	34.7	241	16.3	217	10.3	224	11.1	148	7.7
Trade	2,435	204.9	1,995	63.5	1,927	53.8	1,707	43.1	1,356	22.3
Services	2,555	54.3	2,637	64.0	2,760	81.0	2,660	52.9	2,222	67.4
<b>Total</b>	<b>7,677</b>	<b>651.9</b>	<b>7,752</b>	<b>239.2</b>	<b>7,854</b>	<b>337.7</b>	<b>7,521</b>	<b>195.7</b>	<b>6,337</b>	<b>158.9</b>

Source : Ministry of Industry and Trade / Companies Control Department.

(1) : Preliminary.

**Table 7**  
**Construction Activity in The Kingdom**

(Area in Thousands of Sq. M.)

	2011	2012	2013	2014 <sup>(1)</sup>	2015 <sup>(1)</sup>
<b>(A) Residential</b>					
<b>No. of Permits</b>	<b>26,603</b>	<b>29,940</b>	<b>33,906</b>	<b>36,642</b>	<b>32,882</b>
Amman	8,170	7,956	8,096	8,904	7,596
Irbid	6,529	8,429	10,063	11,118	10,496
Zarqa	2,634	2,804	3,223	3,103	2,765
Other	9,270	10,751	12,524	13,517	12,025
<b>Area</b>	<b>9,719.9</b>	<b>10,691.2</b>	<b>11,817.6</b>	<b>12,578.4</b>	<b>10,870.0</b>
Amman	5,810.3	6,013.2	6,075.6	6,084.1	4,967.3
Irbid	1,388.2	1,806.0	2,243.1	2,611.9	2,378.1
Zarqa	699.0	756.3	942.9	983.4	888.8
Other	1,822.4	2,115.7	2,556.0	2,899.0	2,644.8
<b>(B) Other Purposes</b>					
<b>No. of Permits</b>	<b>2,973</b>	<b>2,526</b>	<b>2,695</b>	<b>2,936</b>	<b>2,893</b>
Amman	1,525	1,188	1,176	1,334	1,322
Irbid	377	431	568	672	657
Zarqa	397	338	423	471	477
Other	674	569	528	459	437
<b>Area</b>	<b>2,440.7</b>	<b>2,215.5</b>	<b>2,167.5</b>	<b>2,413.9</b>	<b>2,243.8</b>
Amman	1,589.2	1,604.0	1,338.3	1,616.8	1,457.0
Irbid	110.6	131.1	254.8	233.6	268.9
Zarqa	172.7	146.6	175.6	265.2	217.3
Other	568.2	333.8	398.8	298.3	300.6
<b>Total (A+B)</b>					
<b>1. No. of Permits</b>	<b>29,576</b>	<b>32,466</b>	<b>36,601</b>	<b>39,578</b>	<b>35,775</b>
<b>2. Area</b>	<b>12,160.6</b>	<b>12,906.7</b>	<b>13,985.1</b>	<b>14,992.3</b>	<b>13,122.8</b>

Source : Department of Statistics.

(1) : Preliminary.

**Table 8**  
**Consumer Price Index**

(2010=100)

	Weight	2011	2012	2013	2014 <sup>(1)</sup>	2015 <sup>(1)</sup>
<b>Food and non-Alcoholic Beverages</b>	<b>33.365</b>	<b>104.2</b>	<b>109.0</b>	<b>113.6</b>	<b>114.0</b>	<b>115.2</b>
<b>Food Item, of which:</b>	<b>30.505</b>	<b>103.8</b>	<b>108.7</b>	<b>113.4</b>	<b>113.7</b>	<b>115.1</b>
Cereal and its Products	4.993	97.8	97.3	97.2	97.9	98.1
Meat and Poultry	8.224	107.2	112.6	118.8	118.4	118.8
Dairy Products and Eggs	4.233	104.7	117.9	123.2	122.7	123.4
Oils and Fats	1.915	105.4	105.8	102.3	102.3	106.1
Fruits and Nuts	2.735	105.2	110.0	119.1	122.1	128.0
Vegetables and Legumes Dry and Canned	3.886	96.3	100.8	113.9	111.4	113.4
Sugar and its Products	2.771	108.2	112.8	112.7	114.6	114.9
<b>Non-Alcoholic Beverages</b>	<b>2.860</b>	<b>109.3</b>	<b>112.0</b>	<b>115.4</b>	<b>116.8</b>	<b>116.5</b>
<b>Alcohol and Tobacco and Cigarettes</b>	<b>4.431</b>	<b>102.9</b>	<b>104.4</b>	<b>94.4</b>	<b>108.5</b>	<b>112.3</b>
Alcoholic Beverages	0.028	102.5	104.4	105.7	120.3	121.6
Tobacco and Cigarettes	4.403	102.9	104.4	94.3	108.4	112.2
<b>Clothing and Footwear</b>	<b>3.549</b>	<b>105.7</b>	<b>110.1</b>	<b>114.5</b>	<b>125.2</b>	<b>131.3</b>
<b>Housing, of which:</b>	<b>21.920</b>	<b>103.9</b>	<b>107.4</b>	<b>114.7</b>	<b>120.2</b>	<b>120.9</b>
Rents	15.570	104.8	108.5	113.2	120.8	126.8
Fuels and Lighting	4.847	101.5	105.2	122.7	122.5	106.2
<b>Household Furnishings and Equipment</b>	<b>4.186</b>	<b>102.8</b>	<b>105.8</b>	<b>108.3</b>	<b>110.8</b>	<b>112.9</b>
<b>Health</b>	<b>2.212</b>	<b>104.1</b>	<b>112.3</b>	<b>107.8</b>	<b>114.6</b>	<b>117.5</b>
<b>Transportation</b>	<b>13.575</b>	<b>107.1</b>	<b>116.9</b>	<b>129.5</b>	<b>132.3</b>	<b>113.5</b>
<b>Communication</b>	<b>3.504</b>	<b>95.2</b>	<b>95.2</b>	<b>95.2</b>	<b>95.2</b>	<b>95.2</b>
<b>Culture and Recreation</b>	<b>2.274</b>	<b>102.1</b>	<b>103.9</b>	<b>103.7</b>	<b>106.4</b>	<b>112.2</b>
<b>Education</b>	<b>5.407</b>	<b>104.3</b>	<b>107.1</b>	<b>111.1</b>	<b>114.8</b>	<b>118.3</b>
<b>Restaurants and Hotels</b>	<b>1.834</b>	<b>106.4</b>	<b>114.2</b>	<b>126.0</b>	<b>128.6</b>	<b>130.3</b>
<b>Other Goods and Services</b>	<b>3.746</b>	<b>104.7</b>	<b>108.8</b>	<b>115.1</b>	<b>116.6</b>	<b>117.6</b>
<b>Consumer Price Index</b>	<b>100.0</b>	<b>104.2</b>	<b>108.9</b>	<b>114.1</b>	<b>117.4</b>	<b>116.4</b>

Source : Department of Statistics.

(1) : Preliminary.

**Table 9**  
***Relative Distribution of Jordanian Workers Aged 15 years and over  
By Economic Activity***

	2011	2012	2013	2014 <sup>(1)</sup>	2015 <sup>(1)</sup>
<b>Total Labor Force</b>	<b>1,436,020</b>	<b>1,443,577</b>	<b>1,444,699</b>	<b>1,460,337</b>	<b>1,607,630</b>
<b>Total Number of Workers</b>	<b>1,250,971</b>	<b>1,268,107</b>	<b>1,262,636</b>	<b>1,286,688</b>	<b>1,398,030</b>
<b>Relative Distribution of Workers by Economic Activity</b>					
Agriculture, Forestry and Fishing	1.7	2.0	2.0	1.8	1.7
Mining and Quarrying	0.9	0.8	1.0	0.8	0.8
Manufacturing	10.2	9.7	9.9	10.2	10.0
Construction	6.0	6.0	6.4	6.6	6.0
Wholesale and Retail Trade	15.4	15.5	15.7	15.3	15.3
Transport, Storage and Communications	9.6	9.1	9.2	9.6	9.3
Financial and Insurance Activities	2.0	2.0	1.9	2.1	1.7
Public Administration, Defense and Social Security	24.8	25.5	26.2	26.2	26.3
Education	12.8	12.6	12.1	11.9	12.4
Human Health and Social Service	5.0	5.1	5.0	4.9	5.0
Others	11.6	11.7	10.6	10.6	11.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Sources : Department of Statistics.

Al-Manar Project / National Center for Human Resources Development.

(1) : Preliminary.

**Table 10**  
**Monetary Survey of the Banking System <sup>(1)</sup>**

(JD Million)

	2011	2012	2013	2014	2015
<b>Foreign Assets (Net)</b>	<b>9,370.1</b>	<b>6,665.5</b>	<b>6,923.4</b>	<b>7,932.3</b>	<b>8,137.3</b>
Central Bank	9,248.1	6,139.7	8,487.4	9,939.5	10,124.2
Licensed Banks	122.0	525.8	-1,564.0	-2,007.2	-1,986.9
<b>Domestic Assets (Net)</b>	<b>14,748.8</b>	<b>18,279.7</b>	<b>20,440.0</b>	<b>21,308.1</b>	<b>23,468.2</b>
<b>Net Claims on Public Sector</b>	<b>7,215.2</b>	<b>9,944.8</b>	<b>10,959.1</b>	<b>10,854.3</b>	<b>11,739.8</b>
A) Net Claims on Central Government General Budget	6,291.3	7,805.3	9,004.5	9,265.5	9,173.5
B) Net Claims on Central Government Own-Budget	410.1	1,656.0	1,490.3	1,208.4	2,212.9
C) Claims on Public Entities	513.8	483.5	464.3	380.4	353.4
<b>Claims on Private Sector (Resident)</b>	<b>14,925.0</b>	<b>15,953.6</b>	<b>17,222.5</b>	<b>17,852.8</b>	<b>18,704.5</b>
<b>Claims on Financial Institutions</b>	<b>204.5</b>	<b>204.1</b>	<b>166.6</b>	<b>167.4</b>	<b>165.7</b>
<b>Other Items (Net)</b>	<b>-7,595.9</b>	<b>-7,822.8</b>	<b>-7,908.2</b>	<b>-7,566.4</b>	<b>-7,141.8</b>
<b>Money Supply (M2)</b>	<b>24,118.9</b>	<b>24,945.2</b>	<b>27,363.4</b>	<b>29,240.4</b>	<b>31,605.5</b>
<b>Money Supply (M1)</b>	<b>7,271.5</b>	<b>7,211.1</b>	<b>8,408.4</b>	<b>9,231.7</b>	<b>9,880.2</b>
Currency in Circulation	3,019.3	3,215.0	3,606.6	3,804.4	3,933.2
Demand Deposits in Jordan Dinar	4,252.2	3,996.1	4,801.8	5,427.3	5,947.0
<b>Quasi-Money</b>	<b>16,847.4</b>	<b>17,734.0</b>	<b>18,955.0</b>	<b>20,008.7</b>	<b>21,725.3</b>
Demand Deposits in Foreign Currencies	1,575.2	2,307.6	2,175.6	2,242.3	2,510.4
Time and Saving Deposits, of which:	15,272.2	15,426.4	16,779.4	17,766.4	19,214.9
In Foreign Currencies	1,950.7	3,088.0	2,459.6	2,221.2	2,199.2

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

(1) : Includes the Central Bank and licensed banks.

**Table 11**  
**Factors Affecting Money Supply <sup>(1)</sup>**

(JD Million)

	2011	2012	2013	2014	2015
<b>Foreign Assets (Net)</b>	<b>-708.4</b>	<b>-2,704.6</b>	<b>257.9</b>	<b>1,008.9</b>	<b>205.0</b>
Central Bank	-716.7	-3,108.4	2,347.7	1,452.1	184.7
Licensed Banks	8.3	403.8	-2,089.8	-443.2	20.3
<b>Domestic Assets (Net)</b>	<b>2,520.6</b>	<b>3,530.8</b>	<b>2,160.4</b>	<b>868.1</b>	<b>2,160.1</b>
<b>Net Claims on Public Sector</b>	<b>1,791.5</b>	<b>2,729.8</b>	<b>1,014.2</b>	<b>104.8-</b>	<b>885.5</b>
A) Net Claims on Central Government General Budget	1,257.6	1,514.1	1,199.2	261.0	-92.0
B) Net Claims on Central Government Own-Budget	536.6	1,246.0	-165.8	-281.9	1,004.5
C) Claims on Public Entities	-2.7	-30.3	-19.2	-83.9	-27.0
<b>Claims on Private Sector (Resident)</b>	<b>1,312.3</b>	<b>1,028.6</b>	<b>1,268.9</b>	<b>630.3</b>	<b>851.7</b>
<b>Claims on Financial Institutions</b>	<b>-18.2</b>	<b>-0.4</b>	<b>-37.5</b>	<b>0.8</b>	<b>-1.7</b>
<b>Other Items (Net)</b>	<b>-565.0</b>	<b>-227.2</b>	<b>85.2-</b>	<b>341.8</b>	<b>424.6</b>
<b>Money Supply (M2)</b>	<b>1,812.2</b>	<b>826.2</b>	<b>2,418.3</b>	<b>1,877.0</b>	<b>2,365.1</b>
<b>Money Supply (M1)</b>	<b>721.5</b>	<b>-60.4</b>	<b>1,197.3</b>	<b>823.3</b>	<b>648.5</b>
Currency in Circulation	175.7	195.7	391.6	197.8	128.8
Demand Deposits in Jordan Dinar	545.8	-256.1	805.7	625.5	519.7
<b>Quasi-Money</b>	<b>1,090.7</b>	<b>886.6</b>	<b>1,221.0</b>	<b>1,053.7</b>	<b>1,716.6</b>
Demand Deposits in Foreign Currencies	195.8	732.4	-132.0	66.7	268.1
Time and Saving Deposits, of which:	894.9	154.2	1,353.0	987.0	1,448.5
In Foreign Currencies	98.6	1,137.3	-628.2	-238.4	-22.0

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

(1) : Includes the Central Bank and licensed banks.

**Table 12**  
**Assets and Liabilities of the Central Bank of Jordan**

(JD Million)

	2011	2012	2013	2014	2015
<b>Foreign Assets</b>	<b>9,363.1</b>	<b>7,027.0</b>	<b>10,568.1</b>	<b>12,142.2</b>	<b>12,514.7</b>
Gold & SDRs	612.6	681.2	577.4	655.2	1,095.2
Cash, Balances & Deposits	3,609.2	2,602.6	4,221.3	5,892.1	4,823.1
Bonds & Treasury Bills	4,374.4	2,976.3	5,002.5	4,828.0	5,829.5
Other Foreign Assets <sup>(1)</sup>	766.9	766.9	766.9	766.9	766.9
<b>Domestic Assets</b>	<b>1,779.0</b>	<b>3,287.4</b>	<b>2,635.8</b>	<b>1,890.6</b>	<b>1,814.7</b>
Claims on Central Government	1,217.9	2,052.5	1,637.5	1,169.7	1,003.8
Claims on Deposit-Money Banks	431.5	432.3	453.7	511.2	355.6
Claims on Financial Institutions	76.4	81.6	76.3	76.3	76.2
Claims on Private Sector	19.7	20.0	20.6	22.4	23.2
Other Assets	33.5	701.0	447.8	111.0	355.9
<b>Assets = Liabilities</b>	<b>11,142.1</b>	<b>10,314.4</b>	<b>13,203.9</b>	<b>14,032.8</b>	<b>14,329.4</b>
Currency Issued	3,366.9	3,558.0	3,938.1	4,177.9	4,336.8
Banks' Deposits	5,846.4	4,553.5	6,169.5	7,279.8	7,614.9
In Jordan Dinar, of which:	5,327.9	3,677.1	5,457.7	6,541.6	6,997.0
Certificates of Deposit	230.0	230.9	230.9	259.3	1,076.5
In Foreign Currencies	518.5	876.4	711.8	738.2	617.9
Public Entities Deposits	13.9	15.2	13.3	1.9	1.1
Central Government Deposits	773.4	759.1	1,125.0	956.9	914.1
Financial Institutions Deposits	6.4	3.7	7.4	5.7	4.5
Foreign Liabilities	109.5	612.9	1,348.9	1,196.5	961.2
Total Capital and Reserves	451.8	464.4	290.8	154.1	240.1
Other Liabilities	573.8	347.6	310.9	260.0	256.7

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

(1) : Includes Loans Arising From Payment Agreements.



**Table 13**  
*Average Exchange Rate of the Jordanian Dinar  
in Major Foreign Currency Units*

	2011	2012	2013	2014	2015
EURO	1.013	1.097	1.063	1.061	1.296
U.S. Dollar	1.410	1.410	1.410	1.410	1.410
Pound Sterling	0.879	0.890	0.903	0.856	0.940
Japanese Yen	112.4	112.5	137.5	148.9	171.6

Source : Central Bank of Jordan.

**Table 14**  
***Assets and Liabilities of Licensed Banks***

(JD Million)

	2011	2012	2013	2014	2015
<b>Foreign Assets</b>	<b>6,285.9</b>	<b>6,353.1</b>	<b>5,151.9</b>	<b>4,731.1</b>	<b>4,684.5</b>
Cash in Vaults (In Foreign Currencies)	135.3	289.6	238.7	210.5	184.2
Balances with Foreign Banks	4,298.6	4,437.5	3,348.1	3,289.6	3,258.5
Portfolio (Non-Resident)	637.5	483.9	508.9	641.9	692.6
Credit Facilities to Private Sector (Non-Resident)	974.0	853.4	818.0	481.9	477.1
Other Foreign Assets	240.5	288.7	238.2	107.2	72.1
<b>Domestic Assets</b>	<b>31,400.5</b>	<b>32,922.3</b>	<b>37,650.9</b>	<b>40,137.0</b>	<b>42,448.7</b>
Claims on Public Sector	7,402.7	9,023.8	10,458.8	11,015.4	11,514.1
Claims on Central Government	6,888.9	8,540.3	9,994.5	10,635.0	11,160.6
Claims on Public Entities <sup>(1)</sup>	513.8	483.5	464.3	380.4	353.4
Claims on Private Sector (Resident)	14,905.2	15,933.5	17,201.9	17,830.3	18,681.3
Claims on Financial Institutions	128.1	122.5	90.3	91.1	89.4
Cash in Vaults & Deposits with the CBJ	6,166.4	4,842.0	6,497.0	7,591.0	7,972.4
Other Assets	2,798.1	3,000.5	3,402.9	3,609.2	4,191.5
<b>Assets = Liabilities</b>	<b>37,686.4</b>	<b>39,275.4</b>	<b>42,802.8</b>	<b>44,868.1</b>	<b>47,133.2</b>
Capital, Reserves and Provisions	5,397.2	5,848.2	6,146.2	6,773.7	7,107.8
Foreign Liabilities	6,164.0	5,827.2	6,716.1	6,738.3	6,671.4
Central Government Deposits	637.4	646.7	744.0	1,380.0	1,293.2
Public Entities Deposits <sup>(1)</sup>	896.5	1,049.3	1,262.4	1,091.2	1,423.8
Private Sector Deposits (Resident)	19,905.8	20,387.0	22,195.8	23,976.8	25,799.8
Financial Institutions Deposits	277.0	274.9	277.9	360.4	443.2
Credit from the CBJ	449.0	998.3	842.7	645.6	500.6
Other Liabilities	3,959.5	4,243.8	4,617.7	3,902.1	3,893.4

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

(1) : Includes public non-financial institutions, Social Security Corporation, and municipalities &amp; local councils.

**Table 15**  
**Deposits Structure with Licensed Banks**

(JD Million)

	2011	2012	2013	2014	2015
<b>Public Sector</b>	<b>1,533.8</b>	<b>1,696.1</b>	<b>2,006.6</b>	<b>2,471.1</b>	<b>2,717.1</b>
Demand Deposits	238.0	240.1	271.3	293.9	378.0
In Jordan Dinar	230.0	227.7	258.1	281.0	362.6
In Foreign Currencies	8.0	12.4	13.2	12.9	15.4
Saving Deposits	1.4	0.5	1.1	1.9	0.6
In Jordan Dinar	1.4	0.5	1.1	1.9	0.6
In Foreign Currencies	0.0	0.0	0.0	0.0	0.0
Time Deposits	1,294.4	1,455.5	1,734.2	2,175.3	2,338.5
In Jordan Dinar	1,273.8	1,427.3	1,719.5	2,164.4	2,305.2
In Foreign Currencies	20.6	28.2	14.7	10.9	33.3
<b>Private Sector (Resident)</b>	<b>19,905.8</b>	<b>20,387.0</b>	<b>22,195.8</b>	<b>23,976.9</b>	<b>25,799.7</b>
Demand Deposits	5,642.5	6,114.0	6,765.7	7,419.0	8,163.8
In Jordan Dinar	4,158.6	3,867.4	4,657.5	5,222.6	5,709.9
In Foreign Currencies	1,483.9	2,246.6	2,108.2	2,196.4	2,453.9
Saving Deposits	2,887.5	3,293.3	3,234.8	3,651.6	4,034.9
In Jordan Dinar	2,387.8	2,322.4	2,527.1	2,906.6	3,262.6
In Foreign Currencies	499.7	970.9	707.7	745.0	772.3
Time Deposits	11,375.8	10,979.7	12,195.3	12,906.3	13,601.0
In Jordan Dinar	9,961.2	8,894.4	10,461.5	11,445.7	12,190.5
In Foreign Currencies	1,414.6	2,085.3	1,733.8	1,460.6	1,410.5
<b>Private Sector (Non-Resident)</b>	<b>2,661.3</b>	<b>2,611.7</b>	<b>3,113.0</b>	<b>3,452.6</b>	<b>3,638.5</b>
Demand Deposits	908.3	1,029.3	1,132.1	1,187.3	1,308.8
In Jordan Dinar	173.8	136.1	219.6	301.2	347.3
In Foreign Currencies	734.5	893.2	912.5	886.1	961.5
Saving Deposits	485.5	419.7	663.1	533.6	550.1
In Jordan Dinar	131.5	97.1	183.7	192.9	227.3
In Foreign Currencies	354.0	322.6	479.4	340.7	322.8
Time Deposits	1,267.5	1,162.7	1,317.8	1,731.7	1,779.6
In Jordan Dinar	611.4	508.7	744.8	1,175.8	1,217.2
In Foreign Currencies	656.1	654.0	573.0	555.9	562.4
<b>Non-Banking Financial Institutions</b>	<b>277.0</b>	<b>274.9</b>	<b>277.8</b>	<b>360.4</b>	<b>443.2</b>
Demand Deposits	88.0	69.4	68.8	87.1	97.6
In Jordan Dinar	20.2	33.2	28.3	56.3	56.7
In Foreign Currencies	67.8	36.2	40.5	30.8	40.9
Saving Deposits	0.3	0.9	1.4	1.6	1.0
In Jordan Dinar	0.2	0.0	0.4	0.7	0.1
In Foreign Currencies	0.1	0.9	1.0	0.9	0.9
Time Deposits	188.7	204.6	207.6	271.7	344.6
In Jordan Dinar	169.2	196.3	201.4	264.0	334.5
In Foreign Currencies	19.5	8.3	6.2	7.7	10.1
<b>Total</b>	<b>24,377.9</b>	<b>24,969.7</b>	<b>27,593.2</b>	<b>30,261.0</b>	<b>32,598.5</b>

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

**Table 16**  
***Sectorial Distribution of Licensed Banks' Credit Facilities***  
***According to Economic Activity and Borrower***

(JD Million)

