



CENTRAL BANK OF JORDAN

FIFTY THIRD ANNUAL REPORT

2016

RESEARCH DEPARTMENT

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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

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

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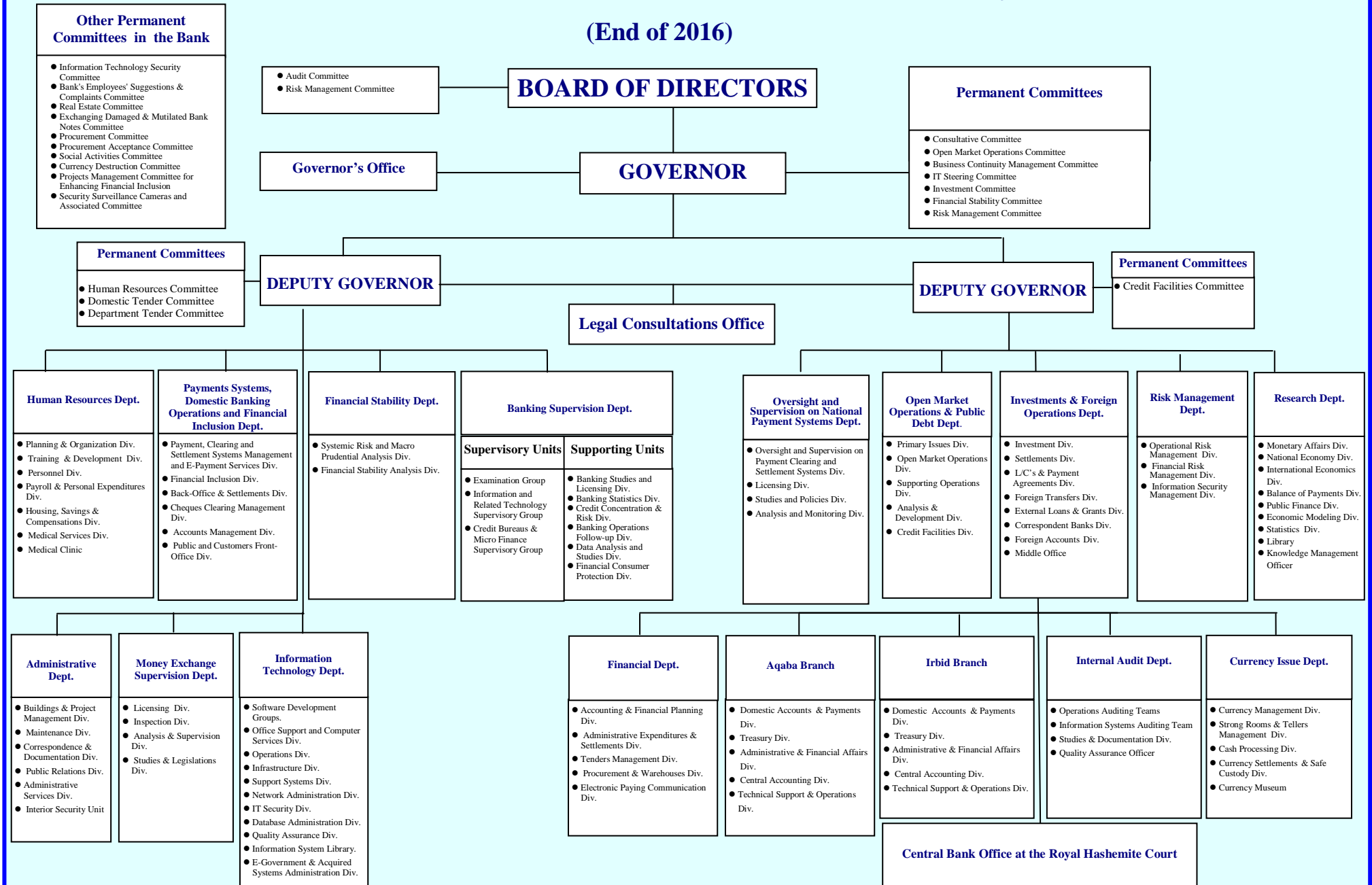
MR. ISAM BDEIR

MR. GHASSAN NUQUL

MR. SHAHM AL-WIR

ORGANIZATIONAL CHART/CENTRAL BANK OF JORDAN

(End of 2016)



Jordan Banking System (End of 2016)

1964 Central Bank of Jordan 3

National Banks

Foreign Banks

Commercial Banks

Commercial Banks

1930	Arab Bank PLC	74	-	119
1956	Jordan Ahli Bank PLC	55	1	6
1960	Bank of Jordan PLC	71	12	14
1960	Cairo Amman Bank	73	15	20
1974	The Housing Bank for Trade and Finance	116	13	14
1977	Jordan Kuwait Bank	61	-	4
1978	Jordan Commercial Bank	28	2	4
1978	Arab Jordan Investment Bank	18	14	1
1989	Arab Banking Corporation (Jordan)	27	-	-
1989	Invest Bank	12	-	-
1991	Bank Al Etihad	41	-	-
1993	Societe Generale De Banque-Jordanie	17	-	-
1996	Capital Bank of Jordan	12	-	-

1951	Egyptian Arab Land Bank	11	4
1957	Rafidain Bank	2	-
1974	Citibank N.A.	2	-
1969	Standard Chartered Bank	6	-
2004	National Bank of Kuwait	3	-
2004	Banque Audi SAL	14	2
2004	BLOM Bank	14	-
2010	National Bank of Abu Dhabi	2	-

Islamic Banks

Islamic Banks

1979	Jordan Islamic Bank	74	23
1997	Islamic International Arab Bank PLC	41	-
2010	Jordan Dubai Islamic Bank	24	-

2011	AL Rajhi Bank	7	-
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Specialized Credit Institutions

Public Ownership

1959	Agricultural Credit Corporation	24
1965	Housing & Urban Development Corp.	2
1966	Cities and Villages Development Bank	11

Money Changers

Headquarters	136
Branches	128

Representative Offices

In Jordan for Foreign Banks	-
Out of Jordan for Jordanian Banks	8

- 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 third annual report, which highlights the main economic and financial developments of the national economy during the year 2016.

The Jordanian economy managed to withstand under persistently difficult conditions and continued its positive performance during 2016, despite the challenges facing its economy, primarily the continuing spillover of regional conflicts, and the closure of borders with Iraq and Syria.

GDP growth reached 2.0 percent, while the general price level measured by the CPI contracted by 0.8 percent, due to the continuous decline in the oil and food prices. The current account deficit (including grants) registered 9.3 percent of GDP, while the central government budget deficit reached 3.2 percent of GDP. The gross foreign reserves at the CBJ, including gold and special drawing rights (SDRs) remained comfortable at USD 14.5 billion by the end of 2016 (USD 12.9 billion of foreign currencies, USD 1.5 billion of gold, and 95.6 million of SDRs), which reflects the attractiveness of the Jordanian dinar as a saving tool, and confidence in the Jordanian economy.

The positive results were reinforced by the government's adoption of a new economic reform program under the Extended Fund Facility (EFF) agreement with the IMF for the period 2016-2019, which includes a wide range of measures to improve the financial and structural performance, stimulate economic growth, and enhance the competitiveness of the national economy. Furthermore, the CBJ continued to conduct its flexible and effective monetary policy to foster financial stability and enhance the soundness of the banking system.

Finally, 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, in addition to financial and non-financial institutions for providing crucial data and information to prepare this report.

Dr. Ziad Fariz

The Governor and Chairman

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SUMMARY OF ECONOMIC DEVELOPMENTS IN 2016

The repercussions of the regional political and security turmoil, particularly; the closure of borders with Syria and Iraq, continued to weigh on some economic indicators' performance in 2016, especially; the external sector indicators. Domestic exports, travel receipts, workers' remittances, and foreign direct investment (FDI) all witnessed a slowdown in 2016.

After the successful implementation of the economic and financial reform program under the Stand-By Arrangement (SBA) of the International Monetary Fund (IMF), the government continued to pursue its reform agenda, through adopting a new economic program for the period (2016-2019), supported by the Extended Fund Facility (EFF) agreement, which was signed in August 2016. The new program aims at strengthening structural and fiscal reforms, motivating inclusive economic growth, enhancing the competitiveness of the national economy, and creating more job opportunities. In light of these developments, the national economy grew by 2.0 percent in 2016, compared to a growth of 2.4 percent in 2015. The general price level measured by the consumer

price index (CPI) contracted by 0.8 percent, compared to a contraction of 0.9 in 2015. The budget deficit (including grants) registered a decline to reach 3.2 percent of GDP, compared to 3.5 percent in 2015. Moreover, the current account deficit (including grants) registered 9.3 percent of GDP, compared to 9.1 percent in 2015.

The monetary policy of the Central Bank of Jordan (CBJ) in 2016 remained resilient and flexible to domestic, regional, and global economic developments, in order to maintain the pillars of monetary and financial stability, including maintaining price stability, safeguarding the exchange rate of the Jordanian Dinar, and ensuring the safety and soundness of the banking system. Furthermore, CBJ's total foreign reserves maintained comfortable levels reaching USD 14.5 billion at the end of 2016, (including gold reserves of USD 1.5 billion and Special Drawing Rights SDRs of USD 95.6 million), compared to USD 15.7 billion at the end of 2015. Moreover, the outstanding balance of credit facilities increased by 8.5 percent, at the same time, credit extended to the private sector (resident) increased by 10.0 percent, compared to 4.6 percent in 2016.

The Real Sector

Despite the political and security turmoil in the neighboring countries, the national economy managed to register a growth rate of 2.0 percent in 2016, compared to a growth of 2.4 percent in 2015. This growth was driven by the improvement in majority of the economic sectors, particularly; "finance and insurance services", "transport, storage and communications", manufacturing, and "electricity and water" sectors, which collectively, contributed by 1.4 percentage points (or equivalent to 70 percent) to the overall growth rate of GDP in 2016; which implies the diversity of the economic growth sources in the Kingdom.

Accordingly, the real GDP per capita witnessed a contraction by 0.8 percent to reach JD 1,188, though there was a slowdown in the population growth rate amounted of 2.8 percent in 2016, compared to 7.9 percent in 2015, as an outcome of the drop in the influx of Syrian refugees toward the Kingdom.

On the other hand, the unemployment rate amongst Jordanians increased by 2.3 percentage points to reach 15.3 percent in 2016. This was attributed, partially, to 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 ongoing decline in the prices of oil and its related commodities and services in the global markets, reflecting its impact on domestic prices of petroleum products and

transportation services; the general price level, measured by the percentage change in the Consumer Price Index (CPI), continued its contraction by 0.8 percent in 2016, compared to a contraction of 0.9 percent in 2015.

Regarding the legislative framework in 2016, the government endorsed a set of significant measures and legislations aimed at stimulating the investment environment and enhancing economic growth, along with regulating the labor market and improving the economic participation rate in the Kingdom.

As for Jordan's ranking in the Global Competitiveness Report (GCR) of 2016, issued by the World Economic Forum, it improved one step at the rank of 63th out of 138 countries included in the report. This was an outcome of the improvement in many indicators' scores, predominantly; infrastructure, "macroeconomic environment", and "business sophistication", and the fall back by other indicators, such as; "health and primary education", "goods market efficiency", and "higher education and training".

Money, Banking and Financial Markets

The CBJ's monetary and banking policy has evolved in line with domestic, regional, and global economic developments to maintain monetary and financial stability, including price and exchange rate stability, as well as preserving the safety and resilience of the banking system, in addition to protect the rights of depositors and shareholders.

Following a series of successive cuts in interest rates on monetary instruments since February 2013, the CBJ raised its main policy interest rate, the overnight deposit window rate, and the rate on one-week certificates of deposit, all by 25 basis points in December 2016, while maintained the interest rates on the other monetary policy instruments unchanged, at the same time, the CBJ kept its refinancing programs' interest rates unchanged, to ensure the availability of appropriate financing for high added value sectors in the economy.

Regarding the licensed banks' activity, the main indicators witnessed an improvement in their performance in 2016 compared to that in 2015. The banks' consolidated balance sheet grew by 2.7 percent to reach JD 48.4 billion, and the total credit facilities extended by licensed banks grew by 8.5 percent to reach JD 22.9 billion. Also, credit facilities extended by licensed banks to the private sector (resident) increased by JD 1,803.3 million (10.0 percent) to reach JD 19.9 billion. In addition, the total deposits at licensed banks rose by JD 301.5 million (0.9 percent) to reach JD 32.9 billion at the end of 2016.