	2011	2012	2013	2014	2015
	<b>By Economic Activity</b>				
Agriculture	229.2	254.9	235.7	243.4	217.1
Mining	79.5	73.0	164.1	196.1	170.2
Industry	2,297.2	2,515.7	2,649.6	2,531.2	2,145.8
General Trade	3,779.0	3,754.9	3,937.3	3,683.8	3,883.8
Construction	3,463.6	3,682.6	4,086.4	4,552.8	4,904.5
Transportation Services	531.6	554.5	536.7	292.7	259.8
Tourism, Hotels and Restaurants	493.7	505.6	503.5	571.5	593.1
Public Services and Utilities	1,135.3	2,172.0	2,172.6	2,170.0	3,232.0
Financial Services	430.5	486.1	508.8	539.5	515.2
Other, of which:	3,411.6	3,830.5	4,145.0	4,493.5	5,182.0
Buying Shares	413.7	322.5	260.0	210.1	178.5
<b>Total</b>	<b>15,851.2</b>	<b>17,829.8</b>	<b>18,939.7</b>	<b>19,274.5</b>	<b>21,103.5</b>
of which in Foreign Currencies	1,806.3	2,297.7	2,670.6	2,567.7	2,821.8
	<b>By Borrower</b>				
Central Government	215.8	1,234.5	1,222.3	1,133.2	2,193.7
Public Entities	372.4	357.2	320.9	348.6	325.6
Financial Institutions	5.0	9.1	9.5	6.6	9.0
Private Sector (Resident)	14,284.0	15,375.6	16,569.1	17,304.1	18,098.1
Private Sector (Non-Resident)	974.0	853.4	818.0	482.0	477.1

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

**Table 17****Consolidated Balance Sheet of Jordanian Banks' Branches  
Operating in the Palestine Territories**

(JD Million)

	2011	2012	2013	2014	2015
<b>Cash in Vaults</b>	158.5	180.6	216.1	201.5	206.9
<b>Balances with the Banking System</b>	1,803.9	1,657.5	1,845.3	1,726.8	1,637.4
<b>Credit Facilities</b>	1,382.0	1,534.6	1,515.0	1,567.2	1,761.3
In Jordan Dinar	148.0	199.6	186.5	216.8	247.7
In U.S. Dollar	858.8	842.8	814.2	892.4	816.1
In Other Foreign Currencies	375.2	492.2	514.3	458.0	697.5
<b>Portfolio</b>	406.2	408.1	430.4	497.8	436.1
<b>Other Assets</b>	147.0	116.5	112.1	131.2	127.6
<b>Assets = Liabilities</b>	3,897.6	3,897.3	4,118.9	4,124.5	4,169.3
<b>Deposits of Banking System</b>	228.3	189.1	163.8	159.5	183.0
<b>Customers' Deposits</b>	2,932.1	2,952.0	3,160.9	3,126.2	3,185.8
In Jordan Dinar	822.3	768.5	904.1	933.5	957.4
In U.S. Dollar	1,123.5	1,177.8	1,243.7	1,136.2	1,097.4
In Other Foreign Currencies	986.3	1,005.7	1,013.1	1,056.5	1,131.0
<b>Capital, Reserves and Provisions</b>	499.8	528.2	555.0	586.3	556.8
<b>Other Liabilities</b>	237.4	228.0	239.2	252.5	243.7

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

**Table 18**  
***Assets and Liabilities of Insurance Companies***

(JD Million)

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Balances and Deposits	220.5	197.7	213.8	235.4	272.8
Accounts Receivable	126.0	137.8	133.2	143.9	143.4
Customers (Debtors)	101.1	105.5	106.4	122.2	121.1
Re-Insurance Companies	24.9	32.3	26.8	21.7	22.3
Investments and Other Assets	372.2	383.5	392.1	418.7	426.0
<b>Assets = Liabilities</b>	<b>718.7</b>	<b>719.0</b>	<b>739.1</b>	<b>798.0</b>	<b>842.2</b>
Paid-up Capital and Reserves	352.2	313.1	310.7	319.2	309.0
Accounts Payable	73.3	89.6	83.0	89.5	93.8
Creditors	27.0	38.3	27.7	32.4	33.2
Re-Insurance Companies	46.3	51.3	55.3	57.1	60.6
Provisions	10.9	9.0	10.2	12.4	14.2
Technical Reserves	237.4	254.3	284.4	327.7	355.8
Accounting Reserve	62.7	65.6	70.1	76.3	83.6
Unexpired Risks Reserve	96.1	98.1	109.8	120.4	124.3
Outstanding Claims Reserve	78.6	90.6	104.5	131.0	147.9
Other Liabilities	44.9	53.0	50.8	49.2	69.4

Source : Insurance Commission.

**Table 19**  
***The Premiums Underwritten of Insurance Companies***

(JD Million)

	2011	2012	2013	2014	2015 <sup>(1)</sup>
Maritime	23.8	24.9	24.6	25.5	22.5
Fire	57.4	61.2	68.3	69.1	68.9
Motor	183.8	195.9	201.9	212.5	222.5
Accidents <sup>(2)</sup>	25.0	22.4	21.6	23.9	21.8
Life	40.8	44.4	47.4	53.1	61.2
Medical	105.9	117.7	128.6	141.7	154.6
<b>Total</b>	<b>436.7</b>	<b>466.5</b>	<b>492.5</b>	<b>525.7</b>	<b>551.5</b>

Source : Insurance Commission.

(1) : Preliminary.

(2) : Includes insurance on credit, liability, aviation and other general classes.

**Table 20**  
***Compensations Paid by Insurance Companies***

(JD Million)

	2011	2012	2013	2014	2015 <sup>(1)</sup>
Maritime	5.0	12.0	6.4	6.8	7.4
Fire	25.6	13.1	12.8	42.1	19.6
Motor	190.8	177.1	160.5	175.7	190.4
Accidents <sup>(2)</sup>	4.0	3.1	2.6	6.3	5.0
Life	21.4	24.7	24.5	28.5	20.6
Medical	98.4	105.0	110.3	113.4	123.6
<b>Total</b>	<b>345.2</b>	<b>335.0</b>	<b>317.1</b>	<b>366.1</b>	<b>366.6</b>

Source : Insurance Commission.

(1) : Preliminary.

(2) : Includes insurance on credit, liability, aviation and other general classes.

**Table 21**  
***Sectorial Distribution of Shares Traded***

Sector	Value of Shares Traded (JD Million)					Number of Shares Traded (Millions of Shares)				
	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015
Industry	516.9	385.4	397.7	379.1	346.6	791.3	380.9	382.4	390.4	347.6
Services	576.0	403.9	408.1	373.5	729.6	733.7	464.5	444.9	423.1	460.4
Financial	1,757.4	1,189.5	2,221.4	1,510.8	2,340.9	2,545.6	1,537.8	1,878.5	1,508.0	1,777.7
<b>Total</b>	<b>2,850.3</b>	<b>1,978.8</b>	<b>3,027.2</b>	<b>2,263.4</b>	<b>3,417.1</b>	<b>4,070.6</b>	<b>2,383.2</b>	<b>2,705.8</b>	<b>2,321.6</b>	<b>2,585.7</b>

Source : Amman Stock Exchange.



**Table 22**  
**Share Price Index Weighted by Market Capitalization<sup>(1)</sup>**  
**(Closing December 1991=1000)**

Sector	2011	2012	2013	2014	2015
Industry	4,427.4	4,606.4	3,210.4	2,691.3	2,731.2
Banks	7,542.3	7,297.4	8,035.2	8,373.0	8,463.7
Services	1,302.1	1,240.4	1,255.1	1,211.2	1,141.0
Insurance companies	1,703.7	1,251.0	1,214.1	1,337.7	1,369.6
<b>General Index</b>	<b>4,648.4</b>	<b>4,593.9</b>	<b>4,336.7</b>	<b>4,237.6</b>	<b>4,229.9</b>

Source : Amman Stock Exchange.

(1) : Market capitalization represents the number of subscribed shares *times* the closing price of the last day traded.

**Table 23**  
**Share Price Index Weighted by Free Float Shares**  
**(Closing December 1999=1000)**

Sector	2011	2012	2013	2014	2015
Industrial	2,149.9	2,176.6	1,964.9	1,852.0	1,848.8
Services	1,693.7	1,651.1	1,664.8	1,794.8	1,726.7
Financial <sup>(1)</sup>	2,443.9	2,363.6	2,703.9	2,920.9	2,906.2
<b>General Index</b>	<b>1,995.1</b>	<b>1,957.6</b>	<b>2,065.8</b>	<b>2,165.5</b>	<b>2,136.3</b>

Source : Amman Stock Exchange.

(1) : Includes banks, insurance companies, diversified financial services companies, investment and real estate.

**Table 24**  
***Assets of Social Security Investment Fund***

(JD Million)

	2010	2011	2012	2013	2014 <sup>(1)</sup>
<b>Assets</b>					
Financial instruments portfolio	533.0	567.0	835.0	890.6	689.2
Bonds portfolio	1,101.3	1,408.0	1,548.0	2,135.5	2,868.3
Loans portfolio	137.4	123.0	160.0	149.2	142.1
Equity Investment for trading portfolio	26.3	81.0	77.0	95.8	106.3
Strategic equity portfolio	2,481.3	2,111.0	2,017.0	2,016.4	2,035.2
Private equity portfolio	182.0	222.0	223.0	-	-
Real estate portfolio	353.3	356.0	412.0	392.2	416.7
Foreign investments portfolio	33.7	31.0	33.0	45.6	26.9
Investments in hotels	-	238.0	246.0	284.0	282.0
Other assets	38.7	43.0	49.0	107.6	293.0
<b>Total Assets</b>	<b>4,887.0</b>	<b>5,180.0</b>	<b>5,600.0</b>	<b>6,116.9</b>	<b>6,859.8</b>

Source: Social Security Corporation.

(1) : Preliminary.

**Table 25**  
**Fiscal Situation of Central Government**  
**(Budgetary and Own-Budget Agencies)**

	(JD Million)					
	2011	2012	2013	2014	2015	
					Budget Law	Actual
<b>Budgetary Central Government</b>						
<b>Total Revenues and Grants</b>	<b>5,413.9</b>	<b>5,054.2</b>	<b>5,758.9</b>	<b>7,267.6</b>	<b>7,408.0</b>	<b>6,796.4</b>
Domestic Revenues	4,198.9	4,726.9	5,119.8	6,031.1	6,280.0	5,910.1
Foreign Grants	1,215.0	327.3	639.1	1,236.5	1,128.0	886.3
<b>Total Expenditures</b>	<b>6,796.6</b>	<b>6,878.2</b>	<b>7,077.1</b>	<b>7,851.1</b>	<b>7,876.4</b>	<b>7,722.9</b>
Current Expenditures	5,739.5	6,202.8	6,056.1	6,713.6	6,701.5	6,624.5
Capital Expenditures	1,057.1	675.4	1,021.0	1,137.5	1,174.9	1,098.4
<b>Overall Deficit/Surplus</b>	<b>-1,382.7</b>	<b>-1,824.0</b>	<b>-1,318.2</b>	<b>-583.5</b>	<b>-468.4</b>	<b>-926.5</b>
<b>Own-Budget Agencies</b>						
<b>Total Revenues and Grants</b>	<b>371.8</b>	<b>337.7</b>	<b>506.8</b>	<b>617.4</b>	<b>805.6</b>	<b>1,238.5</b>
Domestic Revenues	348.5	291.7	448.2	556.4	746.7	1,182.1
Foreign Grants	23.3	46.0	58.6	61.0	58.9	56.4
<b>Total Expenditures</b>	<b>1,346.3</b>	<b>1,407.7</b>	<b>1,711.7</b>	<b>1,663.8</b>	<b>1,803.5</b>	<b>1,721.4</b>
Current Expenditures	899.5	1,010.1	1,163.3	1,097.0	1,107.9	1,083.9
Capital Expenditures	446.8	397.6	548.4	566.9	695.6	637.5
<b>Overall Deficit/Surplus</b>	<b>-974.5</b>	<b>-1,070.0</b>	<b>-1,204.9</b>	<b>-1,046.4</b>	<b>-997.9</b>	<b>-482.9</b>
<b>Central Government</b>						
<b>Total Revenues and Grants</b>	<b>5,785.7</b>	<b>5,391.9</b>	<b>6,265.7</b>	<b>7,885.0</b>	<b>8,213.6</b>	<b>8,034.9</b>
Domestic Revenues	4,547.4	5,018.6	5,568.0	6,587.5	7,026.7	7,092.2
Foreign Grants	1,238.3	373.3	697.7	1,297.5	1,186.9	942.7
<b>Total Expenditures</b>	<b>8,142.9</b>	<b>8,285.9</b>	<b>8,788.8</b>	<b>9,514.9</b>	<b>9,679.9</b>	<b>9,444.3</b>
Current Expenditures	6,639.0	7,212.9	7,219.4	7,810.6	7,809.4	7,708.4
Capital Expenditures	1,503.9	1,073.0	1,569.4	1,704.4	1,870.5	1,735.9
<b>Overall Deficit/Surplus</b>	<b>-2,357.2</b>	<b>-2,894.0</b>	<b>-2,523.1</b>	<b>-1,629.9</b>	<b>-1,466.3</b>	<b>-1,409.4</b>

Source : Ministry of Finance.

**Table 25- A**  
**Summary of Central Government Budget**

(JD Million)

	2011	2012	2013	2014	2015	
					Budget Law	Actual
<b>Total Revenues and Grants</b>	<b>5,413.9</b>	<b>5,054.2</b>	<b>5,758.9</b>	<b>7,267.6</b>	<b>7,408.0</b>	<b>6,796.4</b>
Domestic Revenues	4,198.9	4,726.9	5,119.8	6,031.1	6,280.0	5,910.1
Tax Revenues	3,062.2	3,351.4	3,652.5	4,037.1	4,370.0	4,096.2
Pension Contributions	20.7	24.3	22.1	21.0	19.0	18.6
Other Revenues	1,116.0	1,351.2	1,445.2	1,973.0	1,891.0	1,795.2
Foreign Grants	1,215.0	327.3	639.1	1,236.5	1,128.0	886.3
<b>Total Expenditures</b>	<b>6,796.6</b>	<b>6,878.2</b>	<b>7,077.1</b>	<b>7,851.1</b>	<b>7,876.4</b>	<b>7,722.9</b>
Current Expenditures, of which:	5,739.5	6,202.8	6,056.1	6,713.6	6,701.5	6,624.5
Interest Payments (commitment Basis)	429.5	582.9	736.5	925.9	1,003.0	914.4
Capital Expenditures	1,057.1	675.4	1,021.0	1,137.5	1,174.9	1,098.4
<b>Overall Deficit/Surplus</b>						
Including Grants	-1,382.7	-1,824.0	-1,318.2	-583.5	-468.4	-926.5
Excluding Grants	-2,597.7	-2,151.3	-1,957.3	-1,820.0	-1,596.4	-1,812.8
Primary Deficit (Excluding Grants)	-2,168.2	-1,568.4	-1,220.8	-894.1	-593.4	-898.4

Source : Ministry of Finance.

**Table 25- B**  
**Accumulated Summary of Government Units Budgets**

(JD Million)

	2011	2012	2013	2014	2015	
					Budget Law	Preliminary
<b>Total Revenues and Grants</b>	<b>371.8</b>	<b>337.7</b>	<b>506.8</b>	<b>617.4</b>	<b>805.6</b>	<b>1,238.5</b>
Domestic Revenues, of which:	348.5	291.7	448.2	556.4	746.7	1,182.1
Tax Revenues	12.4	12.8	12.5	9.0	4.8	4.8
Government Subsidy	247.0	231.8	249.6	253.6	167.4	163.2
Revenues from Selling Goods and Services	793.3	866.3	925.2	184.1	473.7	931.8
Foreign Grants	23.3	46.0	58.6	61.0	58.9	56.4
<b>Total Expenditures</b>	<b>1,346.3</b>	<b>1,407.7</b>	<b>1,711.7</b>	<b>1,663.8</b>	<b>1,803.5</b>	<b>1,721.4</b>
Current Expenditures	899.5	1,010.1	1,163.3	1,097.0	1,107.9	1,083.9
Wages, Salaries and Allowances	232.5	254.7	279.9	295.7	359.5	353.2
Interest Payments	59.2	124.2	158.0	160.3	160.6	160.4
Purchases of Goods and Services	462.6	488.0	586.7	496.7	526.8	511.2
Other Current Expenditures	145.2	143.2	138.7	144.3	61.0	59.1
Capital Expenditures	446.8	397.6	548.4	566.9	695.6	637.5
<b>Overall Deficit/Surplus</b>	<b>-974.5</b>	<b>-1,070.0</b>	<b>-1,204.9</b>	<b>-1,046.4</b>	<b>-997.9</b>	<b>-482.9</b>

Source : General Budget Department/ Government Units Budgets Law.

**Table 26**  
**Components of Domestic Revenues**  
**(Budgetary Central Government)**

(JD Million)

	2011	2012	2013	2014	2015
<b>First: Tax Revenues</b>	<b>3,062.2</b>	<b>3,351.4</b>	<b>3,652.4</b>	<b>4,037.1</b>	<b>4,096.1</b>
1- Taxes on Income and Profits:	667.4	688.3	681.9	766.3	858.8
Income Tax from Individuals	147.8	131.8	131.9	154.0	207.0
Income Tax from Companies & other Projects	519.6	556.5	550.0	612.3	651.8
2- Taxes on Financial Transactions	74.6	102.8	112.7	132.1	124.7
3- Taxes on Goods and Services, of which:	2,033.2	2,274.7	2,532.9	2,811.4	2,779.9
General Tax on Goods and Services	2,033.2	2,274.7	2,532.9	2,811.4	2,779.9
4- Taxes on International Trade & Transactions, of which:	287.0	285.6	324.9	327.3	332.7
Customs Duties and Fees	287.0	285.6	324.9	327.3	331.7
5- Other Additional Taxes	0.0	0.0	0.0	0.0	0.0
<b>Second: Pension Contributions</b>	<b>20.7</b>	<b>24.3</b>	<b>22.1</b>	<b>21.0</b>	<b>18.6</b>
<b>Third: Other Revenues</b>	<b>1,116.0</b>	<b>1,351.2</b>	<b>1,445.3</b>	<b>1,973.0</b>	<b>1,795.2</b>
1- Revenues from Selling Goods & Services	599.5	682.4	792.2	883.0	852.8
2- Property Income, of which:	251.6	333.8	299.5	516.0	336.2
Financial Surplus	216.0	304.5	264.2	476.7	296.4
Interest on Privatization Proceeds	0.1	0.0	0.0	0.0	0.0
3- Miscellaneous Revenues, of which:	265.0	335.0	353.6	574.0	606.3
Mining Revenues	52.4	114.6	36.0	25.1	27.4
Repayments	43.8	28.6	24.2	21.5	39.2
<b>Total Domestic Revenues</b>	<b>4,198.9</b>	<b>4,726.9</b>	<b>5,119.8</b>	<b>6,031.1</b>	<b>5,910.1</b>

Source : Ministry of Finance.

**Table 27**  
**Components of Public Expenditures**  
**(Budgetary Central Government)**

(JD Million)

	2011	2012	2013	2014	2015
<b>First: Current Expenditures</b>	<b>5,739.5</b>	<b>6,202.8</b>	<b>6,056.1</b>	<b>6,713.6</b>	<b>6,624.5</b>
1- Compensations of Employees	1,013.5	1,176.4	1,266.8	1,320.1	1,344.6
Wages, Salaries and Allowances	950.2	1,109.0	1,183.8	1,234.1	1,245.2
Social Security	63.3	67.4	83.0	86.0	99.4
2- Purchases of Goods & Services	265.4	235.5	270.5	479.5	402.6
3- Interest Payments	429.5	582.9	736.5	925.9	914.4
Internal	333.9	483.1	634.7	750.2	710.0
External	95.6	99.9	101.8	175.7	204.4
4- Subsidies	947.8	960.0	339.8	297.9	291.0
Subsidies for Nonfinancial Public Institutions, of which:	150.2	66.4	78.6	78.3	94.1
Emergency Expenditures	18.9	0.0	0.0	0.0	0.0
Goods Subsidies, of which:	796.5	892.7	260.2	218.4	195.4
Foods and Oil Subsidies	796.5	889.3	260.2	218.4	195.4
5- Grants	101.5	183.4	192.7	205.8	117.2
6- Social Benefits, of which:	1,097.4	1,206.4	1,357.9	1,472.6	1,442.0
Pensions and Compensation	861.9	982.4	1,046.5	1,115.9	1,162.8
Social Assistanes, of which:	235.5	224.0	311.4	356.7	279.2
Social Safety Net	0.0	106.5	193.4	176.6	0.0
7- Miscellaneous Expenditures, of which:	86.7	101.4	113.0	91.7	115.8
Scholarships and Training	15.8	3.8	3.3	3.3	2.1
8- Military Expenditures	1,797.7	1,756.8	1,778.7	1,920.1	1,996.9
<b>Second: Capital Expenditures</b>	<b>1,057.1</b>	<b>675.4</b>	<b>1,021.0</b>	<b>1,137.5</b>	<b>1,098.4</b>
<b>Total Expenditures</b>	<b>6,796.6</b>	<b>6,878.2</b>	<b>7,077.1</b>	<b>7,851.1</b>	<b>7,722.9</b>

Source : Ministry of Finance.

**Table 28**  
**Central Government Domestic Debt**  
**(Budgetary Central Government and Own-Budget Agencies)**

(JD Million)

	2011	2012	2013	2014	2015
<b>Gross Domestic Debt</b>	<b>9,996</b>	<b>12,678</b>	<b>13,440</b>	<b>14,621</b>	<b>15,486</b>
1) Budgetary Central Government	8,694	10,422	11,557	13,074	12,935
A) Treasury Bills and Bonds	7,825	9,642	10,868	12,471	12,384
Bank Sources	5,936	7,715	8,293	9,004	8,439
Non-Bank Sources	1,890	1,927	2,575	3,467	3,945
B) Development Bonds	0	0	0	0	0
Bank Sources	0	0	0	0	0
Non-Bank Sources	0	0	0	0	0
C) Loans & Advances	869	780	689	603	551
Central Bank	832	752	672	592	512
Licensed Banks	36	28	17	11	39
Non-Bank Sources	1	0	0	0	0
2) Own-Budget Government Agencies	1,302	2,256	1,883	1,548	2,551
A) Corporate Bonds	1,122	1,177	869	609	563
Bank Sources	898	986	787	538	455
Non-Bank Sources	224	191	82	70	107
B) Direct Credit Facilities	180	1,079	1,014	939	1,989
Bank Sources	180	1,029	964	893	1,950
<b>Gross Government's Deposits with the Banking System</b>	<b>1,081</b>	<b>1,029</b>	<b>1,577</b>	<b>2,096</b>	<b>2,029</b>
1) Budgetary Central Government's Deposits	812	780	1,366	1,878	1,814
A) Ministry of Finance	-289	-320	125	-144	-188
With the Central Bank <sup>(1)</sup>	-328	-350	97	-165	-196
With Licensed Banks	39	30	28	21	8
B) Other Ministries	1,100	1,100	1,241	2,022	2,002
With the Central Bank	706	680	724	863	913
With Licensed Banks	394	420	517	1,159	1,089
2) Own-Budget Government Agencies Deposits	270	249	211	218	215
<b>Net Budgetary Central Government Domestic Debt <sup>(2)</sup></b>	<b>7,882</b>	<b>9,642</b>	<b>10,190</b>	<b>11,196</b>	<b>11,121</b>
<b>Net Central Government Domestic Debt (Budgetary and Own-Budget Agencies) <sup>(3)</sup></b>	<b>8,915</b>	<b>11,648</b>	<b>11,863</b>	<b>12,525</b>	<b>13,457</b>

Source : Ministry of Finance.

- (1) : Represents net treasury overdraft (treasury overdraft account *minus* Ministry of Finance deposits with the Central Bank).
- (2) : Represents gross domestic debt of budgetary central government *minus* gross budgetary central government's deposits with the banking system.
- (3) : Represents gross domestic debt *minus* gross government's deposits with the banking system.