The market interest rates on credit facilities declined at a faster pace than the market interest rates on deposits. Subsequently, the interest rate margin, measured by the difference between the rate on "loans and advances" and the rate on "time deposits", dropped by 39 basis points to reach 479 basis points at the end of 2016, compared to 518 basis points at the end of 2015.

With regard to the banking policy, the CBJ introduced a considerable set of measures during 2016 to organize banks' operations, enhance their ability to finance economic activities, and strengthen the soundness of the banking system. The CBJ also continued to streamline financing to Small and Medium Enterprises (SMEs) at preferable interest rates and appropriate maturities.

Public Finance Sector

The performance of public finance witnessed an improvement during 2016, as the budget deficit, after grants, declined by 0.3 percentage point to reach 3.2 percent of GDP compared to 3.5 percent of GDP in 2015. This improvement was a result of the adoption of measures that aimed at fostering domestic revenues, reducing tax exemptions, and curbing current expenditures and organizing them according to priorities.

Public revenues (domestic revenues and foreign grants) recorded an increase of 4.0 percent in 2016 compared to 2015, driven by the rise in the proceeds of tax and non-tax domestic revenues. Moreover, public expenditures, both current and capital, increased by 2.9 percent compared to 2015.

Gross public debt (domestic and external) went up at the end of 2016 to reach JD 26,092.7 million (95.1 percent of GDP). This increase was a result of financing the general 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 continued slowdown in economic growth during 2016. It is worth mentioning that NEPCO and

WAJ maintained their indebtedness levels achieved at the end of 2015, amounting to JD 6.7 billion. Furthermore, the net public debt stood at JD 24,079.4 million (87.7 percent of GDP) at the end of 2016.

In 2016, the government has adopted a medium-term public debt management strategy (2016-2020). The strategy displays the government debt policy to ensure that government's financing needs and its payment obligations are met at a minimum possible cost, acceptable risk level, and longer maturities. The strategy is based on several pillars, most notably the continued dependence on external borrowing, expanding the average maturities of domestic debt through the issuance of long-term debt instruments, and reducing the volume of short-term domestic public debt that is due within one year, in addition to diversifying financing sources and expanding the investors base, who invest in government debt instruments, through the issuance of non-traditional bonds, such as Islamic sukuk and bonds for small savers.

The External Sector

Recent external sector indicators are encouraging, pointing to a rebound in workers' remittances and travel receipts since the second half of 2016. Challenging regional conditions, however, continue to weigh on external sector performance; the current account deficit (including grants) increased slightly from JD 2,418.2 million (9.1 percent of GDP) in 2015 to JD 2,560.2 million (9.3 percent of GDP) in 2016, despite the decline in the energy imports bill and the trade balance

deficit by 24.5 percent and 7.8 percent, respectively, owing to the decrease in the surplus registered in services and current transfers. Meanwhile, the current account deficit (excluding grants) increased to 12.6 percent of GDP in 2016 compared to 12.3 percent of GDP in 2015. It is worth noting that the non-oil current account balance (including grants) registered a deficit of approximately 2.3 percent of GDP in 2016 compared to a surplus of 0.3 percent of GDP in 2015.

Developments in the current account led to an increase in the external financing gap and consequently to more external borrowing. As a result, general government net loans increased by JD 425.4 million. Furthermore, the government issued sovereign Eurobonds worth JD 710.0 million (USD 1.0 billion), and direct investment recorded a net inflow of JD 1,090.3 million. As an outcome of these developments, the overall balance of the balance of payments registered a surplus of JD 412.6 million in 2016, compared to a surplus of JD 407.0 million in 2015.

Moreover, the net international investment position (IIP) witnessed an increase in the kingdom's net obligations to abroad; to reach JD 26,697.1 million at the end of 2016, compared to JD 24,815.1 million at the end of 2015. This deterioration was an outcome of a decrease in the stock of external financial assets for all resident sectors in Jordan by JD 76.9 million to reach JD 18,581.0 million, and an increase in the stock of external financial liabilities for all resident sectors by JD 1,805.0 million to reach JD 45,278.1 million at the end of 2016.

Main Economic Indicators
2012 - 2016, JD Million

	2012	2013	2014	2015	2016
Population (In Million)	7,427	8,114	8,804	9,532	9,798
Unemployment Rate (%)	12.2	12.6	11.9	13.0	15.3
Output and Prices					
Gross National Product (GNP) at Current Market Prices	21,690.0	23,611.2	25,141.2	26,330.3	27,228.8
Gross Domestic Product (GDP) at Current Market Prices	21,965.5	23,851.6	25,437.1	26,637.4	27,444.8
Growth Rate of GDP at Constant Market Prices (%)	2.7	2.8	3.1	2.4	2.0
Gross National Disposable Income (GNDI) at Current Prices	24,774.9	28,424.5	30,302.1	30,319.6	30,598.4
Growth Rate of GNDI at Constant Market Prices (%)	-0.2	8.6	3.1	-2.2	-0.1
Change in the Consumer Price Index (%)	4.5	4.8	2.9	-0.9	-0.8
Change in GDP Deflator (%)	4.5	5.6	3.4	2.3	1.0
Money and Banking					
JD Exchange Rate against USD	1.410	1.410	1.410	1.410	1.410
Money Supply (M2)	24,945.2	27,363.4	29,240.4	31,605.5	32,876.2
Net Foreign Assets of the Banking System	6,665.5	6,923.4	7,932.3	8,137.3	8,845.4
Net Domestic Assets of the Banking System	18,279.7	20,440.0	21,308.1	23,468.2	24,030.8
Claims on Government (Net)	9,461.3	10,494.8	10,473.9	11,386.4	10,453.8
Claims on Private Sector (Resident)	15,953.6	17,222.5	17,852.8	18,704.5	20,590.3
Other Items (Net) (1)	-7,135.2	-7,277.3	-7,018.5	-6,622.7	-7,013.3
JD Deposits at Banks	17,711.1	21,003.0	24,013.1	26,014.5	25,968.2
Foreign Currency (F.C.) Deposits at Banks	7,258.6	6,590.2	6,247.9	6,584.0	6,931.8
Re-discount Rate (%)	5.00	4.50	4.25	3.75	3.75
Interest Rate on 6-Month Treasury Bills (%)	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.)
2012 - 2016, JD Million

	2012	2013	2014	2015	2016
Public Finance					
Total Revenues and Grants	5,054.2	5,758.9	7,267.6	6,797.1	7,069.7
Percent of GDP (%)	23.0	24.1	28.6	25.5	25.8
Total Expenditures	6,878.2	7,076.9	7,851.1	7,722.9	7,948.5
Percent of GDP (%)	31.3	29.7	30.9	29.0	29.0
Overall Deficit/ Surplus (on a commitment basis)	-1,824.0	-1,318.0	-583.5	-925.8	-878.8
Percent of GDP (%)	-8.3	-5.5	-2.3	-3.5	-3.2
Gross Outstanding Domestic Public Debt	12,678.0	13,440.0	12,621.0	15,486.0	15,794.0
Percent of GDP (%)	57.7	56.3	57.5	58.1	57.6
Net Outstanding Domestic Public Debt	11,648.0	11,863.0	12,525.0	13,457.0	13,780.0
Percent of GDP (%)	53.0	49.7	49.2	50.5	50.2
Outstanding External Public Debt ⁽²⁾	4,932.4	7,234.5	8,030.1	9,390.5	10,299.0
Percent of GDP (%)	22.5	30.3	31.6	35.3	37.5
External Trade and Balance of Payments					
Current Account	-3,344.9	-2,487.7	-1,851.7	-2,418.2	-2,560.2
Percent of GDP (%)	-15.2	-10.4	-7.3	-9.1	-9.3
Trade Balance (deficit -)	-7,486.6	-8,270.1	-8,495.6	-7,336.2	-6,761.5
Percent of GDP (%)	-34.1	-34.7	-33.4	-27.5	-24.6
Merchandise Exports (FOB)	5,599.5	5,617.9	5,953.6	5,561.4	5,331.4
Merchandise Imports (FOB) ⁽³⁾	13,086.1	13,888.0	14,449.2	12,897.6	12,092.9
Services Account (Net)	1,332.3	1,209.5	1,778.9	1,235.8	1,047.7
Income Account (Net)	-275.5	-240.4	-295.9	-307.1	-216.0
Current Transfers (Net)	3,084.9	4,813.3	5,160.9	3,989.3	3,369.6
Capital and Financial Account (Net), o/w:	3,834.0	1,956.1	1,084.1	1,945.4	2,350.1
Foreign Direct Investment in Jordan (Net)	1,099.3	1,382.2	1,546.7	1,136.2	1,092.6

Sources : Monthly Statistical Bulletin / Central Bank of Jordan.

(2) : Figures represent disbursed loans minus repayments.

(3) : Exclude imports of non-residents.

CHAPTER ONE

THE REAL SECTOR

Despite the political and security turmoil in the neighboring countries, the national economy managed to register a growth rate of 2.0 percent in 2016, compared to a growth of 2.4 percent in 2015. This growth was driven by the improvement in majority of the economic sectors, particularly; "finance and insurance services", "transport, storage and communications", manufacturing, and "electricity and water" sectors, which collectively, contributed by 1.4 percentage points (or equivalent to 70 percent) to the overall growth rate of GDP in 2016; which implies the diversity of the economic growth sources in the Kingdom.

Accordingly, the real GDP per capita witnessed a contraction by 0.8 percent to reach JD 1,188, though there was a slowdown in the population growth rate amounted of 2.8 percent in 2016, compared to 7.9 percent in 2015, as an outcome of the drop in the influx of Syrian refugees toward the Kingdom.

On the other hand, the unemployment rate amongst Jordanians increased by 2.3 percentage points to reach 15.3 percent in 2016. This was attributed, partially, to 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 ongoing decline in the prices of oil and its related commodities and services in the global markets, reflecting its impact on domestic prices of petroleum products and transportation services; the general price level, measured by the percentage change in the Consumer Price Index (CPI), continued its contraction by 0.8 percent in 2016, compared to a contraction of 0.9 percent in 2015.

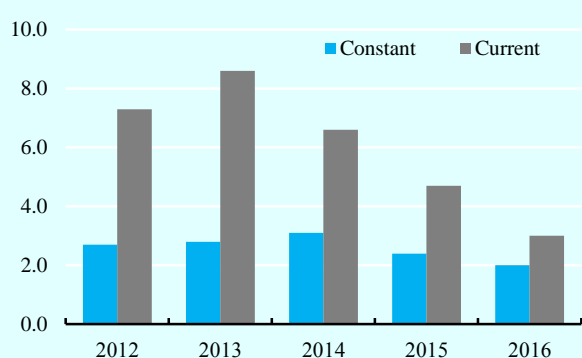
Regarding the legislative framework in 2016, the government endorsed a set of significant measures and legislations aimed at stimulating the investment environment and enhancing economic growth, along with regulating the labor market and improving the economic participation rate in the Kingdom.

As for Jordan's ranking in the Global Competitiveness Report (GCR) of 2016, issued by the World Economic Forum, it improved one step at the rank of 63th out of 138 countries included in the report. This was an outcome of the improvement in many indicators' scores, predominantly; infrastructure, "macroeconomic environment", and "business sophistication", and the fall back by other indicators, such as; "health and primary education", "goods market efficiency", and "higher education and training".

Output

The Gross Domestic Product (GDP), at constant market prices, registered a growth of 2.0 percent to reach JD 11,642.9 million, compared to a growth of 2.4 percent in 2015. When excluding the "net taxes on products", the GDP at constant basic prices grew by 2.2 percent, compared to a growth rate of 2.6 percent in 2015. This was an outcome of the divergent performance of various economic sectors. The "finance and insurance services", "wholesale and retail trade", and construction grew with an accelerated pace, while manufacturing, "electricity and water", and agriculture displayed a slowdown. Meanwhile, "mining and quarrying" and "restaurants and hotels" witnessed a contraction in their performances.