**Table 29**  
**Outstanding External Public Debt <sup>(1)</sup>**

(JD Million)

	2011	2012	2013	2014	2015
<b>1) Long-Term Loans</b>	<b>3,871.9</b>	<b>4,327.9</b>	<b>4,936.2</b>	<b>5,032.1</b>	<b>5,515.3</b>
<b>A) Arab and Foreign Governments, of which:</b>	<b>2,163.9</b>	<b>2,144.4</b>	<b>1,968.0</b>	<b>1,810.0</b>	<b>1,895.3</b>
Japan	1,064.4	955.0	716.3	627.6	699.0
Germany	248.2	251.0	260.2	235.6	224.7
United States	88.2	81.5	74.6	67.6	60.5
France	87.4	177.1	231.7	203.6	254.8
<b>B) Regional and International Institutions, of which:</b>	<b>1,700.5</b>	<b>1,998.5</b>	<b>2,783.2</b>	<b>3,037.1</b>	<b>3,444.6</b>
World Bank	670.3	790.5	812.0	990.5	1,100.2
Arab Fund for Economic and Social Development	583.2	553.1	599.7	580.7	557.2
European Investment Bank	141.4	120.2	104.4	93.0	84.3
Arab Monetary Fund	164.0	120.6	154.4	151.2	151.2
Islamic Development Bank	102.2	105.4	101.2	91.3	83.9
International Monetary Fund	5.5	279.1	745.7	964.3	1,310.5
<b>C) Foreign Banks &amp; Companies</b>	<b>7.5</b>	<b>185.0</b>	<b>185.0</b>	<b>185.0</b>	<b>175.4</b>
<b>2) Others<sup>(2)</sup>, of which:</b>	<b>614.9</b>	<b>604.5</b>	<b>2,298.3</b>	<b>2,998.0</b>	<b>3,875.2</b>
Eurobonds & domestic bonds in dollar	532.5	532.5	2,236.5	2,946.5	3,834.0
<b>Outstanding External Public Debt</b>	<b>4,486.8</b>	<b>4,932.4</b>	<b>7,234.5</b>	<b>8,030.1</b>	<b>9,390.5</b>

Source : Ministry of Finance.

(1) : Represents balance of disbursed loans *minus* repayments.

(2) : Including bonds, leasing contracts and Eurobonds.

**Table 30**  
*Distribution of External Loans Disbursed in 2015*  
*According to Source*

Source	Disbursements (JD Million)	Relative Importance (%)
<b>Multi – Creditor (Bonds)</b>	<b>1,526.5</b>	<b>56.6</b>
<b>Arab Governments:</b>	<b>1.9</b>	<b>0.1</b>
Kuwait fund for Arab Economic Development	1.9	0.1
<b>Industrial Countries:</b>	<b>259.1</b>	<b>9.5</b>
Germany	25.4	0.9
Japan	145.8	5.4
Korea	16.5	0.6
France	71.4	2.6
<b>Regional &amp; International Institutions:</b>	<b>903.8</b>	<b>33.6</b>
Arab Fund for Economic and Social Development	23.3	0.9
Arab Monetary Fund	120.1	4.4
Islamic Development Bank	4.4	0.2
International Bank for Reconstruction and Development	188.5	7.0
International Monetary Fund	425.1	15.8
European Commission	142.4	5.3
<b>Other</b>	<b>5.2</b>	<b>0.2</b>
<b>Total</b>	<b>2,696.5</b>	<b>100.0</b>

Source: Ministry of Finance.

**Table 31**  
***Distribution of External Loans Contracted in 2015***  
***According to Source and Economic Sector***

(JD Million)					
Sector \ Source	Arab & Foreign Governments	Regional & International Institutions	Multi – Creditor	Total	Sector's Relative Importance (%)
Supporting Budget	256.5	378.8	1,420.0	2,055.3	87.3
Energy	48.1	89.2	106.5	243.8	10.4
Water	54.4	-	-	54.4	2.3
<b>Total</b>	<b>359.0</b>	<b>468.0</b>	<b>1,526.5</b>	<b>2,353.5</b>	<b>100.0</b>

Sources : Ministry of Finance.

**Table 32**  
**Balance of Payments**

(JD Million)

	2011 <sup>(1)</sup>	2012 <sup>(1)</sup>	2013 <sup>(1)</sup>	2014 <sup>(1)</sup>	2015 <sup>(1)</sup>
<b>Current Account</b>	<b>-2,098.8</b>	<b>-3,344.9</b>	<b>-2,487.7</b>	<b>-1,851.7</b>	<b>-2,365.6</b>
<b>Trade Balance</b>	<b>-6,261.7</b>	<b>-7,486.6</b>	<b>-8,270.1</b>	<b>-8,495.6</b>	<b>-7,249.3</b>
Exports, f.o.b.	5,684.5	5,599.5	5,617.9	5,953.6	5,558.3
Imports, f.o.b.	11,946.2	13,086.1	13,888.0	14,449.2	12,807.6
<b>Services Account</b>	<b>896.0</b>	<b>1,332.3</b>	<b>1,209.5</b>	<b>1,778.9</b>	<b>1,286.4</b>
Travel (Net)	1,607.5	2,071.7	2,144.7	2,295.9	2,062.6
Receipts	2,431.5	2,883.6	2,923.0	3,106.6	2,886.1
Payments	824.0	811.9	778.3	810.7	823.5
Transportation (Net)	-868.2	-817.5	-889.1	-763.7	-876.1
Receipts	907.0	1,028.0	1,001.0	1,137.0	904.8
Payments	1,775.2	1,845.5	1,890.1	1,900.7	1,780.9
Government Services (Net)	261.8	221.3	119.5	327.6	216.0
Receipts	346.1	277.6	199.4	385.4	278.5
Payments	84.3	56.3	79.9	57.8	62.5
Other Services (Net)	-105.1	-143.2	-165.6	-80.9	-116.1
Receipts	389.0	369.6	360.3	440.1	409.3
Payments	494.1	512.8	525.9	521.0	525.4
<b>Income Account</b>	<b>-187.8</b>	<b>-275.5</b>	<b>-240.4</b>	<b>-295.9</b>	<b>-347.8</b>
Compensation of Employees (Net)	202.4	209.3	220.3	223.6	228.8
Receipts	239.2	247.8	258.6	265.4	269.3
Payments	36.8	38.5	38.3	41.8	40.5
Investment Income (Net)	-390.2	-484.8	-460.7	-519.5	-576.6
Receipts	265.3	242.2	305.0	359.4	253.3
Payments	655.5	727.0	765.7	878.9	829.9
<b>Current Transfers (Net)</b>	<b>3,454.7</b>	<b>3,084.9</b>	<b>4,813.3</b>	<b>5,160.9</b>	<b>3,945.1</b>
Public (Net)	1,431.9	1,048.1	1,620.0	1,341.4	802.2
Other Sectors (Net)	2,022.8	2,036.8	3,193.3	3,819.5	3,142.9
Inflows, o/w:	2,376.4	2,484.5	3,534.8	4,257.1	3,528.0
Workers' Remittances	2,152.1	2,229.8	2,327.7	2,388.0	2,423.3
Outflows, o/w:	353.6	447.7	341.5	437.6	385.1
Workers' Remittances	275.2	287.9	285.9	312.5	302.4

(1) : Preliminary.

**Table 32**  
**Balance of Payments (Continued)**

(JD Million)

	2011 <sup>(1)</sup>	2012 <sup>(1)</sup>	2013 <sup>(1)</sup>	2014 <sup>(1)</sup>	2015 <sup>(1)</sup>
<b>Capital and Financial Account</b>	<b>2,298.9</b>	<b>3,808.9</b>	<b>1,811.1</b>	<b>908.9</b>	<b>1,593.7</b>
<b>Capital Account</b>	<b>0.0</b>	<b>1.8</b>	<b>1.7</b>	<b>3.1</b>	<b>4.8</b>
Capital Transfers	0.0	1.8	1.7	3.1	4.8
<b>Financial Account</b>	<b>2,298.9</b>	<b>3,807.1</b>	<b>1,809.4</b>	<b>905.8</b>	<b>1,588.9</b>
<b>Direct Investment</b>	<b>1,033.1</b>	<b>1,070.5</b>	<b>1,270.1</b>	<b>1,367.5</b>	<b>904.4</b>
Abroad (Net)	-21.9	-3.8	-11.1	-59.2	-0.7
In Jordan (Net)	1,055.0	1,074.3	1,281.2	1,426.7	905.1
<b>Portfolio Investment (Net)</b>	<b>169.1</b>	<b>316.2</b>	<b>1,172.5</b>	<b>824.9</b>	<b>918.4</b>
<b>Other Investment (Net)</b>	<b>-75.6</b>	<b>94.8</b>	<b>3,080.3</b>	<b>391.4</b>	<b>313.7</b>
Assets	-352.5	-720.3	639.6	167.8	302.0
Trade Credits	8.1	6.2	59.4	16.7	-17.3
Loans	46.1	120.6	146.5	-213.4	4.8
Currency and Deposits	-421.7	-790.3	386.6	239.1	294.3
Other Assets	15.0	-56.8	47.1	125.4	20.2
Liabilities	276.9	815.1	2,440.7	223.6	11.7
Trade Credits	215.0	99.2	-51.0	18.5	-108.0
Loans, (o/w):	-105.6	543.7	848.8	395.0	420.1
Central Bank of Jordan	-7.2	259.0	507.6	343.8	469.1
General Government	-185.7	110.7	129.7	29.3	145.1
Drawings	165.7	482.8	460.6	602.2	618.7
Debt Rescheduling	0.0	0.0	0.0	0.0	0.0
Repayments, (o/w):	-351.4	-372.1	-330.9	-572.9	-473.6
Cost of Debt Restructuring	0.0	0.0	0.0	0.0	0.0
Rescheduled Loan Principals	0.0	0.0	0.0	0.0	0.0
Other Sectors	82.1	179.6	209.6	19.2	-192.3
Drawings	102.6	230.3	264.4	162.1	31.7
Repayments	-20.5	-50.7	-54.8	-142.9	-224.0
Currency and Deposits	175.2	32.2	1,753.4	-158.6	-323.2
Banks	175.5	-471.1	1,017.4	-6.3	-87.9
Other Liabilities	-7.7	140.0	-110.5	5.7	22.8
<b>Reserve Assets</b>	<b>1,172.3</b>	<b>2,325.6</b>	<b>-3,713.5</b>	<b>-1,678.0</b>	<b>-547.6</b>
<b>Net Errors and Omissions</b>	<b>-200.1</b>	<b>-464.0</b>	<b>676.6</b>	<b>942.8</b>	<b>772.0</b>
			<b>Memorandum Items</b>		
<b>Overall Balance</b>	<b>-824.3</b>	<b>-2,689.7</b>	<b>236.1</b>	<b>1,550.7</b>	<b>328.7</b>
<b>Financing, (o/w):</b>	<b>824.3</b>	<b>2,689.7</b>	<b>-236.1</b>	<b>-1,550.7</b>	<b>-328.7</b>
Net Foreign Assets	831.5	2,428.9	-745.4	-1,897.6	-802.6
Central Bank	817.3	2,828.9	-2,977.5	-1,830.3	-782.9
Commercial Banks	14.2	-400.0	2,232.1	-67.3	-19.7
International Monetary Fund (Net)	0.0	270.6	458.1	276.5	393.5
Arab Monetary Fund (Net)	-7.2	-11.6	49.5	67.3	75.6
Exceptional Financing	0.0	1.8	1.7	3.1	4.8

(1) : Preliminary.

**Table 33**  
**External Trade by Economic Functions**

(JD Million)

	2011		2012		2013		2014		2015 <sup>(1)</sup>	
	Value	%	Value	%	Value	%	Value	%	Value	%
<b>Domestic Exports</b>	<b>4,805.9</b>	<b>100.0</b>	<b>4,749.6</b>	<b>100.0</b>	<b>4,805.2</b>	<b>100.0</b>	<b>5,163.0</b>	<b>100.0</b>	<b>4,795.2</b>	<b>100.0</b>
Consumer Goods	2,098.8	43.7	2,250.1	47.4	2,526.4	52.6	2,712.7	52.5	2,684.9	56.0
Crude Materials and Intermediate Goods	2,577.9	53.6	2,357.9	49.6	2,112.5	44.0	2,311.1	44.8	1,984.2	41.4
Capital Goods, (o/w):	127.7	2.7	137.2	2.9	165.8	3.4	138.8	2.7	125.8	2.6
Parts and Accessories	9.3	0.2	16.8	0.4	20.6	0.4	17.4	0.3	18.7	0.4
Other goods	1.5	0.0	4.4	0.1	0.5	0.0	0.4	0.0	0.2	0.0
<b>Re-Exports</b>	<b>878.7</b>	<b>100.0</b>	<b>849.9</b>	<b>100.0</b>	<b>812.8</b>	<b>100.0</b>	<b>790.2</b>	<b>100.0</b>	<b>763.2</b>	<b>100.0</b>
Consumer Goods	297.0	33.8	307.7	36.2	287.8	35.4	240.4	30.4	220.4	28.9
Crude Materials and Intermediate Goods	281.1	32.0	261.8	30.8	253.4	31.2	221.0	28.0	195.7	25.7
Capital Goods, (o/w):	296.6	33.7	271.8	32.0	257.2	31.6	314.0	39.7	305.6	40.0
Parts and Accessories	90.5	10.3	79.9	9.4	83.6	10.3	126.3	16.0	103.0	13.5
Other goods	4.1	0.5	8.6	1.0	14.4	1.8	14.8	1.9	41.5	5.4
<b>Imports</b>	<b>13,440.2</b>	<b>100.0</b>	<b>14,733.7</b>	<b>100.0</b>	<b>15,667.3</b>	<b>100.0</b>	<b>16,280.2</b>	<b>100.0</b>	<b>14,436.0</b>	<b>100.0</b>
Consumer Goods	3,453.1	25.7	3,742.6	25.4	4,125.1	26.3	4,376.9	26.9	4,429.3	30.7
Crude Materials and Intermediate Goods	7,996.6	59.5	9,038.9	61.3	9,183.0	58.6	9,587.2	58.9	7,456.6	51.7
Capital Goods, (o/w):	1,799.3	13.4	1,730.4	11.7	2,125.9	13.6	2,048.8	12.6	2,275.2	15.8
Parts and Accessories	477.8	3.6	465.2	3.2	433.9	2.8	562.7	3.5	604.4	4.2
Other goods	191.3	1.4	221.8	1.6	233.3	1.5	267.3	1.6	274.9	1.8
<b>Trade Balance</b>	<b>-7,755.6</b>	<b>100.0</b>	<b>-9,134.2</b>	<b>100.0</b>	<b>-10,049.3</b>	<b>100.0</b>	<b>-10,327.0</b>	<b>100.0</b>	<b>-8,877.6</b>	<b>100.0</b>
Consumer Goods	-1,057.3	13.6	-1,184.8	13.0	-1,310.9	13.0	-1,423.8	13.8	-1,524.0	17.2
Crude Materials and Intermediate Goods	-5,137.6	66.2	-6,419.2	70.3	-6,817.1	67.8	-7,055.1	68.3	-5,276.7	59.4
Capital Goods, (o/w):	-1,375.0	17.7	-1,321.4	14.5	-1,702.9	16.9	-1,596.0	15.5	-1,843.8	20.8
Parts and Accessories	-378.0	4.9	-368.5	4.0	-329.7	3.3	-419.0	4.1	-482.7	5.4
Other goods	-185.7	2.5	-208.8	2.2	-218.4	2.3	-252.1	2.4	-233.1	2.6

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

(1) : Preliminary.

**Table 34**  
**External Trade by Commodity According to S.I.T.C**

(JD million)

	Domestic Exports				Re – Exports				Imports			
	2012	2013	2014	2015 <sup>(1)</sup>	2012	2013	2014	2015 <sup>(1)</sup>	2012	2013	2014	2015 <sup>(1)</sup>
0. Food and Live Animals	786.7	893.3	966.9	920.2	107.8	110.5	101.6	88.6	2,275.2	2,407.5	2,630.7	2,292.4
1. Beverages and Tobacco	60.2	72.8	80.8	78.7	2.0	1.8	4.9	1.5	101.6	129.5	135.1	143.9
2. Crude Materials, Inedible, Except Fuels	987.7	753.4	830.2	861.8	55.3	45.3	17.0	28.6	248.9	256.0	296.7	257.6
3. Mineral Fuels, Lubricants and Related Materials	13.6	7.6	8.7	5.8	3.1	8.7	2.9	1.4	4,692.8	4,135.0	4,414.5	2,629.4
4. Animal and Vegetable Oils, Fats and waxes	14.6	11.4	7.9	4.6	1.8	1.6	1.3	0.8	141.2	128.0	127.7	116.0
5. Chemicals	1,148.1	1,245.5	1,312.7	1,037.7	170.5	178.0	156.9	139.6	1,524.6	1,593.6	1,644.1	1,535.7
6. Manufactured Goods Classified by Material	433.5	479.1	488.2	431.2	94.9	93.4	75.2	59.8	2,175.0	2,532.8	2,350.4	2,226.9
7. Machinery and Transport Equipment	224.3	262.3	245.4	200.4	296.1	287.3	350.4	326.7	2,418.5	2,822.4	2,964.1	3,324.9
8. Misc. Manufactured Articles	979.5	1,069.9	1,221.8	1,253.5	106.8	70.6	66.1	76.6	905.5	1,060.6	1,019.0	1,021.5
9. Commodities and transactions not classified elsewhere	101.4	9.9	0.4	1.3	11.6	15.7	13.9	39.5	250.4	601.9	697.9	887.6
<b>Total</b>	<b>4,749.6</b>	<b>4,805.2</b>	<b>5,163.0</b>	<b>4,795.2</b>	<b>849.9</b>	<b>812.9</b>	<b>790.2</b>	<b>763.1</b>	<b>14,733.7</b>	<b>15,667.3</b>	<b>16,280.2</b>	<b>14,436.0</b>

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

(1) : Preliminary.

**Table 35**  
**Geographic Distribution of External Trade**

(JD Million)

	Domestic Exports					Imports				
	2011	2012	2013	2014	2015 <sup>(1)</sup>	2011	2012	2013	2014	2015 <sup>(1)</sup>
<b>Arab Countries, (o/w):</b>	<b>2,262.2</b>	<b>2,307.0</b>	<b>2,571.7</b>	<b>2,656.4</b>	<b>2,442.4</b>	<b>4,947.7</b>	<b>5,260.9</b>	<b>4,809.3</b>	<b>4,888.8</b>	<b>3,763.1</b>
Saudi Arabia	446.5	523.6	651.7	708.9	787.0	2,968.7	3,469.7	2,850.4	3,166.7	2,208.3
Iraq	715.1	716.4	883.1	828.7	493.0	220.0	230.8	252.9	4.4	0.7
Syria	181.4	140.9	95.9	142.2	84.8	268.4	171.3	184.4	108.3	70.4
United Arab Emirates	160.7	173.7	192.3	201.4	227.9	504.9	418.8	520.2	776.1	597.2
Lebanon	209.0	167.4	97.1	96.8	89.1	81.2	96.6	115.5	83.5	75.0
Egypt	80.2	85.1	84.0	79.7	67.1	535.0	560.5	500.2	390.7	344.1
<b>European Union Countries, (o/w):</b>	<b>220.1</b>	<b>215.8</b>	<b>171.4</b>	<b>216.5</b>	<b>123.4</b>	<b>2,742.9</b>	<b>2,578.8</b>	<b>3,398.8</b>	<b>3,205.5</b>	<b>3,090.7</b>
Italy	49.4	38.8	32.8	39.9	33.7	688.5	658.6	735.9	496.1	548.7
Netherlands	25.5	23.1	9.2	15.5	21.4	126.2	115.6	144.3	207.6	179.3
Germany	7.8	4.9	3.9	16.3	6.9	607.5	575.2	598.1	638.4	667.9
United Kingdom	20.2	17.1	17.1	21.2	17.8	212.9	183.2	195.0	253.8	195.3
France	3.2	3.5	6.2	8.1	4.7	264.2	265.7	270.8	319.4	264.9
<b>Other European Countries</b>	<b>43.7</b>	<b>41.3</b>	<b>23.6</b>	<b>20.6</b>	<b>20.8</b>	<b>788.5</b>	<b>947.8</b>	<b>847.6</b>	<b>1,223.3</b>	<b>733.8</b>
Russia	16.3	15.3	4.8	4.7	2.2	513.1	450.3	235.4	533.9	193.5
<b>NAFTA and South American Countries, (o/w):</b>	<b>767.8</b>	<b>809.7</b>	<b>886.6</b>	<b>979.3</b>	<b>1,044.9</b>	<b>1,290.7</b>	<b>1,502.9</b>	<b>1,582.8</b>	<b>1,512.8</b>	<b>1,466.2</b>
USA	733.8	788.5	847.6	929.9	1,002.0	861.4	977.5	969.3	937.6	883.2
<b>Non-Arab Asian Countries, (o/w):</b>	<b>1,315.8</b>	<b>1,149.2</b>	<b>906.2</b>	<b>1,021.8</b>	<b>959.7</b>	<b>3,430.6</b>	<b>4,150.5</b>	<b>4,678.3</b>	<b>5,100.3</b>	<b>4,738.2</b>
India	645.9	510.5	350.9	459.8	418.2	360.2	506.8	789.9	869.6	374.4
Turkey	62.6	89.8	69.8	115.6	68.4	393.5	568.9	538.5	604.1	530.3
South Korea	22.4	13.8	12.3	18.1	14.4	435.9	406.3	393.1	542.3	490.3
Japan	33.5	28.6	28.7	23.0	16.2	259.0	277.5	341.6	395.5	419.2
Taiwan	24.3	33.4	13.7	16.6	7.5	178.5	194.4	257.8	265.8	336.6
China	141.3	132.4	73.6	131.3	149.7	1,317.4	1,416.4	1,620.1	1,705.9	1,834.4
<b>Other Countries</b>	<b>196.3</b>	<b>226.6</b>	<b>245.6</b>	<b>268.4</b>	<b>204.0</b>	<b>239.9</b>	<b>292.8</b>	<b>350.5</b>	<b>349.4</b>	<b>552.0</b>
<b>Total</b>	<b>4,805.9</b>	<b>4,749.6</b>	<b>4,805.2</b>	<b>5,163.0</b>	<b>4,795.2</b>	<b>13,440.2</b>	<b>14,733.7</b>	<b>15,667.3</b>	<b>16,280.2</b>	<b>14,436.0</b>

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

(1) : Preliminary.



**Table 36**  
**Price and Quantity Indices of Domestic Exports**

(1994=100)

	2011		2012		2013		2014		2015 <sup>(1)</sup>	
	Unit Price	Unit Quantity	Unit Price	Unit Quantity	Unit Price	Unit Quantity	Unit Price	Unit Quantity	Unit Price	Unit Quantity
0. Food and Live Animals	278.6	289.6	329.9	263.9	334.5	296.3	344.5	303.4	341.7	296.7
1. Beverages and Tobacco	64.8	2,079.5	57.4	2,881.5	51.7	3,479.2	56.7	3,501.3	64.6	3,062.2
2. Crude Materials, Inedible, Except Fuels	352.8	155.3	409.9	116.2	354.6	101.9	300.4	133.3	307.1	137.1
4. Animal and Vegetable Oils and Fats	93.8	20.4	93.7	24.8	93.6	19.4	93.6	13.5	93.6	7.8
5. Chemicals	232.7	180.9	240.8	182.0	220.7	216.8	256.5	199.5	224.6	178.4
6. Manufactured Goods Classified by Material	153.4	341.3	147.6	342.4	155.1	363.3	174.6	327.4	188.7	266.6
7. Machinery and Transport Equipment	276.0	247.6	236.2	259.7	221.9	311.3	148.5	462.3	115.3	433.0
8. Misc. Manufactured Articles	133.8	1,731.8	125.4	1,986.3	123.9	2,242.4	223.9	1,386.1	201.1	1,556.6
<b>General Index</b>	<b>247.5</b>	<b>245.3</b>	<b>266.5</b>	<b>225.2</b>	<b>245.8</b>	<b>248.0</b>	<b>249.3</b>	<b>261.3</b>	<b>238.3</b>	<b>254.8</b>

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

(1) : Preliminary.

**Table 37**  
**Price and Quantity Indices of Imports**

(1994=100)

	2011		2012		2013		2014		2015 <sup>(1)</sup>	
	Unit Price	Unit Quantity	Unit Price	Unit Quantity	Unit Price	Unit Quantity	Unit Price	Unit Quantity	Unit Price	Unit Quantity
0. Food and Live Animals	251.3	203.1	229.4	242.6	226.6	260.3	228.5	281.1	229.0	245.7
1. Beverages and Tobacco	125.2	591.6	175.0	458.1	113.2	824.5	110.3	882.6	114.7	904.0
2. Crude Materials, Inedible, Except Fuels	172.7	198.7	205.3	170.4	234.2	153.6	205.8	201.5	175.9	205.1
3. Mineral Fuels, Lubricants and Related Materials	644.8	220.7	724.2	217.6	716.9	193.5	651.8	227.3	378.3	209.0
4. Animal and Vegetable Oils and Fats	249.3	69.3	271.2	63.8	245.4	64.0	272.1	58.4	230.6	64.1
5. Chemicals	943.0	54.5	857.3	65.6	956.7	60.9	1,126.0	52.2	1,139.7	48.3
6. Manufactured Goods Classified by Material	186.0	255.1	210.8	237.3	206.6	284.7	200.6	271.1	188.5	274.2
7. Machinery and Transport Equipment	145.4	280.6	185.3	241.5	182.3	270.4	179.7	278.7	175.2	320.5
8. Misc. Manufactured Articles	362.2	169.5	274.9	227.1	285.3	255.3	295.3	240.0	318.5	221.0
<b>General Index</b>	<b>355.1</b>	<b>160.1</b>	<b>360.2</b>	<b>174.0</b>	<b>357.0</b>	<b>181.8</b>	<b>376.8</b>	<b>183.3</b>	<b>339.9</b>	<b>176.6</b>

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

(1) : Preliminary.

**Table 38**  
**International Investment Position**

(JD Million)

	2011	2012	2013 <sup>(1)</sup>	2014 <sup>(1)</sup>	2015 <sup>(1)</sup>
<b>International investment position (net)</b>	<b>-15,134.2</b>	<b>-18,800.8</b>	<b>-21,074.2</b>	<b>-22,578.8</b>	<b>-24,357.5</b>
<b>Assets</b>	<b>16,269.5</b>	<b>14,514.1</b>	<b>17,556.2</b>	<b>18,536.9</b>	<b>18,657.9</b>
<b>Direct investment</b>	<b>357.8</b>	<b>361.6</b>	<b>372.7</b>	<b>431.9</b>	<b>432.6</b>
Equity capital and reinvested earnings	357.8	361.6	372.7	431.9	432.6
<b>Portfolio investment</b>	<b>460.1</b>	<b>302.6</b>	<b>316.5</b>	<b>390.2</b>	<b>440.2</b>
Equity securities	74.4	75.5	78.6	95.3	95.6
Banks	55.4	56.5	59.6	76.3	76.6
Other sectors	19.0	19.0	19.0	19.0	19.0
Debt securities	385.7	227.1	237.9	294.9	344.6
Bonds and notes	385.7	227.1	237.9	294.9	344.6
Banks	385.7	227.1	237.9	294.9	344.6
<b>Financial derivatives</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Other investments</b>	<b>6,871.7</b>	<b>7,589.8</b>	<b>7,065.8</b>	<b>6,339.5</b>	<b>6,037.2</b>
Trade credit	166.9	160.7	101.3	84.6	101.9
Other sectors	166.9	160.7	101.3	84.6	101.9
Loans	1,740.9	1,620.3	1,584.9	1,248.8	1,244.0
Central bank of Jordan	766.9	766.9	766.9	766.9	766.9
Long-term	766.9	766.9	766.9	766.9	766.9
General government	0.0	0.0	0.0	0.0	0.0
Banks	974.0	853.4	818.0	481.9	477.1
Long-term	137.2	127.6	101.7	122.3	143.1
Short-term	836.8	725.8	716.3	359.6	334.0
Other sectors	0.0	0.0	0.0	0.0	0.0
Currency and deposits	4,433.9	5,224.2	4,837.6	4,598.2	4,304.2
Banks	4,433.9	4,727.1	3,586.8	3,500.1	3,442.7
Other assets	530.0	584.6	542.0	407.9	387.1
Central bank of Jordan	289.9	296.0	303.8	300.8	315.0
Long-term	289.9	296.0	303.8	300.8	315.0
General government	0.0	0.0	0.0	0.0	0.0
Banks	240.1	288.6	238.2	107.1	72.1
Long-term	240.1	288.6	238.2	107.1	72.1
Other sectors	0.0	0.0	0.0	0.0	0.0
<b>Reserve assets</b>	<b>8,579.9</b>	<b>6,260.1</b>	<b>9,801.2</b>	<b>11,375.3</b>	<b>11,747.9</b>
Monetary gold	452.1	524.6	425.6	528.0	997.9
Special Drawing Rights	160.6	156.6	151.8	127.2	97.3
Reserve position in the fund	0.0	0.0	0.0	0.4	0.4
Foreign exchange	7,967.2	5,567.2	9,212.9	10,705.4	10,635.5
Currency and deposits	3,592.8	2,590.9	4,210.4	5,877.4	4,805.9
Securities	4,374.4	2,976.3	5,002.5	4,828.0	5,829.6
Bonds and notes	2,888.5	2,841.6	3,716.4	4,488.0	4,843.0
Money-market instruments	1,485.9	134.7	1,286.1	340.0	986.6
Other Claims	0.0	11.7	10.9	14.3	16.8

(1) : Preliminary.

**Table 38**  
**International Investment Position (Continued)**

(JD Million)

	2011	2012	2013 <sup>(1)</sup>	2014 <sup>(1)</sup>	2015 <sup>(1)</sup>
<b>Liabilities</b>	<b>31,403.7</b>	<b>33,314.9</b>	<b>38,630.4</b>	<b>41,115.8</b>	<b>43,015.5</b>
<b>Direct investment</b>	<b>16,603.1</b>	<b>17,677.5</b>	<b>19,006.5</b>	<b>20,387.0</b>	<b>21,269.9</b>
Equity capital and reinvested earnings	16,603.1	17,677.5	19,006.5	20,387.0	21,269.9
<b>Portfolio investment</b>	<b>2,761.8</b>	<b>2,859.2</b>	<b>4,549.5</b>	<b>5,771.1</b>	<b>6,728.0</b>
Equity securities	2,338.5	2,317.2	2,838.3	3,093.0	3,089.4
Banks	1,762.1	1,703.1	2,111.7	2,388.5	2,374.5
Other sectors	576.4	614.1	726.6	704.5	714.9
Debt securities	423.3	542.0	1,711.2	2,678.1	3,638.6
Bonds and notes	423.3	542.0	1,711.2	2,678.1	3,638.6
General Government	423.3	542.0	1,711.2	2,678.1	3,638.6
<b>Financial derivatives</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Other investments</b>	<b>12,038.8</b>	<b>12,778.1</b>	<b>15,074.5</b>	<b>14,957.7</b>	<b>15,017.6</b>
Trade credit	680.2	779.4	705.9	687.6	579.5
General Government	0.0	0.0	0.0	0.0	0.0
Other sectors	680.2	779.4	705.9	687.6	579.5
Short-term	680.2	779.4	705.9	687.6	579.5
Loans	4,570.6	5,038.5	5,785.0	5,830.2	6,305.6
Central Bank of Jordan	169.6	399.6	900.1	1,118.5	1,461.7
Use of IMF credit & loans	5.5	279.1	745.7	964.3	1,310.5
Other long-term	164.1	120.6	154.4	154.2	151.2
General Government	3,269.9	3,324.0	3,344.0	3,195.2	3,377.9
Long-term	3,269.9	3,324.0	3,344.0	3,195.2	3,377.9
Banks	16.9	11.3	13.2	15.9	14.1
Short-term	16.9	11.3	13.2	15.9	14.1
Other sectors	1,114.2	1,303.6	1,527.7	1,500.5	1,451.9
Long-term	1,114.2	1,303.6	1,527.7	1,500.5	1,451.9
Currency and deposits	6,462.6	6,494.8	8,228.2	8,089.5	7,766.3
Central Bank of Jordan	109.6	612.9	1,348.9	1,196.5	961.2
Banks	5,998.3	5,527.2	6,524.6	6,538.3	6,450.2
Other liabilities	325.4	465.4	355.3	350.4	366.2
Banks	148.8	288.8	178.3	184.0	206.8
Short-term	148.8	288.8	178.3	184.0	206.8
Other liabilities	176.6	176.6	177.0	166.4	159.4
Other long-term	176.6	176.6	177.0	166.4	159.4
SDR's allocation	176.6	176.6	177.0	166.4	159.4

(1) : Preliminary.

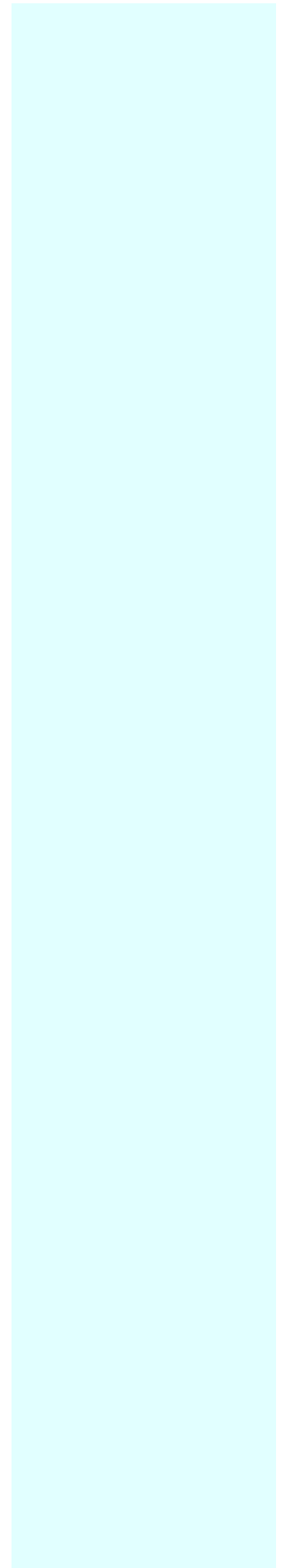
**Table 39**  
**Aqaba Port Activity**

(Thousands of Tons)

	2011	2012	2013	2014	2015
<b>Number of Vessels</b>	<b>2,395</b>	<b>2,632</b>	<b>2,441</b>	<b>2,269</b>	<b>2,244</b>
<b>Number of Passengers (Thousands)</b>	<b>810.7</b>	<b>925.4</b>	<b>726.9</b>	<b>541.0</b>	<b>501.1</b>
Arrivals	386.2	435.7	345.6	286.9	256.9
Departures	424.5	489.7	381.3	254.0	244.2
<b>Exported Commodities</b>	<b>8,975.0</b>	<b>7,410.9</b>	<b>4,531.1</b>	<b>5,201.3</b>	<b>5,233.4</b>
Domestic Exports	8,725.1	7,054.1	4,332.8	5,029.7	5,004.9
Phosphates	5,402.9	4,282.7	1,462.3	1,403.0	1,265.1
Fertilizers	900.2	739.4	851.1	1,284.5	1,423.7
Potash	1,725.5	1,208.9	1,240.3	1,609.8	1,679.1
Other	696.4	823.1	779.1	732.4	637.0
Re-Exports	98.0	149.3	44.4	46.7	114.7
Transit and Other	152.0	207.5	153.9	124.9	113.8
<b>Imported Commodities</b>	<b>10,208.5</b>	<b>11,943.9</b>	<b>11,784.5</b>	<b>13,843.5</b>	<b>13,148.7</b>
Imported Goods	9,579.5	11,270.2	11,119.7	13,206.7	12,747.2
Transit Goods	629.0	673.7	664.8	636.8	401.5
<b>Total Exported and Imported Commodities</b>	<b>19,183.6</b>	<b>19,354.8</b>	<b>16,315.6</b>	<b>19,044.8</b>	<b>18,382.0</b>

Source : Ports Corporation -Aqaba.

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S  
REPORT**



## **INDEPENDENT AUDITOR'S REPORT**

**To the Council of Ministers**

**To the Chairman and Board of Directors of the Central Bank of Jordan**

**Amman - The Hashemite Kingdom of Jordan**

We have audited the accompanying financial statements of the Central Bank of Jordan (established by a special law), which comprise of the statement of financial position as of December 31, 2015, and the statements of income, comprehensive income, changes in capital and reserves, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### ***Management's responsibility for the financial statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Bank's law where applicable, the International Financial Reporting Standards, and accounting policies as stated in Note (2) to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit, except for what is stated in paragraphs (1 and 2) below, 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 qualified audit opinion.

### ***Basis for the Qualified Opinion***

1. As stated in Note (8) to the accompanying financial statements, the Bank's assets include an amount equivalent to JD 766,882,210 as of December 31, 2015 and 2014 representing overdue debts on the Central Bank of Iraq since many years. These overdue debts resulted from commercial exchange and repayment facility agreements. The collectability of these debts depends on the final outcome of the related negotiations between the Governments of Jordan and Iraq . No provision for these debts has been taken in the accompanying financial statements.

2. As stated in Note (13 a) to the accompanying financial statements, the Bank's assets include an amount of JD 247,027,750 as of December 31, 2015, (JD 250,593,275 as of December 31, 2014) representing advances granted to defaulted banks and financial institutions under liquidation, merged or liquidated banks, and other banks and financial institutions. The recoverability of any amounts of these debts depends on the final outcome of the liquidation and final Government resolutions, noting that a provision of JD 59,593,961 has been taken against the advance granted to Petra Bank (under liquidation). Accordingly, the required provision for doubtful debts relating to these advances is JD 187,433,789 as of December 31, 2015 (JD 190,999,314 as of December 31, 2014).
3. As stated in Note (12 c) to the accompanying financial statements, the Bank's assets include a debt bond, maturing after about 19 years, stated at its par value of JD 40,275,412 instead of stating it in the accompanying financial statements at its present value and taking the difference between its par value and its present value based on the debt restructuring of approximately JD 25 million as of December 31, 2015, to the owners' equity (capital and reserves) as per the requirements of the International Financial Reporting Standards.

***Qualified Opinion***

In our opinion, except for the possible effect of what are stated in paragraphs (1 and 2) from the basis for the qualified opinion and the material effect of what is stated in paragraph (3) from the basis for the qualified opinion, the financial statements present fairly, in all material respects, the financial position of the Central Bank of Jordan as of December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with the bank's Law when applicable, the International Financial Reporting Standards and accounting policies as stated in note (2) to the accompanying financial statements.

***Emphasis of matter***

Without any further qualification in our opinion, we draw attention to note (2 a) to the financial statements which stated that the Bank adopted an accounting policy related to the accounting treatments of the exchange deferece of foreign currency and gold which was previously booked in the special reserves within capital and reserves. The Bank's management changed this accounting policy and it is now booked within the bank's assets and liabilities, to be presented under the assets if it was debit, or under the liabilities if it was credit in line with the Central Bank of Jordan law.

***Other Matters***

1. We have previously audited the financial statements of the Central Bank of Jordan for the year ended December 31, 2014, and issued our qualified audit report there on dated March 31, 2015.
2. The accompanying financial statements are a translation of the statutory financial statements in the Arabic language to which reference should be made.

Amman – The Hashemite Kingdom of Jordan  
March 31, 2016

**Saba & Co.**  
**(Member Firm of Deloitte &**  
**Touche Tohmatsu International)**



**Statement (A)**

**THE CENTRAL BANK OF JORDAN  
(ESTABLISHED BY A SPECIAL LAW)  
AMMAN - THE HASHEMITE KINGDOM OF JORDAN  
STATEMENT OF FINANCIAL POSITION**

	Note	December 31,	
		2015	2014
<b>ASSETS</b>		<b>JD</b>	<b>JD</b>
Gold and foreign currencies assets:			
Gold	2/b	997,875,287	527,993,279
Cash, balances and deposits	5	4,806,257,447	5,877,752,499
Financial securities in foreign currencies at fair value through profit or loss	6	233,278,583	289,875,195
Financial securities in foreign currencies at amortized cost	7	5,596,276,018	4,538,093,883
Past due facilities and commercial exchange agreements	8	766,882,210	766,882,210
Special drawing rights	9	97,308,072	127,196,927
Financial assets in foreign currencies at fair value through other comprehensive income	10	315,002,350	300,775,299
Other assets in foreign currencies	11	16,844,812	14,338,147
<b>Total Assets in Foreign Currencies</b>		<b>12,829,724,779</b>	<b>12,442,907,439</b>
Assets in Jordanian Currency:			
Financial securities and others	12	729,008,564	909,166,564
Advances granted to local banks and financial institutions	13	391,603,307	547,229,078
Financial assets in local currencies at fair value through other comprehensive income	14	8,796,365	6,402,169
Financing of financial securities repurchase agreements	15	50,000,000	75,000,000
Fixed assets – net	16	11,337,208	11,286,114
Other assets in Jordanian Currency	17	37,123,077	40,790,352
Gold and foreign currencies valuation differences	18	271,847,866	-
<b>Total assets in Jordanian Currency</b>		<b>1,499,716,387</b>	<b>1,589,874,277</b>
<b>TOTAL ASSETS</b>		<b>14,329,441,166</b>	<b>14,032,781,716</b>
Contra Accounts	41/c	379,588,086	431,288,655

THE ACCOMPANYING NOTES FROM (1) TO (41) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

	Note	December 31,	
		2015	2014
<b><u>LIABILITIES, CAPITAL AND RESERVES</u></b>		<b>JD</b>	<b>JD</b>
Currency issued	19	4,336,767,797	4,177,853,538
Liabilities in foreign currencies:			
Local licensed banks and financial institutions deposits		619,701,079	741,911,824
Government deposits		121,332,378	100,278,939
Public institutions and government departments with independent budgets deposits		1,116,292	1,856,923
Foreign corporations, banks and financial institutions deposits		957,968,028	1,194,690,425
Obligations against special drawing rights	20	159,361,625	166,430,336
Deposits and other liabilities in foreign currencies		7,178,143	2,069,774
Total Liabilities in Foreign Currencies		1,866,657,545	2,207,238,221
Liabilities in Jordanian Currency:			
Certificates of deposits	21	1,076,500,000	259,300,000
Local licensed banks and financial institutions deposits		5,923,104,839	6,284,334,338
Government deposits	22	595,207,743	605,210,590
Public institutions and government departments with independent budgets deposits		197,550,544	251,439,920
International Monetary Fund accounts	23	511,697	514,718
Foreign corporations, banks and financial institutions deposits		2,756,408	1,247,362
Other liabilities in Jordanian Currency	24	90,246,450	91,558,600
Total Liabilities in Jordanian Currency		7,885,877,681	7,493,605,528
Capital and Reserves:			
Paid-up capital	1	48,000,000	48,000,000
General reserve	25	1,878,264	1,878,264
Fair Value Reserve	26	118,645,346	101,212,160
Special reserves	27	71,614,533	2,994,005
Total Capital and Reserves		240,138,143	154,084,429
<b>TOTAL LIABILITIES, CAPITAL AND RESERVES</b>		<b>14,329,441,166</b>	<b>14,032,781,716</b>
Contra Accounts	41/c	379,588,086	431,288,655

THE ACCOMPANYING NOTES FROM (1) TO (41) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

**Statement (B)**

**THE CENTRAL BANK OF JORDAN  
(ESTABLISHED BY A SPECIAL LAW)  
AMMAN - THE HASHEMITE KINGDOM OF JORDAN  
STATEMENT OF INCOME**

	Note	For the Year	
		Ended December 31,	
		2015	2014
		JD	JD
<b>Revenues:</b>			
Revenues from foreign investments	28	83,160,685	84,533,290
Revenues from local investments	29	19,316,953	42,057,544
Other revenues	30	5,344,493	5,341,691
<b>Total Revenues</b>		<b>107,822,131</b>	<b>131,932,525</b>
<b>Expenses:</b>			
Interest paid on certificates of deposit and licensed banks' overnight window deposits	31	80,242,017	110,495,634
Interest paid on Government and public institutions accounts		9,688,928	19,587,114
Interest paid on foreign corporations, banks and financial institutions accounts		1,869,688	1,654,869
Other interest, commissions, and expenses	32	929,822	891,243
Cost of issuance and amortization of currency notes and minted coins	2J	4,605,261	7,929,840
General and administrative expenses	33	27,654,677	25,697,725
<b>Total Expenses</b>		<b>124,990,393</b>	<b>166,256,425</b>
(Loss) from valuation of the Bank's assets and liabilities in gold and foreign currencies	18&27	(186,059,076)	(103,916,235)
(Loss) as per International Financial Reporting Standards		(203,227,338)	(138,240,135)
Transferred to the difference of valuation of the Bank's assets and liabilities in gold and foreign currencies as per the Bank's Law	18&27	186,059,076	103,916,235
(Loss) as per the Bank's law transferred to special reserve to cover the (Loss) for the year		(17,168,262)	(34,323,900)

THE ACCOMPANYING NOTES FROM (1) TO (41) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

**Statement (C)**

**THE CENTRAL BANK OF JORDAN  
(ESTABLISHED BY A SPECIAL LAW)  
AMMAN - THE HASHEMITE KINGDOM OF JORDAN  
STATEMENT OF COMPREHENSIVE INCOME**

	<b>For the Year</b>	
	<b>Ended December 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>JD</b>	<b>JD</b>
(Loss) as per the Bank's Law	(17,168,262)	(34,323,900)
Other Comprehensive Income Items:		
Change in fair value reserve through comprehensive income	17,433,186	1,485,397
Total other comprehensive income (Loss)	264,924	(32,838,503)

THE ACCOMPANYING NOTES FROM (1) TO (41) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

**Statement (D)**

**THE CENTRAL BANK OF JORDAN  
(ESTABLISHED BY A SPECIAL LAW)  
AMMAN - THE HASHEMITE KINGDOM OF JORDAN  
STATEMENT OF CHANGES IN CAPITAL AND RESERVES**

Note	Paid-Up Capital	General Reserve (Note 25)	Fair Value Reserve	Special Reserves (Note 27)	(Loss) as per the Bank's Law	Total
	JD	JD	JD	JD	JD	JD
<b><u>For the year ended December 31, 2015</u></b>						
Beginning balance	48,000,000	1,878,264	101,212,160	2,994,005	-	154,084,429
Effect of change in accounting policies	2&27	-	-	85,788,790	-	85,788,790
Adjusted balance at the beginning of the year	48,000,000	1,878,264	101,212,160	88,782,795	-	239,873,219
(Loss) as per the Bank's law	-	-	-	-	(17,168,262)	(17,168,262)
Change in fair value for financial assets	-	-	17,433,186	-	-	17,433,186
Total Comprehensive Income	-	-	17,433,186	-	(17,168,262)	264,924
Transferred from special reserve to amortize the (loss) for the year	-	-	-	(17,168,262)	17,168,262	-
Ending Balance	48,000,000	1,878,264	118,645,346	71,614,533	-	240,138,143
<b><u>For the year ended December 31, 2014</u></b>						
Beginning balance	48,000,000	1,878,264	99,726,763	141,234,140	-	290,839,167
(Loss) as per the Bank's law	-	-	-	-	(34,323,900)	(34,323,900)
Change in fair value for financial assets	-	-	1,485,397	-	-	1,485,397
Total Comprehensive (loss)	-	-	1,485,397	-	(34,323,900)	(32,838,503)
Transferred to special reserve for the valuation of the Bank's assets and liabilities in gold and foreign currencies	-	-	-	(103,916,235)	-	(103,916,235)
Transferred from special reserve to amortize the (loss) for the year	-	-	-	(34,323,900)	34,323,900	-
Ending Balance	48,000,000	1,878,264	101,212,160	2,994,005	-	154,084,429