Growth Rate of GDP at Market Prices
2012-2016, Percent



The GDP Deflator, which reflects the prices of all goods and services domestically produced, grew by 1.0 percent compared to a growth of 2.3 percent in 2015. Consequently,

the GDP at current market prices grew by 3.0 percent to reach JD 27,444.8 million in 2016. Considering the registered deficit of the "net factor income from abroad" in the amount of JD 216.0 million; the Gross National Product (GNP), at current market prices, grew by 3.4 percent compared to its level in 2015 amounted to JD 27,228.8 million. Regardless the contraction of "other net current transfers from abroad" by 15.5 percent to stand at JD 3,369.6 million, the Gross National Disposable Income (GNDI), at current market prices, grew by 0.9 percent to reach JD 30,598.4 million in 2016.

Economic Growth Rates at Current and Constant Prices⁽¹⁾

2013 - 2016, Percent

	2013	2014	2015	2016
At Current Prices				
GDP	8.6	6.6	4.7	3.0
GNP*	8.9	6.5	4.7	3.4
GNDI**	14.7	6.6	0.1	0.9
At Constant Prices (1994=100)				
GDP	2.8	3.1	2.4	2.0
GNP	3.1	2.9	2.4	2.4
GNDI	8.6	3.1	-2.2	-0.1

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

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

(1) : Preliminary.

Taking into account the above-mentioned developments; the per capita GDP, at current market prices, increased by 0.2 percent to stand at JD 2,801 (US\$ 3,951) in 2016.

Population and Per Capita-Income, in Accordance with Various Measures of National Accounts 2013 - 2016

	2013	2014	2015	2016
Population (million)	8,114	8,804	9,532	9,798
Growth rate (%)	8.8	8.2	7.9	2.8
Per capita GDP at constant prices (JD)	1,333	1,266	1,197	1,188
Growth rate (%)	-5.9	-5.0	-5.4	-0.8
Per capita GDP at current prices (JD)	2,940	2,889	2,795	2,801
Growth rate (%)	-0.6	-1.7	-3.3	0.2
Per capita GNP at current prices (JD)	2,910	2,856	2,762	2,779
Growth rate (%)	-0.4	-1.9	-3.3	0.6
Per capita GNI at current prices (JD)	3,503	3,442	3,181	3,123
Growth rate (%)	5.0	-1.7	-7.6	-1.8

Sources : - Department of Statistics.

- Monthly Statistical Bulletin / Central Bank of Jordan.

□ Sectoral Developments

In 2016, the majority of economic sectors of the GDP, at constant market prices, experienced positive growth rates ranging between 8.9 percent for "electricity and water", and 0.1 percent for "domestic services of households". However, the performance of "mining and quarrying" and "restaurants and hotels" sectors witnessed a contraction by 12.1 percent and 1.0 percent, respectively. As for the "net taxes on products", it registered a growth rate of 1.1 percent.

Commodity and service - producing sectors witnessed a slowdown in 2016. The commodity-producing sectors grew by 1.3 percent compared to a growth rate of 2.5 percent in 2015. Meanwhile, the service-producing sectors experienced a growth rate of 2.6 percent compared to 2.7 percent in 2015. However, both sectors almost

maintained their relative importance to GDP at constant basic prices, registered in 2015, amounting to 33.5 percent for commodity-producing sectors, and 66.5 percent for the service-producing sectors. Accordingly, the service-producing sectors continued to capture the highest share of GDP growth rate at constant basic prices in 2016, standing at 1.7 percentage points (out of real growth rate of 2.2 percent), whereas the commodity-producing sectors contributed by the remaining 0.5 percentage point.

The Growth Rates of Economic Sectors at Constant Basic Prices ⁽¹⁾

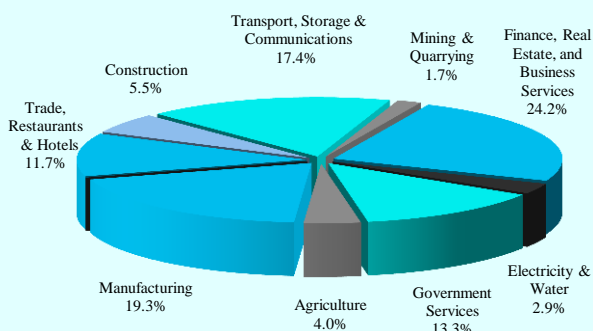
2013 - 2016, Percent

	2013	2014	2015	2016
Agriculture, hunting, forestry and fishing	-3.5	7.6	5.0	3.8
Mining and quarrying	-10.9	27.6	11.0	-12.1
Manufacturing	1.9	1.5	1.3	1.1
Electricity and water	0.8	3.3	10.9	8.9
Construction	8.7	6.8	-1.3	1.1
Total commodity- producing sectors	1.6	4.3	2.5	1.3
Trade, restaurants and hotels	3.2	3.7	0.7	1.3
Transport, storage and communications	4.0	1.6	3.1	3.1
Finance, real estate and business services	4.0	2.5	3.4	3.7
Social and personal services	5.7	4.7	4.0	3.8
Producers of government services	2.4	2.3	2.3	1.2
Producers of private non-profit services to households	6.3	7.0	5.7	4.1
Domestic services of households	0.1	0.1	0.1	0.1
Total service-producing sectors	3.3	2.7	2.7	2.6
GDP at constant basic prices	2.8	3.2	2.6	2.2

Source : Department of Statistics.

(1) : Preliminary.