THE ACCOMPANYING NOTES FROM (1) TO (41) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

**Statement (E)**

**THE CENTRAL BANK OF JORDAN (ESTABLISHED BY A SPECIAL LAW)  
AMMAN - THE HASHEMITE KINGDOM OF JORDAN  
STATEMENT OF CASH FLOWS**

	Note	For the Year Ended December 31,	
		2015	2014
		JD	JD
( Loss ) as per International Financial Reporting Standards		(203,227,338)	(138,240,135)
The modification:			
Fixed assets depreciation	16	1,901,942	1,828,464
Loss (gain) on the disposal of fixed assets		11,310	(28,999)
Losses from valuation of the Bank's assets of gold		141,099,516	7,585,309
Losses from the valuation of the Bank's assets and liabilities in foreign currencies		44,959,560	96,330,926
Net (Loss) before Changes in Assets and Liabilities		(15,255,010)	(32,524,435)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
(Increase) in other assets in foreign currency		(2,506,665)	(3,468,776)
Decrease in other assets in JD		3,074,996	10,318,737
Decrease in financing of financial securities repurchase agreements		25,000,000	325,000,000
(Decrease) increase in banks deposits and local financial institutions in foreign currency		(122,210,745)	24,939,839
Increase (Decrease) in foreign currency government deposits		21,053,439	(9,385,052)
Increase (Decrease) in foreign currency deposits of public institutions and government departments with independent budgets		(740,631)	(18,564,670)
(Decrease) in foreign currency deposits of foreign corporations, banks and financial institutions		(236,722,397)	(152,243,601)
(Decrease) of obligations against special drawing rights		(7,068,711)	(10,528,109)
Increase (decrease) in deposits and other liabilities in foreign currencies		5,108,369	(43,285,022)
Increase in certificates of deposit		817,200,000	28,400,000
(Decrease) increase in deposits of local licensed banks and financial institutions-JD		(361,229,499)	1,055,368,034
(Decrease) in government deposits - JD		(10,002,847)	(106,612,612)
(Decrease) in deposits of public institutions and government departments with independent budgets - JD		(53,889,376)	(44,951,716)
(Decrease) increase in International Monetary Fund accounts		(3,021)	5,278
Increase (decrease) in deposits of foreign corporations, banks and financial institutions - JD		1,509,046	(193,048)
Decrease in special drawing rights		29,888,855	24,568,822
(Decrease) increase in other liabilities - JD		(1,312,150)	2,900,961
Net Cash Flows from Operating Activities		91,893,653	1,049,744,630
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Decrease in financial securities in foreign currencies at fair value through profit or loss		56,596,612	586,183,655
(Increase) in financial securities in foreign currencies at amortized cost		(1,058,182,135)	(411,609,944)
Decrease in financial securities and others - JD		180,158,000	464,751,000
Decrease (increase) in advances granted to local banks and financial institutions		155,625,771	(57,527,220)
Decrease in financial assets in foreign currencies at fair value through other comprehensive income, net		811,940	3,994,572
(Increase) in gold		(610,389,245)	(109,882,789)
(Acquisition) of fixed assets		(2,025,874)	(1,776,357)
Proceeds from sale of fixed assets		61,527	39,022
Net Cash Flows (used in) from Investing Activities		(1,277,343,404)	474,171,939
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Increase in currency issued		158,914,259	239,779,362
Net Cash Flows from Financing Activities		158,914,259	239,779,362
(Loss) from valuation of the Bank's assets and liabilities in foreign currencies		(44,959,560)	(96,330,926)
Net (Decrease) Increase in Cash		(1,071,495,052)	1,667,365,005
Cash balances and deposits - beginning of the year		5,877,752,499	4,210,387,494
Cash Balances and Deposits - End of the Year	5	4,806,257,447	5,877,752,499

THE ACCOMPANYING NOTES FROM (1) TO (41) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

**THE CENTRAL BANK OF JORDAN  
(ESTABLISHED BY A SPECIAL LAW)  
AMMAN - THE HASHEMITE KINGDOM OF JORDAN  
NOTES TO THE FINANCIAL STATEMENTS**

---

**1. General**

- The Central Bank of Jordan was established in 1964 by a Special Law and has the status of an autonomous body. The Law stipulates that the objectives of the Central Bank of Jordan are to maintain monetary stability in the Kingdom, ensure the convertibility of the Jordanian Dinar, and promote sustained economic growth in accordance with the general economic policy of the Government.
- According to the Law of the Central Bank of Jordan for the year 1971, the Government is liable to cover any loss incurred by the Bank in the profit and loss account for any financial year. The Government should pay an adequate amount for such coverage within three months following the year-end of the Bank.
- The Bank is located in Amman, with two branches in Irbid and Aqaba.
- The total number of employees in the Central Bank of Jordan as of the end of 2015 is (634).
- According to Article (8) of the Central Bank of Jordan law No. (23) of 1971, the Council of Ministers decided in their meeting held on March 27, 2013 and according to the recommendations of the Economic Development Committee held on March 25, 2013 to approve the Central Bank of Jordan Board of Directors decision to increase the capital of the central Bank of Jordan to JD 48 million instead of JD 18 million by transferring JD 30 million from the general reserve.
- The accompanying financial statements have been approved by the Board of Directors on March 27, 2016.

**2. Basis of Preparation of the Financial Statements**

- a. The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and related interpretations. The Central Bank of Jordan Law and the resolutions adopted by the Board of Directors and the Governor are taken into consideration when preparing these financial statements. In case of a difference between International Financial Reporting Standards and the Law of Central Bank of Jordan, Central Bank of Jordan's law is applied.

- The accompanying financial statements have been prepared according to the historical cost convention except for financial assets and liabilities stated at fair value as of the date of the financial statements. The accompanying financial statements include the combined financial statements of the Bank and its branches in Irbid and Aqaba.
- The financial statements are stated in Jordanian Dinar, which is the functional currency of the Bank
- The accounting policies adopted in the financial statements for the current year are consistent with those adopted for the year ended at December 31, 2014, except for the adjustment of the new accounting policy adopted by the Bank related to the accounting treatments of the exchange difference of foreign currency and gold which was previously booked in the special reserves within capital and reserves. The Bank's management started booking it within the bank's assets and liabilities, to be presented under the assets side if it was debit, or under the liabilities side if it was credit in line with the Central Bank of Jordan Law and the effect of applying the new and modified standards as stated in Note (4-a) below.
- The following are the most significant accounting policies:
  - b. Gold is stated in the statement of financial position on the basis of the spot average closing price of International Markets amounting to JD 752/960 per ounce as of December 31, 2015 (JD 850/975 per ounce as of December 31, 2014).
  - c. Financial assets at amortized cost
    - Financial assets at amortized cost are the financial assets which the Bank's management intends according to its business model to hold for the purpose of collecting the contractual cash flows which comprise the contractual cash flows that are solely payments of principal and interest on the principal outstanding.
    - Financial assets are recorded at cost upon purchase plus acquisition expenses. Moreover, the issue premium / discount is amortized using the effective interest rate method, and recorded to interest account. Provisions associated with the decline in value of these investments leading to the inability to recover the investment or parts thereof are deducted. Any impairment is registered in the statement of income and should be presented subsequently at amortized cost less any impairment losses.
    - The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.



- It is not allowed to reclassify any financial assets from / to this category except for certain cases specified at the International Financial Reporting Standards (and in the case of selling those assets before its maturity date, the results should be recorded in a separate account in the statement of income, disclosures should be made in accordance to the requirements of International Financial Reporting Standards).
- d. Financial assets at fair value through profit or loss
  - It is the financial assets held by the Bank for the purpose of trading in the near future and achieving gains from the fluctuations in market prices in the short term or trading margins.
  - Financial assets at fair value through profit or loss are initially stated at fair value at acquisition date (purchase costs are recorded at the statement of income upon acquisition) and subsequently measured at fair value. Moreover, changes in fair value are recorded in the statement of income including the change in fair value resulting from translation of non-monetary assets stated at foreign currency. Gains or losses resulting from the sale of these financial assets are taken to the statement of income.
  - Dividends and interests from these financial assets are recorded in the statement of income.
  - It is not allowed to reclassify any financial assets to / from this category except for the cases specified in International Financial Reporting Standards.
- e. Financial assets at fair value through other comprehensive income
  - Those financial assets represent the investments in equity instruments held for long term which represents participations in International and Regional Financial Institutions and participations in Local Financial Institutions.
  - Financial assets at fair value through other comprehensive income initially stated at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in the statement of comprehensive income and within the reserves. However, the changes in fair value resulting from translation of non-monetary assets stated at foreign currency are recorded at differences of foreign currency and gold according to the Central Bank of Jordan's law. Gain or Loss from the sale of these investments should be recognized in the statement of comprehensive income and within the reserves, and the balance of the revaluation reserve for these assets should be transferred directly to the special reserves and not to the statement of income.
  - Dividends from these investments are recorded in the statement of income.

f. Fair Value

The fair value of listed financial assets and derivatives is based on their closing prices in active markets at year-end.

The fair value of an unlisted financial asset or derivative without quoted market price or active market is estimated by one of the following methods:

- Comparing it to another financial asset with similar terms and conditions.
- Analyzing future cash flows by means of the expected discounted cash flows technique through adopting a discount rate used for a similar instrument.
- Adopting options pricing models.
- Long-term, non-interest bearing financial assets and liabilities are valued through discounting the cash flows at the effective interest rate. Moreover, the resulting difference is taken to interest income in the statement of income.

The valuation methods aim at obtaining a fair value that reflects the expectations of the market. Moreover, market factors and expected risks and benefits are taken into consideration upon estimating the value of the financial instruments.

g. Impairment in the Value of Financial Assets

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

h. Repurchase and Resale Agreements

- Recognition of assets sold with simultaneous commitment to repurchase them at a future date is continued in the financial statements due to the Bank's continued control over those assets and because risks and benefits affect the Bank upon occurrence. Moreover, they are valued according to the adopted accounting policies. The corresponding amounts from these contracts are stated within liabilities under borrowed funds. The difference between the selling price and repurchase price is recognized as an interest expense due over the term of the agreement using the effective interest rate method.
- The assets purchased with simultaneous commitment to resell them at a specified future date are not recognized in the financial statements due to lack of control over these assets and because benefits and risks are not transferred to the Bank upon occurrence. The amounts paid on these agreements are stated within deposits at banks and other financial institutions or within financing repurchase agreements as the case may be. The difference between the purchase price and resale price is considered as interest income to be recognized over the term of the agreement using the effective interest rate method.

## i. Fixed Assets

Fixed assets are stated at historical cost after deducting accumulated depreciation or any impairment in their value. Fixed assets (except for land) are depreciated, once available for use, according to their expected economic useful lives using the straight-line method based on the following annual rates:

	%
Buildings	3
Buildings improvements	20
Furniture, fixtures, and decorations	10
Vaults and safe boxes	5
Vehicles	15
Machinery and equipment	15
Computer software	25
Computer hardware	25

- In the event that the recoverable amount of any fixed asset is less than its net book value, the value of the fixed asset is reduced to the recoverable amount, and the impairment in value is charged to the statement of income.
  - At the end of each year, the economic useful lives of fixed assets are reviewed. In case the expected economic useful lives differ from the previously prepared estimates, the change in estimate is recorded in the subsequent years, being a change in estimates.
  - Fixed assets are eliminated upon disposal or when no future benefits are expected from their use or disposal.
- j. The costs of printing new currency notes and minted coins are amortized over three years.
- k. Interest earned is recognized on the accrual basis except for interest from credit facilities and other commercial exchange agreements which is recognized as income only when received.
- l. Interest and commissions expenses are recognized on the accrual basis.
- m. Swap contracts are revalued at forward rates on the date of the statement of financial position. Gains or losses resulting from the changes in fair value are taken to the statement of income.
- n. Date of Recognition of Financial Assets
- The purchase or sale of financial assets is recognized at the trading date (the date of the Bank's commitment to purchase or sell the financial assets).
- o. 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 statement of financial position date as declared by the Bank against the Jordanian Dinar.

- 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.
  - Exchange differences resulting from valuation are transferred to a special reserve account for the valuation of foreign currencies, shown as part of the special reserve accounts in the statement of financial position, as per the Bank's law. The Bank adjusted the policy during the year 2015 to be presented under the bank's assets and liabilities, as it shows within the assets side if it was debit or within the liabilities side if it was credit.
- p. According to Article (9/a) of the Central Bank of Jordan Law, the Bank maintains a general reserve at a rate of 20% of the Bank's net annual income, and the remaining income is paid to the Government. The Governor can pay advances to the Treasury from the Government's assigned portion of profits, the advances and the accrued profits are paid on the last working day of the year.

### **3. Accounting Estimates**

Preparation of the financial statements and the application of the accounting policies require the Bank's management to perform assessments and assumptions that affect the amounts of financial assets, financial liabilities, disclosures and contingent liabilities. Moreover, these assessments and assumptions affect revenues, expenses, provisions and the balance of fair value reserves within capital and reserves. In particular, this requires the Bank's management to issue significant judgments and assumptions to assess the future cash flows amounts and their timing. Moreover, the aforementioned 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 arising from the conditions and circumstances of those assessments in the future.

- Management believes that the assessments and judgments within the accompanying financial statements are adequate and reasonable. The details are as follows:
- Management periodically reassesses the economic useful lives of tangible assets for the purpose of calculating annual depreciation based on the general condition of those assets and the assessment of their useful economic lives expected in the future. Impairment loss (if any) is charged to the statement of income.
- Management frequently reviews the financial assets stated at cost to estimate any decline in their value. Any impairment loss is charged to the statement of income.
- Management periodically reviews the lawsuits raised against the Bank, and books the necessary related provision based on the opinion of the Bank's legal advisor.
- The level in the fair value hierarchy is determined and disclosed into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. Differentiating between Level 2 and Level 3 fair value measurements, assessing whether inputs are observable and whether the unobservable inputs are significant, may require judgments and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

#### **4. Application of New and Revised International Financial Reporting Standards (IFRSs)**

##### **4.a. New and revised IFRSs applied with no material effect on the financial statements:**

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2015, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Annual Improvements to IFRSs 2010 - 2012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.
- Annual Improvements to IFRSs 2011 - 2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.
- Amendments to IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

##### **4. b. New and Revised IFRSs issued but not yet effective**

The Bank has not applied the following new and revised IFRSs that have been issued but are not yet effective:

	<u>Effective for Annual Periods Beginning On or After</u>
IFRS 14 Regulatory Deferral Accounts.	1 January 2016
Amendments to IAS 1 Presentation of Financial Statements relating to Disclosure initiative.	1 January 2016
Amendments to IFRS 11 Joint arrangements relating to accounting for acquisitions of interests in joint operations.	1 January 2016
Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and amortization	1 January 2016
Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture relating to bearer plants.	1 January 2016
Amendments to IAS 27 Separate Financial Statements relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.	1 January 2016
Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures relating to applying the consolidation exception for investment entities.	1 January 2016
Annual Improvements to IFRSs 2012 - 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.	1 January 2016

IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014)

1 January 2018

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

- **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Amendments to IFRS 7 Financial Instruments: Disclosures relating to disclosures about the initial application of IFRS 9

When IFRS 9 is first applied

IFRS 7 Financial Instruments: Disclosures relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9

When IFRS 9 is first applied

IFRS 15 Revenue from Contracts with Customers

1 January 2018

In May 2015, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

#### IFRS 16 Leases

1 January 2019

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture

Effective date  
deferred  
indefinitely

Management anticipates that these new and revised standards, interpretations and amendments will be adopted in the Bank’s consolidated financial statements for the year beginning 1 January 2016 or as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9, IFRS 15 and IFRS 16, may have no material impact on the financial statements of the Bank in the period of initial application.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Bank’s financial statements for the annual year beginning 1 January 2018. Moreover, the management anticipates that IFRS 16 will be adopted in the Bank’s financial statements for the annual year beginning January 1, 2019. The application of IFRS 15, IFRS 9 and IFRS 16 may have significant impact on amounts reported and disclosures made in the Bank’s financial statements in respect of revenue from contracts with customers and the Bank’s financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Bank performs a detailed review.



**5. Cash, Balances and Deposits**

This item consists of the following:

	<b>December 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>JD</b>	<b>JD</b>
Cash at bank	199,711,407	175,150,489
Current accounts	773,054,052	1,334,819,731
Demand accounts and deposits *	3,833,491,988	4,367,782,279
	<b>4,806,257,447</b>	<b>5,877,752,499</b>

\* The following are the details of deposits according to the maturity date:

	<b>Due within</b>	<b>Due within a</b>	<b>Due within a</b>	<b>Total</b>
	<b>3 Months</b>	<b>Period from</b>	<b>Period from</b>	
<b>2015</b>	<b>JD</b>	<b>3 to 6 Months</b>	<b>6 to 1 Year</b>	
		<b>JD</b>	<b>JD</b>	
Demand accounts and deposits	2,202,791,988	738,778,000	891,922,000	3,833,491,988
<b>2014</b>				
Demand accounts and deposits	2,997,501,089	1,352,556,190	17,725,000	4,367,782,279

During the year 2015, interest rates on currencies (US Dollar, Euro, Pound Sterling, Canadian Dollar, Australian Dollar, New Zealand Dollar, and Norwegian Kroner) ranged from 0.22 % to 3.80 % depending on the currency type and maturity date.

**6. Financial Securities in Foreign Currencies at Fair Value Through Profit or Loss**

This item consists of the following:

	December 31,	
	2015	2014
	JD	JD
Foreign bonds with fixed interest rates	91,478,583	218,975,195
Special foreign bonds	141,800,000	70,900,000
	233,278,583	289,875,195

**7. Financial Securities in Foreign Currencies at amortized cost**

This item consists of the following:

	December 31,	
	2015	2014
	JD	JD
<b><u>a. Foreign Bonds</u></b>		
Foreign bonds with fixed interest rates	2,008,597,559	1,930,961,006
Foreign bonds with floating interest	2,601,095,470	2,267,157,047
	4,609,693,029	4,198,118,053
<b><u>b. Foreign Commercial Papers</u></b>	986,582,989	339,975,830
	5,596,276,018	4,538,093,883

a. The maturities of foreign bonds range from six weeks to five years with interest rates ranging from 0.17 % to 6.75%.

b. The maturities of foreign commercial papers range from nineteen days to 321 days at a discount rate ranging from 0.3625% to 0.925%.

**8. Past Due Facilities and Commercial Exchange Agreements**

This item represents balances arising from commercial exchange agreements and past due debts on the Central Bank of Iraq as regards implementation of facilities arrangements. The details are as follows:

	<b>December 31, 2015</b>	
	<u>Equivalent</u>	<u>Amount</u>
	<b>JD</b>	<b>USD</b>
Past due commercial exchange Agreements	93,059,821	131,255,036
Past due debts	673,822,389	950,384,188
	<u>766,882,210</u>	<u>1,081,639,224</u>

	<b>December 31, 2014</b>	
	<u>Equivalent</u>	<u>Amount</u>
	<b>JD</b>	<b>USD</b>
Past due commercial exchange Agreements	93,059,821	131,255,036
Past due debts	673,822,389	950,384,188
	<u>766,882,210</u>	<u>1,081,639,224</u>

- The above balance represents past due facilities, and the related interest in suspense amounted to JD 325,225,830 as of December 31, 2015 (JD 313,418,619 as of December 31, 2014).

### **9. Special Drawing Rights**

This item consists of the following:

	<b>December 31,</b>	
	<u>2015</u>	<u>2014</u>
	<b>JD</b>	<b>JD</b>
Special Drawing Rights	97,308,072	127,196,927
	<u>97,308,072</u>	<u>127,196,927</u>

This item represents Jordan's share from the Special Drawing Rights allocations at the International Monetary Fund which amounted to SDRs 98,962,226 (SDRs 123,864,960 as of December 31, 2014). According to the average exchange rate of the Jordanian Dinar against SDRs, this liability amounted to JD 97,308,072 (JD 127,196,927 as of December 31, 2014).

### **10. Financial Assets in Foreign Currencies at Fair Value Through Other Comprehensive Income**

This item consists of the Bank's participation in International and Regional Financial Institutions as follows:

	<b>December 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>JD</b>	<b>JD</b>
Arab Fund for Economic and Social Development	195,384,753	184,763,501
Arab Monetary Fund/Arabic Dinar	54,626,247	54,815,678
Islamic Development Bank/Islamic Dinar	34,251,838	35,238,565
Arab Bank for Economic Development in Africa	6,215,950	5,757,260
Inter-Arab Investment Guarantee Corporation	2,403,631	2,310,430
IBRD (World Bank) – US Dollar	4,434,571	1,541,488
IBRD (World Bank) – Jordanian Dinar	15,182,869	13,873,394
Islamic Corporation for trade financing	510,912	490,988
Islamic Corporation for Investment and Export Credit	313,568	337,308
Contribution to Arab Monetary Fund / Arabic Dinar	371,151	383,182
Islamic Corporation for the Development of the Private Sector	1,306,860	1,263,505
	<u>315,002,350</u>	<u>300,775,299</u>

- The participations in International and Regional Financial Institutions were measured at fair value through other comprehensive income. The fair value reserve amounted to JD 117,273,981 credit as of December 31, 2015 (JD 102,234,991 credit as of December 31, 2014).
- The latest financial statements were obtained to measure the fair value of the contributions using the equity method.
- The effect of changes in foreign currencies exchange rate amounted to JD 11,078,437 (Debit) for the year ended December 31, 2015, and this amount was transferred to gold and foreign currencies valuation differences (JD 11,006,693 (Debit) for the year ended December 31, 2014).

### **11. Other Assets in Foreign Currencies**

This item represents accrued interests and revenues on current accounts, foreign deposits and foreign financial securities.