The Relative Importance of Economic Sectors to GDP at Constant Basic Prices, 2016



The Relative Importance of Economic Sectors to GDP at Constant Basic Prices⁽¹⁾

2013 - 2016, Percent

	2013	2014	2015	2016
Agriculture, hunting, forestry and fishing	3.7	3.9	4.0	4.0
Mining and quarrying	1.5	1.8	2.0	1.7
Manufacturing	20.2	19.8	19.6	19.3
Electricity and water	2.5	2.5	2.7	2.9
Construction	5.6	5.8	5.5	5.5
Total commodity-producing Sectors	33.4	33.8	33.7	33.5
Trade, restaurants and hotels	11.9	12.0	11.8	11.7
Transport, storage and communications	17.4	17.1	17.2	17.4
Finance, real estate and business services	23.9	23.7	23.9	24.2
Producers of government services	13.6	13.5	13.4	13.3
Other services	-	-	-	-
Total service-producing sectors	66.6	66.2	66.3	66.5
GDP at Constant basic prices	100.0	100.0	100.0	100.0

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

• Developments in Commodity-Producing Sectors during 2016:

- **Industry:** The industrial sector, including manufacturing and "mining and quarrying" sectors, displayed a

contraction by 0.1 percent against a growth of 2.1 percent in 2015. This contraction was an outcome of the decline in performance of the "mining and quarrying" sector, on the one hand, and the slowdown in the performance of the manufacturing sector, on the other. Consequently, the industry sector's relative importance to the overall GDP, at constant basic prices, declined by 0.5 percentage point to reach 21.1 percent. Likewise, this sector's contribution to the overall GDP growth rate, at constant basic prices, went down by 0.5 percentage point to almost zero. Hereby, detailed developments of the industrial sector in 2016:

- **"Mining and Quarrying" sector:** This sector witnessed a contraction of 12.1 percent, compared to a growth of 11.0 percent in 2015. Therefore, it registered a negative contribution to overall GDP growth rate at constant basic prices in the amount of 0.2 percentage point, compared to a positive contribution of 0.2 percentage point in 2015. The contraction in this sector was mainly generated by a decline in the production quantities of phosphate by 3.3 percent, and potash by 14.9 percent, against a growth of 16.2 percent and 12.9 percent respectively in 2015. This was attributed to the decline in

production of potash due, partially, to non-recurring technical factors represented in executing a comprehensive maintenance for one of Potash Company's factories on one hand, and the impact of demand and supply factors in the global phosphate and potash markets, on the other hand.

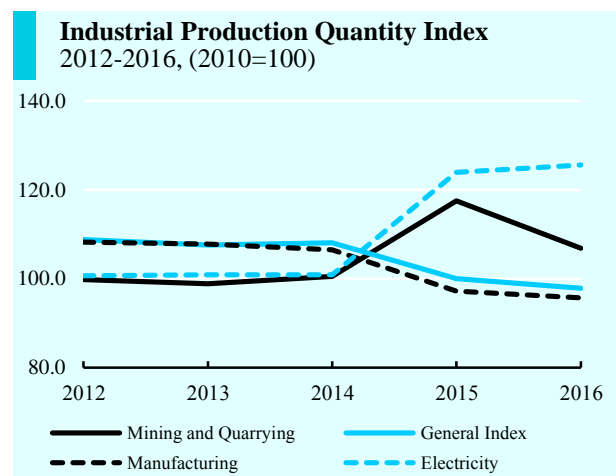
- **Manufacturing sector:** This sector grew by 1.1 percent compared to a growth of 1.3 percent in 2015. Accordingly, its contribution to the overall GDP growth rate, at constant basic prices declined to 0.2 percentage point, compared to a contribution of 0.3 percentage point in 2015. This was attributed to the deepening of the political and security instability in neighboring countries, which resulted in the closure of borders with Syria and Iraq, and the contraction in exports to those countries.

Further, the industrial production quantity index witnessed a contraction of 2.1 percent compared to a contraction of 7.5 percent in 2015. This contraction was an outcome of the following:

- The contraction of manufacturing production quantity index by 1.5 percent, compared to a contraction of 8.8 percent in 2015. This came as a result of the contraction in the production quantity indices for

number of items, prominently; "food products", "refined petroleum products", and "non-metallic mineral products". (Statistical appendix/ table 4).

- A contraction of "mining and quarrying" production quantity index by 9.1 percent compared to a growth of 16.9 percent in 2015. This was basically generated by the contraction of "other mining and quarrying" index (including the production of phosphate and potash) by 9.1 percent and the "extraction of crude petroleum and natural gas" index by 5.3 percent.



As for the industrial investments at Amman Stock Exchange (ASE); it stated that none of the industrial public shareholding companies and newly established ones made any public shareholding offering in 2016. On the other hand, eight existing industrial companies raised their capital (through capitalization and public offering) by a total amount of

JD 55.3 million compared to four industrial companies raised their capital by JD 20.6 million in 2015.

Main Indicators of the Industrial Sector

2013 - 2016

	2013	2014	2015	2016
Value added at current prices (JD million)	4,638.3	4,931.3	5,113.1	5,045.7
Growth rate at constant prices (%)	0.9	3.3	2.1	-0.1
The deflator of the industrial sector (1994= 100)	235.8	242.8	246.4	243.3
Industrial exports (JD million)*	3,911.9	4,196.2	3,877.5	3,632.4
Industrial production quantity index (2010=100)	107.6	108.1	100.0	97.9
Number of registered industrial companies	2,263	2,179	1,891	2,455
Capital of registered industrial companies (JD million)	163.3	58.2	49.1	42.1
Outstanding credit facilities extended by licensed banks (JD million)	2,813.7	2,727.3	2,316.0	2,491.8

Source : Monthly Statistical Bulletin / Central Bank of Jordan.

* : Domestic exports excluding agricultural exports.

- o **Agriculture:** This sector displayed a deceleration in its performance in 2016, as it grew by 3.8 percent compared to a growth of 5.0 percent in 2015. However, it maintained its contribution to overall GDP growth rate at constant basic prices, (0.2 percentage point) that recorded in 2015. Likewise, the sector's relative importance in GDP remained unchanged, at 4.0 percent in 2016.

Main Indicators of the Agricultural Sector

2013 - 2016

	2013	2014	2015	2016
Value added at current prices (JD million)	713.7	845.4	979.9	1,039.3
Growth rate at constant prices (%)	-3.5	7.6	5.0	3.8
The deflator of the agricultural sector (1994= 100)	211.5	232.9	257.2	262.8
Quantity index of agricultural exports (1994= 100)	296.3	303.4	296.7	250.3
Price index of agricultural exports (1994= 100)	334.5	344.5	341.7	322.7
Number of registered agricultural companies	687	751	720	810
Capital of registered agricultural companies (JD million)	29.3	30.4	12.5	15.5
Outstanding credit facilities extended by licensed banks (JD million)	235.7	243.4	217.1	304.5

Source: Monthly Statistical Bulletin / Central Bank of Jordan.