**12. Financial Securities**

This item consists of the following:

	<b>December 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>JD</b>	<b>JD</b>
Bond from the Ministry of Finance to the order of the Central Bank of Jordan (a)	271,705,032	271,705,032
Bond from the Ministry of Finance/ agreement memo for the year 2008 (b)	240,000,000	320,000,000
Bond of the Jordan Mortgage Refinance Company (c)	40,275,412	40,275,412
General institution bonds (d)	133,855,000	174,922,000
Jordanian treasury bonds (d)	22,610,000	81,701,000
Credit granted to Jordanian government (e)	20,563,120	20,563,120
	<u>729,008,564</u>	<u>909,166,564</u>

- a. In accordance with the Economic Security Committee's Resolution No. (8/91) dated June 13, 1991, enacted as Law and incorporated in the Law of the Protection of the National Economy for the Year 1992, a bond of JD 390 million with no maturity date was issued by the Ministry of Finance to the order of the Central Bank of Jordan. The purpose of the bond was to settle extraordinary advances granted to the Treasury in accordance with the previous resolutions of the Economic Security Committee. Furthermore, the same resolution stipulates that these extraordinary advances are non-interest bearing as of the resolution date. The amount stated as of the end of the year 2015 represents the unsettled balance and there is no impairment in its fair value where the Bank is entitled to request a repayment at any time.
- b. According to the Prime Ministry's letter number DEA/21784 dated on December 9, 2007 that includes approval on signing the Memorandum of Understanding (MOU) between the Ministry of Finance and the Central Bank of Jordan, the MOU has been signed on March 31, 2008 for the purpose of reconciling the Treasury main overdraft account balance. Moreover, the Ministry of Finance issued twenty equal non-interest bearing bonds amounting to JD 40 million each, to the order of the Central Bank of Jordan, with a total amount of JD 800 million with semi-annual payments, to be paid in two semi-annual payments during February and August of each year. The present value of these bonds amounted to JD 230,334,800 as of December 31, 2015 calculated on the basis of an annual discount rate of 2.97%.
- c. The Council of Ministers approved an offer submitted by a major shareholder of the Jordan Commercial Bank (previously Jordan Gulf Bank). The offer includes some terms related to the exceptional credit facilities granted by the Central Bank of Jordan to Jordan Gulf Bank with a balance of JD 40,275,412 such as:

- The credit facilities agreement was amended by extending its maturity date to 30 years.
- The Jordan Gulf Bank pays the present value of the bond issued to the order of the Central Bank of Jordan of JD 9 million, on the basis of the discount rate of 5.1219%. The bond has been transferred to the Jordan Mortgage Refinance Company, whereby the above Company pays the nominal value of JD 40,275,412 of the bond after 30 years in one payment. Moreover, the present value of the bond amounts to JD 15,262,770 as of December 31, 2015 (JD 14,519,286 as of December 31, 2014).
- According to a debt transfer agreement signed on December 30, 2004, the bond issued to the order of the Central Bank of Jordan has been transferred from the Jordan Commercial Bank (previously Jordan Gulf Bank) to the Jordan Mortgage Refinance Company whereby the Jordan Mortgage Refinance Company commits itself to settle the credit facilities in one payment after thirty years from the date of the issuance of the bond to the order of the Central Bank of Jordan. The bond bears interest at an annual rate of 5.1219%, and the bond together with interest mature on June 7, 2035.
- d. According to articles No. (39) and (50) of the Central Bank of Jordan Law, the Bank purchased during the year 2015 governmental financial securities as follows:
  - General institutions bonds matured after two years with interest rate ranging between 7.724% and 7.750%.
  - Jordanian treasury bonds with ranging maturity between three month and three years with interest rate ranging between 2.942% and 7.770%.
- e. This item represents advances granted to the Government amounting to JD 20,563,120, against the withdrawal of the tranche reserve from the International Monetary Fund.

### **13. Advances Granted to Local Banks and Financial Institutions**

This item consists of the following:

	<b>December 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>JD</b>	<b>JD</b>
Advances to commercial banks under liquidation – net (a)	187,433,789	190,999,314
Deposits with local commercial banks (b)	76,500,000	259,300,000
Advances to banks and specialized credit institutions (c )	34,953,969	34,966,129
Advances to local commercial banks (d)	91,824,341	61,963,635
Investment agency with Islamic banks (e)	891,208	-
	<u>391,603,307</u>	<u>547,229,078</u>

- a. The above item includes advances to commercial banks under liquidation, extended in accordance with the Economic Security Committee's (ESC) resolutions, which were enacted as law and incorporated in the Law of the Protection of the National Economy for the Year 1992. They also include other advances and facilities extended in accordance with management's resolutions. The details are as follows:

	<u>December 31,</u>		<u>Resolution No.</u>
	<u>2015</u>	<u>2014</u>	
	<u>JD</u>	<u>JD</u>	
<b><u>Advances to Banks under Liquidation:</u></b>			
Petra Bank*	213,976,356	214,437,339	2/90,13/89,20/89
National Islamic Bank **	(151)	(151)	20/88
Amman Investment Bank / under liquidation	(8,241)	(22,149)	
Total Advances to Banks under Liquidation	<u>213,967,964</u>	<u>214,415,039</u>	
<b><u>Advances to Other Institutions and Banks:</u></b>			
Credit facilities to Philadelphia Bank Customers (State Security Court) – Net ***	32,039,576	35,126,915	1/2005
Jordan Cooperative Society ****	<u>1,020,210</u>	<u>1,051,321</u>	
Total Advances Extended to other Institutions and Banks	<u>33,059,786</u>	<u>36,178,236</u>	
	247,027,750	250,593,275	
<u>Less:</u> Provision for doubtful debts – Petra Bank	<u>(59,593,961)</u>	<u>(59,593,961)</u>	
	<u>187,433,789</u>	<u>190,999,314</u>	

\* In accordance with the Economic Security Committee's Resolution No. (4/90) dated July 15, 1990, enacted as law and incorporated in the Law of the Protection of the National Economy for the Year 1992, it was decided to liquidate Petra Bank and appoint the Central Bank of Jordan (represented by the Governor of Central Bank of Jordan), as liquidator as of July 21, 1990, which is the date on which the ongoing liquidation process started. In accordance with resolution No. (171/2015) dated on December 27, 2015 of the Board of Directors of the Bank, the liquidation of Petra Bank has been extended to December 31, 2016. The amount is considered a debt payable to the Central Bank of Jordan by Petra Bank in accordance with the Economic Security Committee's Resolution No. (2/90) dated July 10, 1990, enacted as law and incorporated in the Law of the Protection of the National Economy for the Year 1992. Moreover, there are deposits transferred from Petra Bank to the Central Bank of Jordan not paid yet estimated at JD 423,229 as of December 31, 2015.

\*\* In accordance with the Economic Security Committee's Resolution No. (2/91) dated February 28, 1991, it was resolved to liquidate the National Islamic Bank. In accordance with the Central Bank of Jordan Governor's Resolution No. (371/2000) dated August 7, 2000. The resolution provided a mechanism to transfer all the liquidation debts to the Ministry of Finance (as liquidator), which is to be responsible for collecting the debts and effecting the required settlements with customers.

\*\*\* This item represents credit facilities extended by the Central Bank of Jordan for handling the deficit in the assets of Philadelphia Bank of which the majority relates to

the credit facilities granted to the customers of Philadelphia Bank. These credit facilities are being reviewed by the State Security Court General Prosecutor. According to the resolution of the Central Bank of Jordan Board of Directors No. (1/2005) dated January 12, 2005, it was agreed to merge Philadelphia Bank with the Jordan Ahli Bank during the year 2005. Moreover, the General Prosecutor of the State Security Court is following up on the collection of these credit facilities. The collected amounts are placed in intermediate accounts at commercial banks which in turn transfer these collections to the Central Bank of Jordan. Moreover, an amount of JD 36,740,562 was transferred to the Central Bank of Jordan up to the year 2015, and offset against the credit facilities balance of Philadelphia Bank customers, however in 2014 some of the treasury bonds that are included in the banks' portfolio has been allocated with the amount of JD 30 million from the balance of those collections.

\*\*\*\* This item represents the advance granted to the Jordan Cooperative Organization amounting to JD 1,020,210 as of December 31, 2015 and matures on February 8, 2016. Nevertheless, the organization suffers from financial difficulties, and the interest rate on the advance is 1%..

**b. Deposits with Local Commercial Banks**

This item consists of the following:

	<b>December 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>JD</b>	<b>JD</b>
Housing Bank for Trade and Finance*	56,600,000	192,700,000
Arab Jordan Investment Bank*	19,900,000	66,600,000
	<u>76,500,000</u>	<u>259,300,000</u>

\* This item represents non-interest bearing deposits with local banks. These deposits have been placed with the banks according to the resolution of the Council of Ministers in their meeting held on August 22, 2010 and according to the Memorandum of Understanding between the Central Bank of Jordan, the Housing Bank for Trade and Finance and the Arab Jordan Investment Bank signed on September 22, 2010, and the recommendation of the Credit Committee No. (14/2010) dated on October 5, 2010 and No. (35/2012) dated on December 13, 2012. The Central Bank of Jordan has exceptionally offered these deposits to encourage these banks to purchase the shares of other Jordanian banks in the Jordan International Bank- London. As of December 31, 2015, the present value of these deposits amounted to JD 75,575,880; calculated at a discount rate of 5%, representing the prevailing price of the certificate of deposits issued by the Central Bank of Jordan for these two banks to invest the amount of deposits mentioned above, noting that the deposits mature on March 31, 2016.

c. The details of the advances granted to banks and specialized credit institutions are as follows:



	<b>December 31,</b>		<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Payment Method</b>
	<b>2015</b>	<b>2014</b>			
	<b>JD</b>	<b>JD</b>			
Agricultural Credit Corporation	34,953,969	34,966,129	1.5%	December 20, 2020	On the maturity date of the guarantees
	<u>34,953,969</u>	<u>34,966,129</u>			

- d. This amount represents advances granted from the Central Bank of Jordan to licensed banks working in Jordan for the financing of the program for middle sized industrial sector according to the licensed banks memorandum No. (54/2011) dated on March 14, 2011 and the circulate for licensed banks dated on April 26, 2012 which includes the extension of the program as shown below:

<b>Licensed Banks</b>	<b>December 31,</b>		<b>Interest Rate %</b>	<b>Maturity Date</b>	<b>Payment Method</b>
	<b>2015</b>	<b>2014</b>			
	<b>JD</b>	<b>JD</b>			
Cairo Amman Bank	18,208,366	13,810,098	1.75 – 2.75	Less than 9 months	According to the conditions for granting advances
Societe General Bank - Jordan	9,098,469	6,337,605	1.75 – 2.75	Less than 9 months	According to the conditions for granting advances
Jordan Commercial Bank	2,809,606	870,572	1.75 – 2.75	Less than 9 months	According to the conditions for granting advances
Arab Bank	1,203,528	-	1.75 – 2.75	Less than 9 months	According to the conditions for granting advances
Bank of Jordan	500,000	500,000	1.75 – 2.75	Less than 9 months	According to the conditions for granting advances
Jordan Kuwait Bank	2,015,900	1,225,398	1.75 – 2.75	Less than 9 months	According to the conditions for granting advances
Housing Bank	1,529,415	-	1.75 – 2.75	Less than 9 months	According to the conditions for granting advances
Jordan Ahli Bank	3,961,982	-	1.75 – 2.75	Less than 9 months	According to the conditions for granting advances
National Bank of Kuwait – Jordan	883,500	357,500	1.75 – 2.75	Less than 9 months	According to the conditions for granting advances
Bank al Etihad	18,093,823	18,422,475	1.75 – 2.75	Less than 9 months	According to the conditions for granting advances
ABC Bank	5,000,000	5,000,000	1.75 – 2.75	Less than 9 months	According to the conditions for granting advances
Capital Bank	28,519,752	15,439,987	1.75 – 2.75	Less than 9 months	According to the conditions for granting advances
<b>Total</b>	<u>91,824,341</u>	<u>61,963,635</u>			

- e. This amount represent funding granted from the Central Bank of Jordan to Islamic Banks in Jordan under investment agency that restricted with Islamic Banks, according to circular No. (3/7487) dated on June 17, 2015, which includes the extension as shown below:

Islamic Licensed Banks	December 31,	Interest	Expected	Maturity
	2015	Rate	Return	Date
	JD	%		
Investment Agency/ Islamic International Arab Bank	891,208	1.75%	Less than 9 months	According to financing conditions
Total	891,208			

#### **14. Financial Assets in Local Currencies at Fair Value Through Other Comprehensive Income**

This item consists of the Bank's participation in Local Financial Institutions as the following:

	December 31,	
	2015	2014
	JD	JD
Agricultural Credit Corporation	1,016,715	998,814
Cities and Villages Development Bank	1,777,900	1,693,605
Jordan Loan Guarantee Corporation	4,822,750	2,530,750
Jordan Mortgage Refinance Company	1,179,000	1,179,000
	<u>8,796,365</u>	<u>6,402,169</u>

- The participations in local financial institutions were measured at fair value through other comprehensive income according to IFRS (9). As a result the valuation of investment reserve amounted to JD 1,371,365 (Credit) as of December 31, 2015 (JD 1,022,831 (Debit) as of December 31, 2014).
- The latest audited and issued financial statements were used to calculate the fair value of the participations using the equity method for each of the Agricultural Credit Corporation and Cities and Villages Development Bank. Whereas the fair value has been calculated in accordance with the local share price as of December 31, 2015 for each of Jordan Loan Guarantee Corporation and Jordan Mortgage Refinance Company. Moreover, the Central Bank of Jordan does not have any control on these institutions.

#### **15. Financing of Financial Securities Repurchase Agreements**

According to article No. (12/c) and article No. (50) of the Central Bank of Jordan Law No. (23) for the year 1971 and its amendments, the Bank has the right to repurchase governmental financial securities guaranteed from the Government, nevertheless these repurchase agreements represent the repurchase of treasury bonds from local banks the maturity date for those bonds extends from five to seven days.

**16. Fixed Assets and computer's software**

This item consists of the following:

<u>Year 2015</u>	Furniture, Fixtures and Vaults and Safe Boxes					Computer Hardware	Machinery and Equipment		Computer Software	Total
	Land	Buildings	Buildings Improvements	Decorations			Vehicles			
<u>Cost</u>	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	593,979	13,584,403	2,812,814	981,912	191,817	5,487,653	6,647,304	1,454,356	2,676,361	34,430,599
Additions	-	-	206,076	31,725	645	714,109	113,727	-	959,592	2,025,874
Disposals	-	-	1,900	19,633	4,167	163,706	172,814	-	68,245	430,465
Ending Balance	593,979	13,584,403	3,016,990	994,004	188,295	6,038,056	6,588,217	1,454,356	3,567,708	36,026,008
<u>Accumulated Depreciation:</u>										
Balance - beginning of the year	-	8,894,369	1,317,864	867,358	94,294	4,667,108	4,093,963	1,113,221	2,096,308	23,144,485
Additions	-	373,126	48,362	19,416	7,930	393,983	668,493	88,584	302,048	1,901,942
Disposals	-	-	1,900	18,886	3,555	159,317	159,464	-	14,505	357,627
Ending Balance	-	9,267,495	1,364,326	867,888	98,669	4,901,774	4,602,992	1,201,805	2,383,851	24,688,800
Net Book Value as of										
December 31, 2015	593,979	4,316,908	1,652,664	126,116	89,626	1,136,282	1,985,225	252,551	1,183,857	11,337,208
<u>Year 2014</u>										
<u>Cost</u>										
Balance - beginning of the year	593,979	13,584,403	2,781,105	955,407	191,817	5,035,468	6,573,337	1,381,815	2,118,476	33,215,807
Additions	-	-	31,709	40,785	-	608,962	304,516	232,500	557,885	1,776,357
Disposals	-	-	-	14,280	-	156,777	230,549	159,959	-	561,565
Ending Balance	593,979	13,584,403	2,812,814	981,912	191,817	5,487,653	6,647,304	1,454,356	2,676,361	34,430,599
<u>Accumulated Depreciation</u>										
Balance - beginning of the year	-	8,521,243	1,247,694	862,915	86,364	4,370,039	3,651,133	1,192,459	1,935,716	21,867,563
Additions	-	373,126	70,170	18,152	7,930	453,846	663,927	80,721	160,592	1,828,464
Disposals	-	-	-	13,709	-	156,777	221,097	159,959	-	551,542
Ending Balance	-	8,894,369	1,317,864	867,358	94,294	4,667,108	4,093,963	1,113,221	2,096,308	23,144,485
Net Book Value as of										
December 31, 2014	593,979	4,690,034	1,494,950	114,554	97,523	820,545	2,553,341	341,135	580,053	11,286,114
Annual Depreciation Rate %		3	20	10	5	25	15	15	25	

- The fully depreciated fixed assets amounted to JD 1,350,242 as of December 31, 2015 (JD 2,345,514 as of December 31, 2014).

**17. Other Assets in Jordanian Currency**

This item consists of the following:

	<b>December 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>JD</b>	<b>JD</b>
Accrued interest and revenue	4,493,345	4,160,956
Housing loans for employees - net	23,250,145	22,433,363
Gold, silver and metal coins	5,642,917	6,277,697
Deferred expenses-printing of bank notes and metal coins - net*	2,430,461	5,635,565
Other	1,306,209	2,282,771
	<u>37,123,077</u>	<u>40,790,352</u>

\* Deferred expenses relating to the printing of bank notes and metal coins are stated at net value after the deduction of accumulated amortization (Note 2j).

**18. Gold and Foreign Currencies Valuation Differences**

This item consists of the following:

	<b>December 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>JD</b>	<b>JD</b>
Beginning balance of gold and foreign currencies valuation differences	-	-
Effect of accounting policies adjustment *	(85,788,790)	-
Adjusted beginning balance of gold and foreign currencies valuation differences	(85,788,790)	-
(Loss) from valuation of gold and foreign currencies transferred according to Article (56/a) of the Central Bank's Law **	(186,059,076)	-
Ending balance of gold and foreign currencies valuation differences	<u>(271,847,866)</u>	<u>-</u>

\* This amount represents the differences in the valuation of gold and foreign currencies as of the beginning of the year 2015, resulting from the implementation of the new accounting policies.

During the year ended December 31, 2015, the accounting policy which related to the accounting treatments of the exchange difference of foreign currency and gold which was previously booked in the special reserves within capital and reserves. The Bank started booking it within the bank's assets and liabilities, to be presented under the assets if it was debit, or under the liabilities if it was credit in line with the Central Bank of Jordan Law.

\*\* The differences in the valuation of gold and foreign currencies as of year-end are transferred to gold and foreign currencies valuation differences account, according to Article (56/a) of the Bank's Law No.(23) for the Year 1971 and its amendments are as follows:

	<b>2015</b>	<b>2014</b>
	<b>JD</b>	<b>JD</b>
(Debit) differences resulting from valuation of Bank's contributions in the international and regional financial institutions in foreign currencies (b)	(11,078,437)	-
(Debit) differences resulting from the valuation of Bank's assets and liabilities in foreign currencies (b)	(33,881,123)	-
(Debit) differences resulting from gold valuation (a)	(140,507,237)	-
(Debit) differences resulting from gold coins valuation (a)	(592,279)	-
Total valuation differences of gold and foreign currencies during the year	<u>(186,059,076)</u>	<u>-</u>

a. The movement on the gold valuation is as follows:

	<b>2015</b>	<b>2014</b>
	<b>JD</b>	<b>JD</b>
Beginning balance of valuation differences of gold	-	-
Effect of accounting policies adjustment *	253,652,617	-
Adjusted beginning balance of valuation differences of gold	253,652,617	-
Gold valuation difference (debit)	(140,507,237)	-
Gold coins valuation difference (debit) **	(592,279)	-
Valuation differences of gold – Ending Balance	<u>112,553,101</u>	<u>-</u>

\* This amount represents the differences in the valuation of gold as of the beginning of the year 2015, resulting from the implementation of the new accounting policies.

During the year ended December 31, 2015, the accounting policy which related to the accounting treatments of the exchange difference of foreign currency and gold which was previously booked in the special reserves within capital and reserves. The Bank started booking it within the bank's assets and liabilities, to be presented under the assets if it was debit, or under the liabilities if it was credit in line with the Central Bank of Jordan Law.

\*\* The valuation of the memorial gold coins which appear in other assets in Jordanian Currency Note (18) was made depending on the international prices in the market when the Central Bank of Jordan valuation bulletin was made at the last working day of the year.

b. The movement on the foreign currencies valuation is as follows:

	<b>2015</b>	<b>2014</b>
	<b>JD</b>	<b>JD</b>
Beginning balance of the valuation differences of foreign currencies	-	-
Effect of accounting policies adjustment *	(339,441,407)	-
Adjusted beginning balance of differences of foreign currencies	(339,441,407)	-
(Debit) differences resulting from valuation of Bank's contributions in the international and regional financial institutions in foreign currencies	(11,078,437)	-
(Debit) differences resulting from the valuation of Bank's asset and liabilities in foreign currencies	(33,881,123)	-
Ending balance of the valuation differences of foreign currencies	(384,400,967)	-

\* This amount represents the differences in the valuation of foreign currencies as of the beginning of the year 2015, resulting from the implementation of the new accounting policies.

During the year ended December 31, 2015, the accounting policy which related to the accounting treatments of the exchange difference of foreign currency and gold which was previously booked in the special reserves within capital and reserves. The Bank started booking it within the bank's assets and liabilities, to be presented under the assets if it was debit, or under the liabilities if it was credit in line with the Central Bank of Jordan Law.

### **19. Currency Issued**

- This item represents the currency issued by the Central Bank of Jordan and in circulation outside the Central Bank's treasury, representing a liability on the Central Bank of Jordan.
- According to the Bank's Law, the Central Bank of Jordan should maintain assets with a value not less than the value of the currency in circulation at any time. Part of these assets is gold, convertible foreign currencies, financial securities issued or guaranteed by foreign Governments and issued in convertible foreign currencies, bonds issued or guaranteed by the Jordanian Government, assets in foreign currencies, and credit balances that are for the benefit of the Kingdom according to payment agreements, settlement agreements and other agreements.
- After the elapse of the grace period specified by the Council of Ministers for the replacement of the cancelled currency, the value of the bank notes and coins not replaced is credited to the Treasury account at the Central Bank of Jordan. If the Bank notes and coins are presented afterwards, the Central Bank of Jordan pays them and

charges their value to the Treasury account. The Council of Ministers has the right to determine the period it deems appropriate in order to stop the payment of those notes and coins based on a recommendation by the Central Bank of Jordan.

## **20. Obligations Against Special Drawing Rights**

This item represents the Bank's liability in connection with Jordan's share of the Special Drawing Rights allocations at the International Monetary Fund of SDRs 162,070,636 as of December 31, 2015 and 2014. According to the average exchange rate of the Jordanian Dinar against SDRs, this liability amounted to JD 159,361,625 as of December 31, 2015 (JD 166,430,336 as of December 31, 2014). This amount is a long-term liability to be repaid by the Government in the future upon request.

## **21. Certificates of Deposits**

This item represents special certificates of deposits issued for local banks during 2015 at an interest rate of 5% it also includes ordinary certificate of deposits that were issued in the year 2015 and their interest rates was 2.5% for the period from 3 February 2015 to 13 July 2015, and 2.25% for the period from 14 July 2015 until the date of the statement of financial position.

## **22. Governments Deposits (Jordanian Dinar)**

This item represents government accounts with own budgets, with interest rate ranging from 1/125 % to 1/5 %. These balances do not have specified maturity dates.

## **23. International Monetary Fund Accounts**

This item represents the bank account in International Monetary Fund. These balances do not have specified maturity dates.

## **24. Other Liabilities in Jordanian Currency**

This item consists of the following:

	<b>December 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>JD</b>	<b>JD</b>
Accrued interest	3,899,465	7,429,382
Deposits on documentary credits	35,588,040	27,692,629
Other deposit accounts	50,576,859	56,396,341
Other liabilities	182,086	40,248
	<b>90,246,450</b>	<b>91,558,600</b>

## **25. General Reserve**

The reserve for the year amounted to JD 1,878,264 which was made according to the Central Bank of Jordan law No. 9/a which states that the Central Bank of Jordan must maintain a general reserve at 20% of its net profit in each fiscal year, taking into consideration that the bank did not make any profit in the year-ended 2015.

**26. Financial Assets Valuation Reserve**

This item consists of the following:

	<b>December 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>JD</b>	<b>JD</b>
Special reserves balance for valuation of the financial assets at the beginning of the year	101,212,160	99,726,763
Gains from valuation of the contributions in the regional and foreign financial institutions	15,038,990	977,627
Gains from valuation of the contributions in the local financial institutions	2,394,196	507,770
Special Reserves Balance at Year-End	<u>118,645,346</u>	<u>101,212,160</u>

Profits from the difference of the contributions in local and international institutions as of the end of the year will be transferred to special reserve account for valuation of the financial assets.

**27. Special Reserves**

This item consists of the following:

	<b>December 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>JD</b>	<b>JD</b>
Beginning balance of special reserve	2,994,005	141,234,140
Effect of accounting policies adjustment *	85,788,790	-
Adjusted beginning balance of special reserve	88,782,795	141,234,140
(Loss) from valuation of gold and foreign currencies transferred according to Article (56/a) of the Bank's Law **	-	(103,916,235)
Special reserves balance after the closing of valuation Differences balance	88,782,795	37,317,905
Transferred from (loss) for the year as per the Bank's Law to the special reserves (c)	(17,168,262)	(34,323,900)
Ending balance of special reserve	<u>71,614,533</u>	<u>2,994,005</u>



\* This item represents the special reserves balance at the beginning of the year 2015 resulting from the implementation of the new accounting policy.

During the year ended December 31, 2015, the accounting policy which related to the accounting treatments of the exchange difference of foreign currency and gold which was previously booked in the special reserves within capital and reserves. The Bank started booking it within the bank's assets and liabilities, to be presented under the assets if it was debit, or under the liabilities if it was credit in line with the Central Bank of Jordan Law.

\*\* The differences in the valuation of gold and foreign currencies as of year-end are transferred to the special reserve account for gold and foreign currencies valuation, according to Article (56/a) of the Bank's Law No.(23) for the Year 1971 and its amendments are as follows:

	<b>2015</b>	<b>2014</b>
	<b>JD</b>	<b>JD</b>
(Debit) differences resulting from valuation of Bank's contribution in the international and regional financial institutions in foreign currency (b)	-	(11,006,693)
(Debit) differences resulting from the valuation of Bank's assets and liabilities in foreign currencies (b)	-	(85,324,233)
(Debit) differences resulting from gold valuation (a)	-	(7,518,673)
(Debit) differences resulting from gold coins valuation (a)	-	(66,636)
	<u>-</u>	<u>(103,916,235)</u>

a. The movement on the gold valuation is as follows:

	<b>2015</b>	<b>2014</b>
	<b>JD</b>	<b>JD</b>
Beginning balance of the special reserve of the revaluation of gold	-	261,237,926
Gold revaluation difference (debit)	-	(7,518,673)
Gold coins revaluation difference (debit) **	-	(66,636)
Gold revaluation special reserve – Ending Balance	<u>-</u>	<u>253,652,617</u>

\*\* The valuation of the memorial gold coins which appear in other assets in Jordanian Currency Note (18) was made depending on the international prices in the market when the Central Bank of Jordan valuation bulletin was made at the last working day of the year.

b. The movement on the foreign currencies valuation is as follows:

	<u>2015</u>	<u>2014</u>
	<b>JD</b>	<b>JD</b>
Beginning balance of the special reserve for revaluation of foreign currencies	-	(243,110,481)
(Debit) differences resulting from valuation of Bank's contribution in the international and regional financial institutions in foreign currencies	-	(11,006,693)
(Debit) differences resulting from the valuation of Bank's asset and liabilities in foreign currencies	-	(85,324,233)
Ending balance of the special reserve for revaluation of foreign currencies	<u>-</u>	<u>(339,441,407)</u>

c. The movement on the special reserve to cover the decline in the Bank's assets is as follows:

- This item consists of the following:

	<u>2015</u>	<u>2014</u>
	<b>JD</b>	<b>JD</b>
Beginning balance for the special reserve to cover the decrease in the Bank's assets	88,782,795	123,106,695
Transferred from loss for the year in as per the Bank's Law to the special reserve ***	(17,168,262)	(34,323,900)
Ending balance for the special reserve to cover the decline in the Bank's assets	<u>71,614,533</u>	<u>88,782,795</u>

\*\*\* The loss according to the Bank's Law is transferred to the special reserve according to Article (9/d) of the Central Bank of Jordan's Law No. (23) for the year 1971 and its amendments.

## **28. Revenue from Foreign Investments**

This item consists of the following:

	<u>2015</u>	<u>2014</u>
	<b>JD</b>	<b>JD</b>
Interest received on time deposits, current and call accounts with correspondents	19,498,461	18,696,696
Interest on foreign bonds	38,160,140	34,578,877
Income realized on foreign bonds	3,838,971	4,791,563
Revenues from options rights contracts	-	699,960
Income from dealing with gold	17,142,548	6,965,611
Income realized on foreign currency trading	69,876	17,186,743
Income on commercial papers	4,441,445	1,613,840
Fees of accounts management of our correspondents abroad in Euro Currency	9,244	-
	<u>83,160,685</u>	<u>84,533,290</u>

**29. Revenues from Local Investments**

This item consists of the following:

	<u>2015</u>	<u>2014</u>
	<b>JD</b>	<b>JD</b>
Interest on advances granted to specialized credit institutions and licensed banks	2,248,146	1,667,244
Income from swap contracts	2,237,968	2,407,895
Income from forward contracts	16,115	5,834,951
Interest on Jordanian treasury bonds	923,991	11,344,262
Interest on general institutions' bonds	12,379,592	15,299,937
Income from contribution in local institutions	299,000	317,000
Income from repurchase of financial securities	1,210,636	5,186,255
Income from investment agency contracts in Islamic banks	1,505	-
	<u>19,316,953</u>	<u>42,057,544</u>

**30. Other Revenues**

This item consists of the following:

	<u>2015</u>	<u>2014</u>
	<b>JD</b>	<b>JD</b>
Annual fees from banks, and license fees from banks, financial corporations and representative offices	3,968,133	3,826,594
Exchange dealers annual license fees	425,657	592,479
Income from sale of minted coins	68,088	150,724
Net interest on housing loans	203,510	204,445
Commissions collected from customers	92,675	90,030
Revenue from the finance of housing	307,990	271,308
Other revenue	278,440	206,111
	<u>5,344,493</u>	<u>5,341,691</u>

**31. Interest Paid on Certificates of Deposits and Licensed Banks' Overnight Deposits**

This item consists of the following:

	<u>2015</u>	<u>2014</u>
	<b>JD</b>	<b>JD</b>
Interest paid on certificates of deposits – JD	28,508,753	11,072,507
Interest paid on overnight deposits	51,733,264	99,423,127
	<u>80,242,017</u>	<u>110,495,634</u>

**32. Other Interest, Commissions, and Expenses**

This item consists of the following:

	<u>2015</u>	<u>2014</u>
	<b>JD</b>	<b>JD</b>
Bank accounts expenses at I.M.F.	25,490	28,697
Commissions and expenses for managing the Bank's accounts with correspondents	846,890	791,737
Government transfers expenses	5,827	5,896
Other paid commissions and expenses	2,738	1,017
Interest paid on other accounts	48,877	63,896
	<u>929,822</u>	<u>891,243</u>

**33. General and Administrative Expenses**

This item consists of the following:

	<b>2015</b>	<b>2014</b>
	<b>JD</b>	<b>JD</b>
Salaries, Bonuses, Wages and Allowances:		
Salaries, bonuses, wages and allowances	10,583,003	9,693,000
Overtime	599,416	457,202
	<u>11,182,419</u>	<u>10,150,202</u>
Travel, Training and Educational Expenses:		
Travel expenses and allowances	189,780	226,386
Training and educational expenses	406,709	405,249
	<u>596,489</u>	<u>631,635</u>
Other Employees' and Laborer's Benefits:		
Staff and users' insurance premiums	125,556	113,540
Medical treatment expenses	3,569,976	3,397,874
Uniforms	31,934	37,129
Social activities expenses	218,440	180,960
Canteen expenses	6,000	6,000
	<u>3,951,906</u>	<u>3,735,503</u>
Contribution to Employees Saving Fund, Social Security and Staff Indemnity:		
Bank's contribution to employees saving fund	810,131	744,217
Bank's social security contribution	1,096,735	964,864
Staff indemnity benefits and leave payments	2,516,389	2,544,545
	<u>4,423,255</u>	<u>4,253,626</u>
Board of Directors' Remuneration	<u>11,800</u>	<u>12,000</u>
Stationery and Printing:		
Stationery and printing	64,893	80,814
Books and subscriptions in newspapers and magazines	115,641	112,228
Subscriptions in scientific and intellectual Institutions	<u>114,695</u>	<u>166,728</u>
	<u>295,229</u>	<u>359,770</u>
Institute of Banking Studies Expenses	<u>136,175</u>	<u>172,806</u>
Anti-Money Laundry and Counter Terrorist Financing Unit Expenses	<u>338,281</u>	<u>488,372</u>
Telecommunication Expenses:		
Postage and telephone	83,951	110,719
Subscriptions to Reuter's Agency, SWIFT and internet services	440,262	602,854
	<u>524,213</u>	<u>713,573</u>
Aqaba and Irbid Branches Expenses	<u>660,040</u>	<u>611,210</u>
Maintenance and Repair Banks assets:		
Fuel and vehicles maintenance	97,530	123,761
Furniture, equipment, and computer Maintenance	725,450	561,410
	<u>822,980</u>	<u>685,171</u>
Bank Buildings Expenses:		
Electricity , water and fuel	1,118,611	1,021,764
Security, maintenance and cleaning of the Bank's building	431,218	447,845
Rent and rented buildings expenses	12,680	12,126
Insurance of building and Bank's assets	89,451	103,366
	<u>1,651,960</u>	<u>1,585,101</u>
Depreciation of fixed assets	<u>1,901,942</u>	<u>1,828,464</u>
Other expenses	<u>1,157,988</u>	<u>470,292</u>
	<u>27,654,677</u>	<u>25,697,725</u>

- The salaries and bonuses of the executive management amounted to JD 367,500 for the year 2015 (JD 346,500 for the year 2014).

**34. Bank Deposits/Compulsory Cash Reserves**

Deposits by banks in foreign currencies and Jordanian currency stated under liabilities in the Statement of Financial Position as of December 31, 2015 include compulsory cash reserves as follows:

	<b>December 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>JD</b>	<b>JD</b>
Jordanian Dinar	1,605,366,338	1,457,089,680
Foreign currencies	449,094,121	442,463,891
	<u>2,054,460,459</u>	<u>1,899,553,571</u>

**35. Derivatives Financial Instruments**

- Financial derivatives represent forward sale transactions and Swap Contracts recorded through journal entries off the Statement of Financial Position, and they do not have an impact on the financial statements, bearing in mind that there is no forward sale transaction as at the date of the Statement of Financial Position.
- There are swap contracts in Foreign Currencies (US Dollar against Jordanian Dinar) at the Central Bank of Jordan shown off the Statement of Financial Position. They have no impact on the financial statements and amounted to JD 74,811,085 as of December 31, 2015. Moreover, they represent two contracts with Citibank - Jordan amounted to of JD 60,585,485 against the capital and the related reserves, and two contracts with the European Bank for Reconstruction and Development for the amount of JD 14,225,600 against the facilities granted by it for the licensed banks within the agreement of supporting small and medium projects.

**36. Risk Management**

The Central Bank of Jordan manages its various banking risks by different means through adopting a risk management methodology, mitigating risks, and setting up proper controls to restrict the negative impact on the Bank's performance and its reputation. Moreover, the Bank is exposed to the following risks: strategic risks, financial risks, and operating risks.

Management of risks at the Bank is congruent with the volume of its activities, the variety of its operations, and the instructions of the regulatory bodies, as follows:

- The Central Bank of Jordan Law and its approved policies on credit granting and collaterals.
- Units responsible for risk management and control have been set up such as Risk Management Department, the Project, Risk and Performance Measurement Unit in the office of His Excellency the Governor and the Support Office in the Investment and Foreign Operations Department.
- Risk management strategies and related plans are adopted by specialized committees such as the Investment Committee, and Credit Facilities Committee.

#### **a. Credit Risk**

- Open market operations and public debts:

The credit facilities offered by the Bank are characterized with low risks. This is due to the creditworthiness of customers such as the government, banks, and specialized credit institutions. Moreover, the coverage rate of the offered credit facilities in addition to the nature of these low-risk guarantees contributes to limiting the exposure to credit risk.

- Credit risk consists of two parts: bankruptcy risk and degrading credit rating risk.

Bankruptcy Risk:

- Setting up a minimum credit rate for the correspondent banks with which the Central Bank of Jordan deals with in the field of the employment of funds in addition to their total assets, capital, and capital adequacy ratio.
- Establishing a minimum credit rate for issuances subscribed to or invested in.

Credit Rating Degradation Risks:

- Following up on the conditions of correspondent banks and publications of international credit rating agencies periodically and regularly.
- Implementing conservative measures for fear of degradation of credit rating through reducing the deposits at these banks.

**1. Exposure to Credit Risk:**

The following are the details of on-statement of financial position and off-statement of financial position items subject to credit risk as of December 31, 2015 and 2014:

	<b>December 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>JD</b>	<b>JD</b>
<b>On-statement of financial position items:</b>		
Gold	997,875,287	527,993,279
Cash balances and deposits	4,806,257,447	5,877,752,499
Financial securities in foreign currencies at fair value through profit or loss	233,278,583	289,875,195
Financial securities in foreign currencies at amortized cost	5,596,276,018	4,538,093,883
Past due facilities and commercial exchange agreements	766,882,210	766,882,210
Special drawing rights	97,308,072	127,196,927
Financial assets in foreign currencies at fair value through other comprehensive income	315,002,350	300,775,299
Other financial assets in foreign currencies	16,844,812	14,338,147
Financial securities and others	729,008,564	909,166,564
Advances granted to local banks and financial Institutions	391,603,307	547,229,078
Financial assets in local currencies at fair value through other comprehensive income	8,796,365	6,402,169
Financing of financial securities repurchase agreements	50,000,000	75,000,000
Other assets in Jordanian Currency	37,123,077	40,790,352
<b>Total</b>	<b><u>14,046,256,092</u></b>	<b><u>14,021,495,602</u></b>
<b>Off-statement of financial position items:</b>		
Guarantees:		
Payment	1,027,324	486,886
Performance	1,132,223	906,540
Other*	1,846,594	1,606,659
<b>Total</b>	<b><u>4,006,141</u></b>	<b><u>3,000,085</u></b>
<b>Grand Total</b>	<b><u>14,050,262,233</u></b>	<b><u>14,024,495,687</u></b>

\* This amount represents free maintenance guarantees amounting to JD 1,262,059 and tender guarantees amounting to JD 584,535 as of December 31, 2015.



**2. Distribution of exposure to credit risk according to the degree of risk:**

## a. Financial securities in foreign currencies at amortized cost

## - Foreign Commercial Papers:

<u>Classification</u>	<u>Rating Institution</u>	<u>Issuing Institution</u>	<u>Balance</u>
			<b>JD</b>
P - 1	MOODY'S	ACOSL	322,237,747
P - 1	MOODY'S	KDB	487,609,998
P - 1	MOODY'S	MDCBV	176,735,244
			986,582,989

## - Foreign Bonds

<u>Classification</u>	<u>Rating Institution</u>	<u>Issuing Institution</u>	<u>Balance</u>
			<b>JD</b>
Aa2	MOODY'S	ADGB	9,384,382
Aaa	MOODY'S	ASIA	141,255,927
Aaa	MOODY'S	AFDB	24,671,838
Aaa	MOODY'S	EBRD	110,765,603
Aa1	MOODY'S	EUROF	105,955,276
Aaa	MOODY'S	EIB	685,098,567
Aaa	MOODY'S	EDC	155,322,859
Aaa	MOODY'S	FINNVE	21,176,397
Aaa	MOODY'S	IADB	684,925,547
Aaa	MOODY'S	IBRD	921,823,738
Aaa	MOODY'S	IFC	369,090,135
Aa1	MOODY'S	IFFIM	84,787,490
Aaa	MOODY'S	ISDB	113,752,603
Aaa	MOODY'S	KFW	185,413,861
Aaa	MOODY'S	RENTEN	263,942,582
Aa1	MOODY'S	UKRAIL	168,534,793
Aaa	MOODY'S	OKB	208,118,266
Aa2	MOODY'S	RABOBK	70,585,514
Aa2	MOODY'S	QATAR	59,214,754
Aaa	MOODY'S	SWED	56,785,707
Aaa	MOODY'S	UST	169,087,190
			4,609,693,029
Total foreign bonds at amortized cost			
			5,596,276,018
Total financial securities in foreign currencies at amortized cost			

## b. Financial securities in foreign currencies at fair value through profit or loss

## - Foreign Bonds

<u>Classification</u>	<u>Rating Institution</u>	<u>Issuing Institution</u>	<u>Financial securities at fair value</u>
			<u>JD</u>
Aaa	MOODY'S	ISDB	21,356,356
Aaa	MOODY'S	KFW	14,040,327
Aaa	MOODY'S	UST	56,081,900
Aaa	MOODY'S	EBRD/ Brainus Zurcher Kantonal	70,900,000
Aaa	MOODY'S	Bank/ Brainus	70,900,000
Total foreign bond at fair value through profit or loss			<u>233,278,583</u>

## - Distribution of the collaterals fair value against credit facilities

<u>Credit Facilities Type</u>	<u>Distribution of collaterals against credit facilities during the year 2015</u>		
	<u>Credit Amount</u>	<u>Guarantees amount</u>	<u>Guarantee Type</u>
	<u>JD</u>	<u>JD</u>	
Funding of Financial Securities Repurchase Agreements	50,000,000	50,000,000	Governmental financial securities
Advances Granted to Specialized Credit Institutions and Banks	127,798,520	215,900,743	Governmental financial securities and bills

<u>Credit Facilities Type</u>	<u>Distribution of collaterals against credit facilities during the year 2014</u>		
	<u>Credit Amount</u>	<u>Guarantees amount</u>	<u>Guarantee Type</u>
	<u>JD</u>	<u>JD</u>	
Funding of Financial Securities Repurchase Agreements	75,000,000	75,000,000	Governmental financial securities
Advances Granted to Specialized Credit Institutions and Banks	97,981,085	159,785,919	Governmental financial securities and bills

**3. Geographical distribution of credit risk exposure**

	Inside Jordan	GCC Countries	Other Countries	Europe	Asia*	America	Canada	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Gold	-	-	-	997,875,287	-	-	-	997,875,287
Cash balances and deposits	199,711,407	1,603,358,736	2,612,638	2,248,327,351	100,055,149	651,602,087	590,079	4,806,257,447
Financial securities in foreign currencies at fair value through profit or loss	-	21,209,134	-	155,922,312	-	56,147,137	-	233,278,583
Financial securities in foreign currencies at amortized cost	-	359,078,162	24,671,838	2,283,371,720	628,904,829	2,144,926,610	155,322,859	5,596,276,018
Past due facilities and commercial exchange agreements	-	-	766,882,210	-	-	-	-	766,882,210
Special drawing rights	-	-	-	-	-	97,308,072	-	97,308,072
Financial assets in foreign currencies at fair value through other comprehensive income	-	289,168,960	6,215,950	-	-	19,617,440	-	315,002,350
Other assets in foreign currencies	-	2,886,281	46,540	7,781,482	1,321,705	4,515,007	293,797	16,844,812
Financial securities and others	729,008,564	-	-	-	-	-	-	729,008,564
Advances granted to local banks and financial institutions	391,603,307	-	-	-	-	-	-	391,603,307
Financial assets in local currencies at fair value through other comprehensive income	8,796,365	-	-	-	-	-	-	8,796,365
Financing of financial securities repurchase agreements	50,000,000	-	-	-	-	-	-	50,000,000
Other assets in Jordanian currency	37,123,077	-	-	-	-	-	-	37,123,077
<b>Total for the Year 2015</b>	<b>1,416,242,720</b>	<b>2,275,701,273</b>	<b>800,429,176</b>	<b>5,693,278,152</b>	<b>730,281,683</b>	<b>2,974,116,353</b>	<b>156,206,735</b>	<b>14,046,256,092</b>
<b>Total for the Year 2014</b>	<b>1,753,738,652</b>	<b>1,792,556,451</b>	<b>791,025,094</b>	<b>6,143,411,829</b>	<b>369,560,849</b>	<b>3,071,054,338</b>	<b>100,148,389</b>	<b>14,021,495,602</b>

\* Except for Middle East Countries.

**4. Exposure to credit risk according to economic sector:**

Item / Economic Sector	Financial	Government and Public Sector	Total
	JD	JD	JD
Gold	997,875,287	-	997,875,287
Cash balances and deposits	3,845,426,699	960,830,748	4,806,257,447
Financial securities in foreign currencies at fair value through profit or loss	70,900,000	162,378,583	233,278,583
Financial securities in foreign currencies at amortized cost	70,585,514	5,525,690,504	5,596,276,018
Past due facilities and commercial exchange agreements	-	766,882,210	766,882,210
Special drawing rights	-	97,308,072	97,308,072
Financial assets in foreign currencies at fair value through other comprehensive income	-	315,002,350	315,002,350
Other assets in foreign currencies	5,340,633	11,504,179	16,844,812
Financial securities and other	-	729,008,564	729,008,564
Advances granted to local banks and financial institutions	355,629,128	35,974,179	391,603,307
Financial assets in local currencies at fair value through other comprehensive income	8,796,365	-	8,796,365
Financing of financial securities repurchase agreements	50,000,000	-	50,000,000
Other assets in Jordanian Currency	37,123,077	-	37,123,077
Total for the Year 2015	5,441,676,703	8,604,579,389	14,046,256,092
Total for the Year 2014	6,521,718,190	7,499,777,412	14,021,495,602

**5. Concentration of Foreign Currencies Risks**

<b>2015</b>	<b>US Dollar</b>	<b>Sterling Pound</b>	<b>Swiss Franc</b>	<b>Japanese Yen</b>	<b>Canadian Dollar</b>	<b>Euro</b>	<b>Others</b>	<b>Total</b>
	<b>JD</b>	<b>JD</b>	<b>JD</b>	<b>JD</b>	<b>JD</b>	<b>JD</b>	<b>JD</b>	<b>JD</b>
<b>Assets</b>								
Gold	-	-	-	-	-	-	997,875,287	997,875,287
Cash accounts	189,860,804	1,832,620	29,177	-	-	7,970,606	18,200	199,711,407
Current accounts	704,063,730	19,892,446	1	770,477	590,079	43,960,527	3,776,792	773,054,052
Demand accounts	266,522	-	371,466	-	-	-	-	637,988
Term accounts	3,832,854,000	-	-	-	-	-	-	3,832,854,000
Financial securities at fair value through profit or loss	233,278,583	-	-	-	-	-	-	233,278,583
Commercial papers	986,582,989	-	-	-	-	-	-	986,582,989
Foreign bonds at amortized cost with fixed interest rates	2,008,597,559	-	-	-	-	-	-	2,008,597,559
Foreign bonds at amortized cost with floating interest rates	2,601,095,470	-	-	-	-	-	-	2,601,095,470
Past due facilities and commercial exchange agreements	766,882,210	-	-	-	-	-	-	766,882,210
Financial assets in foreign currencies at fair value through other comprehensive income	12,468,292	-	-	-	-	-	302,534,058	315,002,350
Assets in foreign currencies	16,672,903	5,586	-	-	166	-	166,157	16,844,812
<b>Total</b>	<b>11,352,623,062</b>	<b>21,730,652</b>	<b>400,644</b>	<b>770,477</b>	<b>590,245</b>	<b>51,931,133</b>	<b>1,304,370,494</b>	<b>12,732,416,707</b>
<b>Liabilities:</b>								
Current and demand accounts	257,266,376	11,411,427	-	-	-	47,255,482	-	315,933,285
Banks term accounts /other	6,290,560	-	-	-	-	-	-	6,290,560
Term accounts / reserve	449,094,121	-	-	-	-	-	-	449,094,121
Term accounts	935,977,953	-	-	-	-	-	-	935,977,953
Special drawing rights	-	-	-	-	-	-	159,361,625	159,361,625
<b>Total</b>	<b>1,648,629,010</b>	<b>11,411,427</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,255,482</b>	<b>159,361,625</b>	<b>1,866,657,544</b>
<b>2014</b>								
Assets	10,644,193,404	183,535,103	307,838	3,403,433	87,222,598	249,402,088	1,147,646,048	12,315,710,512
Liabilities	1,954,399,133	17,426,249	-	2,233,971	-	66,748,532	166,430,336	2,207,238,221

**b. Market Risk**

Market risk is the risk of the fluctuation in the fair value and cash flows of financial instruments due to the changes in market prices such as interest rate and exchange rate. Market risks are measured by the Bank's management through several methods of which:

- Controlling risks through the Investment and Foreign Operations Department and preparing reports periodically to the investment Committee.
- Establishing a pattern for the measurement of interest rate risk such as using the sensitivity analysis method based on the assessment of risks relating to incurring losses in fair value due to the changes in interest rates and exchange rates of foreign currencies.
- Adopting the value – at – risk (VAR) method to statistically assess the potential losses in an instrument or portfolio due to the prevailing adverse changes in the market. The greatest potential loss is shown at a determined confidence level of 95% and a specified retention period.
- The Bank continues to peg the Jordanian Dinar to the US Dollar while maintaining most of the Central Bank of Jordan assets in US Dollar for rates not less than 82%, from the net Bank assets in foreign currencies (after netting local banks deposits from foreign currencies and other outside short-term obligations).