The growth in the sector's performance was induced by the increased volume of agricultural investments, which reflected by the growth in the credit facilities extended to this sector, as they increased by 40.3 percent during 2016 compared to a contraction by 10.8 percent in 2015. Further, loans extended by the Agricultural Credit Corporation (ACC), increased by 13.5 percent amounting to JD 42.1 million in 2016.

- o **Construction:** The performance of this sector improved in 2016, as it grew by 1.1 percent compared to a contraction of 1.3 percent in 2015. Therefore, its

contribution to overall GDP growth rate, at constant basic prices, increased to 0.1 percentage point against a negative contribution of 0.1 percentage point in 2015. Meanwhile, this sector preserved its relative importance in GDP at 5.5 percent. It is worth to mention that the government extended its decision regarding the exemption of the first 150 square meters of apartments and solo houses, that no more than 180 square meters, from registration fees. Such decision is expected to induce the performance of this sector. Hereby, some indicators that demonstrate the growth of the construction sector in 2016:

- The growth of licensed areas for building by 1.4 percent, against a contraction of 12.5 percent in 2015.
- The increase in the number of permits of building by 10.2 percent, against a contraction of 9.6 percent in 2015.
- The growth of the credit facilities extended to the construction sector by 18.8 percent, compared to a growth of 7.7 percent in 2015.

Main Indicators of Construction Sector 2013 - 2016

	2013	2014	2015	2016
Value added at current prices (JD million)	1,060.6	1,140.0	1,159.6	1,195.8
Growth rate at constant prices (%)	8.7	6.8	-1.3	1.1
The deflator of the construction sector (1994= 100)	209.4	210.8	217.2	221.6
Outstanding credit facilities extended by licensed banks (JD million)	4,086.4	4,552.8	4,904.5	5,827.7
Number of registered construction companies	217	224	148	121
Capital of registered construction companies (JD million)	10.3	11.1	7.7	5.2
Number of permits (permit)	36,601	39,578	35,775	39,410
Licensed areas for building (thousands of sq.m.)	13,985	14,992	13,123	13,310

Source : Monthly Statistical Bulletin / Central Bank of Jordan.

Regarding the Housing and Urban Development Corporation (HUDC) activities in 2016, the corporation implemented four land development projects (serviced land units) with a total cost of JD 2.8 million, one of these projects was accomplished with a total cost of JD 667 thousand.

Under the royal initiative "Decent House for Decent living", 81 residential apartments have commercialized during 2016, bringing out the number of apartments that were sold and allocated to 8.5 thousand apartments (97 percent of total apartments) at the end of 2016.

o **Electricity and Water:** The performance of this sector slowed down in 2016, as it recorded a growth of 8.9 percent compared to a growth of 10.9 percent in 2015. Thus, its contribution to overall GDP growth rate at constant basic prices declined by 0.1 percentage point, to stand at 0.2 percentage point. Its relative importance to GDP, meanwhile, increased by 0.2 percentage point to amount 2.9 percent. This improvement was, partially, attributed to a growth of the quantity production index of electricity by 1.4 percent. The electricity sub-sector was positively affected by the total reliance on Liquefied Natural Gas (LNG) in generating electricity instead of using heavy fuel, which led to a reduction in the cost of generating electricity.

• **Developments in Service-Producing Sectors during 2016:**

o **Transport, Storage and Communications:** This sector witnessed a stabilization in its performance; it grew by 3.1 percent in 2016. Thus, it maintained its contribution to overall GDP growth rate, at constant basic prices, at 0.5 percentage point. Meanwhile, the relative importance of this sector in GDP increased by 0.2 percentage point, compared to its level in 2015, to stand at 17.4 percent. This growth was driven by the continuous improvement

in communications sub-sector, given the significant widespread of penetration in the communication and internet services, despite that the transport sub-sector continued to suffer due to the repercussions of political and security instability in the region, which resulted in closure of the borders with Syria and Iraq. Nonetheless, many indicators in this sub-sector experienced a significant improvement, such as; the number of passengers through Royal Jordanian Airlines (2.1 percent), and aggregate number of departures (0.5 percent). Further, the balance of credit facilities extended to transport sub-sector increased by 37.0 percent compared to a contraction of 11.2 percent in 2015.

o **Finance, Insurance, Real Estate and Business Services:** This sector witnessed an improvement by 3.7 percent, compared to 3.4 percent in 2015. Thus, it continued to capture the biggest contribution to overall GDP growth rate, at constant basic prices, which increased by 0.1 percentage point to stand at 0.9 percentage point. Likewise, its relative importance in GDP increased by 0.3 percentage point to stand at 24.2 percent. This growth was driven by the improved performance of "finance and insurance services" sub-sector, which grew by 5.2 percent compared to a growth of 4.8 percent in 2015. Further, the sub-

sector's contribution to overall GDP growth rate, at constant basic prices, increased by 0.1 percentage point to reach 0.6 percentage point. The relative importance of this sub-sector in GDP increased as well; it went up by 0.4 percentage point to stand at 12.1 percent. As for the real estate sub-sector, it witnessed a stabilization in its performance; it grew by 2.2 percent in 2016. Consequently, this sub-sector preserved its contribution to the overall GDP growth rate as well as its relative importance in GDP, at constant basic prices, at their levels in 2015, standing at 0.3 percentage point and 12.2 percent, respectively. The available microeconomic indicators of this sub-sector showed a contraction in the volume of trading in the real estate market by 7.2 percent in 2016 compared to a contraction of 2.0 percent in 2015. Also, the number of sold apartments in the Kingdom declined by 6.8 percent compared to a growth of 21.0 percent in 2015.

o **Producers of Government Services:**

This sector witnessed a slowdown in its performance; it grew by 1.2 percent, compared to a growth of 2.3 percent in 2015. Accordingly, its contribution to the overall GDP growth rate, at constant basic prices declined by 0.1 percentage point, to stand at 0.2 percentage point, also, its relative importance in GDP, at constant basic

prices, declined by 0.1 percentage point, amounting to 13.3 percent. This sluggish in performance was attributed to the stabilized growth in the compensation of government's employees at 1.9 percent in 2016, which is considered one of the main indicators of the sector's performance.

o **Trade, Restaurants, and Hotels:** This sector grew by 1.3 percent compared to 0.7 percent in 2015. However, its contribution to overall GDP growth rate, at constant basic prices, remained unchanged at 0.1 percentage point. Whereas, its relative importance in GDP dropped by 0.1 percentage point compared to its level in 2015, to stand at 11.7 percent in 2016. The sub-components of this sector show that "wholesale and retail trade" witnessed a growth of 1.5 percent, compared to a growth of 1.2 percent in 2015. Whereas, its relative importance in GDP was decreased by 0.1 percentage point to stand at 10.5 percent in 2016. Hereby, some indicators demonstrate the growth of this sub-sector:

- The growth of the credit facilities extended to this sub-sector by 4.9 percent.
- The sales tax proceeds grew by 3.7 percent compared to a contraction of 1.1 percent in 2015.
- The contraction in wholesale price index by 4.7 percent against a contraction of 2.1 percent in 2015.