**- Change in Interest Rate Risk**

Interest rate risk is the risk resulting from the change in market interest rates. This risk is one of the most prevalent risks to which the Bank is exposed. Moreover, deposits constitute a great percentage of the Central Bank of Jordan investments in addition to other instruments related to interest rate such as debts instruments (fixed income).

The Bank manages these interest rate risks through applying the sensitivity analysis to the instruments subject to interest rate in the portfolio (parallel analysis + - 1% on the same interest).

**- Exchange Rate Risk**

This is the most important risk encountered in the investment activity due to pegging the Jordanian Dinar to the US Dollar at a fixed exchange rate. In addition, the Central Bank of Jordan foreign assets are evaluated according to this exchange rate because the Central Bank of Jordan is entitled to keep up to 18% of its net assets in foreign currencies other than the US Dollar. Any negative changes in their exchange rates against the US Dollar will lead to diminishing the size of the Central Bank of Jordan assets in proportion to the change. Nevertheless, the percentage has been set up for strategic objectives to diversify and maintain the balance between the Bank's assets and liabilities denominated in various foreign currencies. Moreover, the legislator, through Article 56/a of the Central Bank of Jordan Law, emphasized on the subject of the treatment of this condition due to his conviction of the importance and necessity that the Central Bank of Jordan should keep part of its assets in other foreign currencies to fulfill its needs and those of the country and its organizations. The effects of the exchange rate fluctuations in foreign currencies have been isolated in the Bank's statement of income through recording them in a special account for the evaluation differences as the fluctuation in exchange rates is a repetitive and permanently recurring process. The present utilization rate is 0.745%.

**- Interest Rate Risk**

The details of the sensitivity analysis of the accounts exposed to changes in interest rates according to currency type during the years 2015 and 2014 are as follows:

Sensitivity analysis for 2015:

<b>Currency</b>	<b>Effect of Raising the Interest Rate by 1% on the Statement of Income JD</b>	<b>Effect of Reducing the Interest Rate by 1% on the Statement of Income JD</b>
US Dollar	96,624,086	(96,624,086)
Jordanian Dinar	(96,624,086)	96,624,086

Sensitivity analysis for 2014:

<b>Currency</b>	<b>Effect of Raising the Interest Rate by 1% on the Statement of Income JD</b>	<b>Effect of Reducing the Interest Rate by 1% on the Statement of Income JD</b>
Euro	1,818,372	(1,818,372)
Sterling pound	1,654,913	(1,654,913)
US Dollar	84,620,288	(84,620,288)
Jordanian Dinar	(33,203,438)	33,203,438

**- Foreign Currency Risk:**

Sensitivity analysis for 2015:

Currency	Effect of Raising the Exchange Rate by 5% on Capital and Reserves	Effect of Reducing the Exchange Rate by 5% on Capital and Reserves
	JD	JD
Euro	2,596,557	(2,596,557)
Sterling pound	1,086,253	(1,086,253)
Japanese Yen	38,524	(38,524)
Canadian Dollar	29,504	(29,504)
Swiss Franc	20,032	(20,032)
Other Currencies	189,749	(189,749)

Sensitivity analysis for 2014:

Currency	Effect of Raising the Exchange Rate by 5% on Capital and Reserves	Effect of Reducing the Exchange Rate by 5% on Capital and Reserves
	JD	JD
Euro	11,384,086	(11,384,086)
Sterling pound	9,172,014	(9,172,014)
Japanese Yen	170,172	(170,172)
Canadian Dollar	4,358,853	(4,358,853)
Swiss Franc	15,392	(15,392)
Other Currencies	16,384,390	(16,384,390)



**Interest Rate Repricing Gap:**

Classification is based on interest repricing periods or maturities, whichever are nearer.

<b>Year 2015</b>	<b>Up to 3 Months</b>	<b>More than 3 to 6 Months</b>	<b>More than 6 Months up to 1Year</b>	<b>More than 1 Year to 3 years</b>	<b>More than 3 Years</b>	<b>Without Interest</b>	<b>Total</b>
<b>Assets</b>	<b>JD</b>	<b>JD</b>	<b>JD</b>	<b>JD</b>	<b>JD</b>	<b>JD</b>	<b>JD</b>
<b>Gold and foreign currencies assets:</b>							
Gold	357,656,000	94,872,960	-	-	-	545,346,327	997,875,287
Cash balances and deposits	3,138,689,447	846,546,000	821,022,000	-	-	-	4,806,257,447
Financial securities in foreign currencies at fair value through profit or loss	-	-	-	91,478,583	-	141,800,000	233,278,583
Financial securities in foreign currencies at amortized cost	1,016,491,556	427,783,686	654,944,377	2,217,506,068	1,279,550,331	-	5,596,276,018
Past due facilities and commercial exchange agreements	-	-	-	-	-	766,882,210	766,882,210
Special drawing rights	-	-	-	-	-	97,308,072	97,308,072
Financial assets in foreign currencies at fair value through other comprehensive income	-	-	-	-	-	315,002,350	315,002,350
Other assets in foreign currencies	16,844,812	-	-	-	-	-	16,844,812
<b>Assets in Jordanian Currency:</b>							
Financial securities and other Advances granted to local banks and financial institutions	510,000	-	100,000	155,855,000	40,275,411	532,268,153	729,008,564
Financial assets in local currencies at fair value through other comprehensive income	(36,740,562)	-	1,020,210	-	-	427,323,659	391,603,307
Financing of financial securities repurchase agreements	-	-	-	-	-	8,796,365	8,796,365
Fixed assets-net	50,000,000	-	-	-	-	-	50,000,000
Other assets in Jordanian Currency	-	-	-	-	23,250,145	13,872,932	37,123,077
Gold and foreign currencies valuation differences	-	-	-	-	-	271,847,866	271,847,866
<b>Total Assets</b>	<b>4,543,451,253</b>	<b>1,369,202,646</b>	<b>1,477,086,587</b>	<b>2,464,839,651</b>	<b>1,343,075,887</b>	<b>3,131,785,142</b>	<b>14,329,441,166</b>
<b>Liabilities</b>							
Currency issued	-	-	-	-	-	4,336,767,797	4,336,767,797
<b>Liabilities in foreign currencies:</b>							
Local licensed banks and financial institutions deposits	619,701,079	-	-	-	-	-	619,701,079
Government deposits	121,332,378	-	-	-	-	-	121,332,378
Governmental deposits with independent budgets on public institutions	1,116,292	-	-	-	-	-	1,116,292
Foreign corporations, banks and financial institutions deposits	851,618,028	106,350,000	-	-	-	-	957,968,028
Obligations against special drawing rights	-	-	-	-	-	159,361,625	159,361,625
Deposits and other liabilities in foreign currencies	7,178,143	-	-	-	-	-	7,178,143
<b>Liabilities in Jordanian Currency:</b>							
Certificates of deposit	-	1,076,500,000	-	-	-	-	1,076,500,000
Local licensed banks and financial institutions deposits	2,751,500,000	-	-	-	-	3,171,604,839	5,923,104,839
Government deposits	594,977,856	-	-	-	-	229,887	595,207,743
Governmental deposits with independent budgets on public institutions	197,550,544	-	-	-	-	-	197,550,544
International monetary fund accounts	-	-	-	-	-	511,697	511,697
Foreign corporations, banks and financial institutions deposits	-	-	-	-	-	2,756,408	2,756,408
Other liabilities in Jordanian currency	39,487,504	-	-	-	-	50,758,946	90,246,450
<b>Total Liabilities</b>	<b>5,184,461,824</b>	<b>1,182,850,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,721,991,199</b>	<b>14,089,303,023</b>
<b>Interest rate repricing gap</b>	<b>(641,010,571)</b>	<b>186,352,646</b>	<b>1,477,086,587</b>	<b>2,464,839,651</b>	<b>1,343,075,887</b>	<b>(4,590,206,057)</b>	<b>240,138,143</b>
<b>Year 2014</b>							
Total Assets	5,394,245,695	1,672,951,363	506,394,120	2,337,836,106	1,348,550,463	2,772,803,969	14,032,781,716
Total Liabilities	6,182,951,836	427,047,331	-	-	-	7,268,698,120	13,878,697,287
<b>Interest Rate Repricing Gap</b>	<b>(788,706,141)</b>	<b>1,245,904,032</b>	<b>506,394,120</b>	<b>2,337,836,106</b>	<b>1,348,550,463</b>	<b>(4,495,894,151)</b>	<b>154,084,429</b>

**c. Liquidity Risk**

The maturities of assets against liabilities are distributed as follows:

1. The Bank's custody volume of any issue should not exceed 10% of the total issue or US Dollar 100 million, whichever is less.
2. The Central Bank of Jordan should keep a minimum amount of liquidity in current accounts representing at least 20% of the issued documentary credits.
3. CBJ should maintain assets that can be easily liquidated as protection against any unforeseen shortage in liquidity.
4. Liquidity is measured through the daily balances statement in addition to the analysis and distribution of financial assets according to the expected dates of their maturities and contingent liabilities required payments.

**37. Capital Management**

Through the management of its capital, the Central Bank of Jordan aims at:

- a. Complying with the Central Bank of Jordan Law.
- b. Maintaining its ability as a going concern through establishing a strong base to support its objectives represented in preserving monetary stability and guaranteeing the convertibility of the Jordanian Dinar and the stability of the financial sector. This is conducted in a manner that contributes to permanent economic growth in the Kingdom, and thus, makes available an attractive investment environment in addition to the safety and fortitude of the banking system and the national payments system through the application of an effective monetary policy and the employment of the optimal human, financial, technical and know-how resources.

The Central Bank of Jordan maintains a general reserve at 20% of its net profit in each fiscal year. The rest of net profit is paid to the Ministry of Finance after taking all the necessary provisions and reserves. In case the general reserve exceeds twice the amount of capital, all net profits are paid to the Ministry of Finance. Should the reserves be inadequate to cover any losses in the statement of income for any fiscal year, the Government has to pay an adequate amount for this coverage. The amount is considered a preferred debt to the Government deductible from the profit achieved in subsequent periods.

**Capital Items:**

	<b>December 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>JD</b>	<b>JD</b>
Capital	48,000,000	48,000,000
General reserve	1,878,264	1,878,264
Financial assets valuation reserve	118,645,346	101,212,160
Special reserves	71,614,533	2,994,005
Total Capital and Reserves	240,138,143	154,084,429

**38. Analysis of the Maturities of Assets and Liabilities**

The following table shows the analysis of assets and liabilities according to the expected recoverability or settlement period:

	December 31, 2015		
	Up to One Year	More than One Year	Total
	JD	JD	JD
<b>Assets:</b>			
Gold	997,875,287	-	997,875,287
Cash balances and deposits	4,806,257,447	-	4,806,257,447
Financial securities in foreign currencies at fair value through profit and loss	-	233,278,583	233,278,583
Financial securities in foreign currencies at amortized cost	2,099,219,619	3,497,056,399	5,596,276,018
Past due facilities and commercial exchange agreements	-	766,882,210	766,882,210
Special drawing rights	-	97,308,072	97,308,072
Financial assets in foreign currencies at fair value through other comprehensive income	-	315,002,350	315,002,350
Other assets in foreign currencies	16,844,812	-	16,844,812
Financial securities and others	610,000	728,398,564	729,008,564
Advances granted to local banks and financial institutions	168,324,341	223,278,966	391,603,307
Financial assets in local currencies at fair value through other comprehensive income	-	8,796,365	8,796,365
Financing of financial securities repurchase agreements	50,000,000	-	50,000,000
Fixed assets – net	-	11,337,208	11,337,208
Other assets in Jordanian Currency	37,123,077	-	37,123,077
Gold and foreign currencies valuation differences	271,847,866	-	271,847,866
<b>Total</b>	<b>8,448,102,449</b>	<b>5,881,338,717</b>	<b>14,329,441,166</b>
<b>Liabilities:</b>			
Currency issued	-	4,336,767,797	4,336,767,797
Local licensed banks and financial institutions deposits	619,701,079	-	619,701,079
Government deposits	121,332,378	-	121,332,378
Public institutions and Gov't departments with independent budgets deposits	1,116,292	-	1,116,292
Foreign corporations, banks and financial institutions deposits	957,968,028	-	957,968,028
Obligations against special drawing rights	-	159,361,625	159,361,625
Deposits and other liabilities in foreign currencies	7,178,143	-	7,178,143
Certificates of deposits – JD	1,076,500,000	-	1,076,500,000
Local licensed banks and financial institutions deposits – JD	5,923,104,839	-	5,923,104,839
Government deposits – JD	595,207,743	-	595,207,743
Public institutions and Gov't departments with independent budgets deposits – JD	197,550,544	-	197,550,544
International Monetary Fund accounts	511,697	-	511,697
Foreign corporations, banks and financial institutions deposits – JD	2,756,408	-	2,756,408
Other liabilities – JD	90,246,450	-	90,246,450
<b>Total</b>	<b>9,593,173,601</b>	<b>4,496,129,422</b>	<b>14,089,303,023</b>

	December 31, 2014		
	Up to One Year	More than One Year	Total
	JD	JD	JD
<b>Assets:</b>			
Gold	527,993,279	-	527,993,279
Cash balances and deposits	5,877,752,499	-	5,877,752,499
Financial securities in foreign currencies at fair value through profit and loss	141,429,898	148,445,297	289,875,195
Financial securities in foreign currencies at amortized cost	1,137,076,974	3,401,016,909	4,538,093,883
Past due facilities and commercial exchange agreements	-	766,882,210	766,882,210
Special drawing rights	-	127,196,927	127,196,927
Financial assets in foreign currencies at fair value through other comprehensive income	-	300,775,299	300,775,299
Other assets in foreign currencies	14,338,147	-	14,338,147
Financial securities and others	151,232,000	757,934,564	909,166,564
Advances granted in local banks and financial institutions	61,963,635	485,265,443	547,229,078
Financial assets in local currencies at fair value through other comprehensive income	-	6,402,169	6,402,169
Financing of financial securities repurchase agreements	75,000,000	-	75,000,000
Fixed assets – net	-	11,286,114	11,286,114
Other assets in Jordanian Currency	40,790,352	-	40,790,352
<b>Total</b>	<b>8,027,576,784</b>	<b>6,005,204,932</b>	<b>14,032,781,716</b>
<b>Liabilities:</b>			
Currency issued	-	4,177,853,538	4,177,853,538
Local licensed banks and financial institutions deposits	741,911,824	-	741,911,824
Government deposits	100,278,939	-	100,278,939
Public institutions and Gov't departments with independent budgets deposits	1,856,923	-	1,856,923
Foreign corporations, banks and financial institutions deposits	1,194,690,425	-	1,194,690,425
Obligations against special drawing rights	-	166,430,336	166,430,336
Deposits and other liabilities in foreign currencies	2,069,774	-	2,069,774
Certificates of deposits – JD	259,300,000	-	259,300,000
Local licensed banks and financial institutions deposits – JD	6,284,334,338	-	6,284,334,338
Government deposits – JD	605,210,590	-	605,210,590
Public institutions and Gov't departments with independent budgets deposits – JD	251,439,920	-	251,439,920
International Monetary Fund accounts	514,718	-	514,718
Foreign corporations, banks and financial institutions deposits – JD	1,247,362	-	1,247,362
Other liabilities – JD	91,558,600	-	91,558,600
<b>Total</b>	<b>9,534,413,413</b>	<b>4,344,283,874</b>	<b>13,878,697,287</b>

**39. Accounts Managed on Behalf of Customers**

- Open market operations and public debt:

The accounts managed on behalf of customers amounted to JD 12,947 million as of the end of the year 2015 compared to JD 13,080 million for the year 2014. The details are as follows:

<u>Account</u>	<b>In JD Million</b>	
	<b>2015</b>	<b>2014</b>
Ministry of Finance / treasury bonds	12,259	11,821
Ministry of Finance / treasury bills	125	650
Public institutions / public institutions bonds	563	609
	12,947	13,080

**40. Fair Value Hierarchy**

- a. The fair value of financial assets and liabilities specified at fair value on an ongoing basis:

Some of the bank's assets and liabilities are evaluated using the fair value at the end of each financial period, the second table shows information about the method of determining the fair value of those assets and liabilities (evaluation method and used inputs).

<u>Financial Assets / Financial Liabilities</u>	<u>Fair value December 31,</u>		<u>Fair value level</u>	<u>Evaluation method and used inputs</u>	<u>Material intangible inputs</u>	<u>The relation between material intangible inputs and fair value</u>
	<u>2015</u>	<u>2014</u>				
	JD	JD				
<u>Financial Assets at Fair Value</u>						
Financial assets at fair value through profit or loss						
Foreign bonds	233,278,583	289,875,195	First and second level	Fair Market Value	Not Applicable	Not Applicable
Foreign financial assets at amortized cost	5,596,276,018	4,538,093,883	First level	Fair Market Value	Not Applicable	Not Applicable
Total	<u>5,829,554,601</u>	<u>4,827,969,078</u>				
Financial assets at fair value through <u>other comprehensive income</u>						
Participations with available market values	-	-	First level	Fair Market Value	Not Applicable	Not Applicable
Participations with no available market values	315,002,350	300,775,299	Second level	Comparing it with the fair value of a similar financial instrument	Not Applicable	Not Applicable
Total	<u>315,002,350</u>	<u>300,775,299</u>				
Total financial assets at fair value	<u>6,144,556,951</u>	<u>5,128,744,377</u>				

\* There were no transfers between first and second level during the year 2015.

b. The fair value of financial assets and liabilities that is not specified at fair value on an ongoing basis:

Except for what is included in the table below, we believe that the book value of the financial assets and liabilities that is shown in the bank's financial statements is similar to its fair value because the bank's management believes that the book value of those items below almost equals its fair value because of their short maturity date and the interest is repriced during the year.

	December 31, 2015		December 31, 2014		Fair Value Level
	Book Value	Fair Value	Book Value	Fair Value	
	JD	JD	JD	JD	
<b>Financial assets that are not specified at fair value on an ongoing basis</b>					
Balances at central banks	215,181,633	215,183,003	5,387,940	5,387,962	Second level
Balances at Banking institutions and banks	388,410,406	388,574,360	1,330,289,105	1,330,532,882	Second level
Deposits at Banking institutions and banks	3,832,854,000	3,838,662,140	4,366,924,965	4,369,350,827	Second level
Other loans and bills	1,036,582,989	1,037,987,450	414,975,829	415,192,554	Second level
Financial assets at amortized cost	4,609,693,029	4,618,555,781	4,198,118,053	4,209,527,607	First and Second level
<b>Total Financial assets that are not specified at fair value on an ongoing basis</b>	<u>10,082,722,057</u>	<u>10,098,962,734</u>	<u>10,315,695,892</u>	<u>10,329,991,832</u>	
<b>Financial liabilities that are not specified at fair value on an ongoing basis</b>					
Banking institutions and bank's deposits	3,200,594,121	3,200,707,196	3,860,962,891	3,861,229,449	Second level
Clients deposits	942,268,512	943,134,973	1,167,721,321	1,168,017,606	Second level
Cash margins	35,588,040	35,588,040	27,692,629	27,692,629	Second level
<b>Total Financial liabilities that are not specified at fair value on an ongoing basis</b>	<u>4,178,450,673</u>	<u>4,179,430,209</u>	<u>5,056,376,841</u>	<u>5,056,939,684</u>	

For the items above, the fair value of the financial assets and liabilities were determined for the second and third level according to the agreed on – pricing method that reflects credit risk for the parties dealt with.

#### **41. Commitments and Contingent Liabilities**

This item consists of the following:

a. Credit commitments and contingencies:

	<u>2015</u>	<u>2014</u>
	JD	JD
Guarantees:		
Payment	1,027,324	486,886
Performance	1,132,223	906,540
Other	1,846,594	1,606,659
Total	<u>4,006,141</u>	<u>3,000,085</u>

## b. Contractual commitments:

	<u>2015</u>	<u>2014</u>
	<b>JD</b>	<b>JD</b>
Construction projects contracts	189,790	234,037

## c. Contra Accounts

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
	<b>JD</b>	<b>JD</b>
Documentary credit	304,777,001	349,270,856
Swap contracts*	74,811,085	60,614,473
Foreign obligations against forward contracts sale **	-	21,403,326
	<u>379,588,086</u>	<u>431,288,655</u>

\* This item represents four swap contracts to exchange US Dollars for Jordanian Dinars between Central Bank of Jordan and a licensed bank in exchange of the bank's capital and reserves, with the amount of JD 60,585,485 as of December 31, 2015 the maturity of these contracts are on April and June 2016, and an international financial institution against facilities granted by it for the licensed banks within the agreement of supporting small and medium projects concerning two contracts for the amount of JD 14,225,600 as of December 31, 2015 with their maturity dates on March and June 2016, their details are as follows:

<b>Swap contract amount</b>	<b>December 31, 2015</b>		<b>Bank classification long/short term ***</b>	<b>Maturity Date</b>
	<b>Assets Fair Value</b>	<b>Liabilities Fair Value</b>		
USD	JD	JD		
13,606,880	5,651	-	A1/P1	April 4, 2016
70,521,862	22,919	-	A1/P1	June 2, 2016
10,000,000	1,171	-	Aaa/P1	March 3, 2016
10,000,000	450	-	Aaa/P1	June 23, 2016
<u>104,128,742</u>	<u>30,191</u>	<u>-</u>		



Swap contract amount	December 31, 2014		Bank classification long/short term***	Maturity Date
	Assets Fair Value	Liabilities Fair Value		
USD	JD	JD		
13,323 Million	-	(453)	A2/P1	April 2,2015
70,522 Million	-	(3,290)	A2/P1	June 4,2015
83,845 Million	-	(3,743)		

\*\*\* Long/Short-term credit rating issued by Moody's Global Credit Rating.

\*\* This item represents forward sale contracts to exchange US Dollars for Jordanian Dinars between Central Bank of Jordan and many licensed banks to support the market's trust in the Jordanian Dinar, bearing in mind that there are no outstanding contracts as of December 31, 2015.

- d. According to the resolution of the Board of Directors No. (105/97) dated October 2, 1997, it was agreed to sell the assets and liabilities of Amman Investment Bank (under liquidation) to the Arab Bank according to a mechanism clarified in the sale agreement and appendices. Moreover, the Central Bank of Jordan, if necessary, guarantees compensating the Arab Bank for the losses and non-collection of the assets of Amman Investment Bank according to the compensation mechanism shown in the sale agreement and the resolution of the Board of Directors and for any loss balance the Bank did not recover.
- e. There are lawsuits filed against the Central Bank of Jordan amounting to JD 2,840,488 as of December 31, 2015, JD (2,879,353 as of December 31, 2014), representing financial claims. These lawsuits are still pending in the specialized courts. According to the Bank's legal consultant, the provisions taken in the financial statements are sufficient to cover any contingent liabilities.
- f. Swap contracts are stated at forward rates at the date of the statement of financial position.