Regarding "restaurants and hotels" sub-sector, it witnessed a contraction in its performance by 1.0 percent compared to a contraction of 3.3 percent in 2015. This was an outcome of the turmoil in the political and security instability in the region, since tourism sector is considered the most vulnerable sector influenced by these circumstances. Consequently, the tourism income displayed a contraction by 0.5 percent compared to a contraction of 7.1 percent in 2015, while the credit facilities extended to this sub-sector, grew by 0.8 percent against a growth of 3.8 percent in 2015.

Main Indicators of Tourism Sector 2013 - 2016

	2013	2014	2015	2016
Number of arrivals (million)	5.4	5.3	4.8	4.8
Gross tourism income/GDP (%)*	12.3	12.2	10.8	10.5
Value added at current prices (JD million)**	1,461.5	1,553.3	1,443.1	1,435.5
Growth rate at constant prices (%)**	-3.2	3.6	-8.7	-1.7
Outstanding credit facilities extended by licensed banks (JD million)	503.5	571.5	593.1	597.7
Number of hotels	519	536	558	573
Number of rooms (thousand)	26.4	27.1	27.7	28.2
Room occupancy ratio (%)	43.8	43.9	38.4	N.A
Employees in hotels (thousand)	18.3	18.6	19.1	19.3
Employees in tourism sector (thousand)	48.1	48.6	49.1	50.4

Sources : - Monthly Statistical Bulletin / Central Bank of Jordan.
- Ministry of Tourism and Antiquities.

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

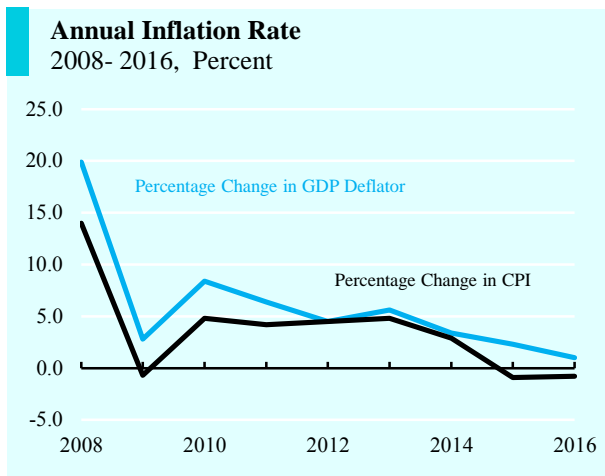
** : CBJ estimates.

Prices

The general price level during 2016, continued to decline, for the second successive year, as it was significantly affected by the continuous falling in the oil and food prices in the global markets, accompanied by the slowdown in the domestic demand, economic growth, and the diminishing in exports. Hereby, an analysis of the most prominent measures of inflation:

□ The GDP Deflator

Inflation rate, measured by the percentage change in GDP deflator, which reflect the prices of all goods and services domestically produced, displayed a deceleration to stand at 1.0 percent, compared to 2.3 percent in 2015. This slowdown came as a result of the decline of oil prices in the global markets during 2016, which was reflected on the reduction of production costs in various economic sectors. Correspondingly, these sectors witnessed a slackening in its prices compared to 2015, mainly; agriculture (2.2 percent), construction (2.0 percent), and real estate (3.0 percent), compared to an increase of 10.4 percent, 3.1 percent, and 5.5 percent respectively, in 2015.



□ Consumer Price Index (CPI)

The general price level, measured by the percentage change in CPI, witnessed a contraction for the second successive year by 0.8 percent, compared to a contraction of 0.9 percent in 2015. This contraction was attributed, basically, to the continuous decline in the oil and food prices in the global markets, and its impact on the related goods and services in the local markets that constitute the largest weight in the consumer's basket. The contraction of "food and non-alcoholic beverages" group, transportation group, and "fuels and lighting" item, collectively contributed in reducing the inflation rate by 1.9 percentage points in 2016.

The recorded deflation rate during 2016 was an outcome of the following:

- A decline in the prices of some groups and items in the consumer's basket, such as "food and non-alcoholic beverages" group, which

contracted by 3.5 percent compared to an increase of 1.1 percent in 2015. This was due to the continuous decline of food prices in the global markets, which was indicated by the food price index, issued by the Food and Agriculture Organization (FAO). The index displayed a decline in food prices in the global markets by 1.5 percent, compared to a decline of 18.7 percent in 2015.

Considering the continuous decline of oil prices in the global markets, along with the Land Transport Regulatory Commission decision to reduce the public transportation fares by 10 percent, starting from February 2016; the prices of the transportation group contracted by 3.9 percent compared to a contraction of 14.1 percent in 2015. It is worth mentioning that fuel costs are ranging between (30 - 35 percent) of the operational costs in the transport sector. The "fuels and lighting" item was affected by the decline in the global oil prices, as well as, its price index registered a contraction of 4.5 percent compared to a contraction of 13.3 percent in 2015. In addition, the communication group's prices declined by 0.2 percent, compared to an increase of 0.1 percent in 2015. This decline was a result of the intensified competition between

the operating companies in this sector, which was reflected by the reduction in the prices of services offered by these companies.

The above-mentioned items, collectively, contributed in bringing down inflation rate by 1.9 percentage points, compared to a negative contribution amounted to 2.5 percentage points in 2015.

- A slowdown in the prices' growth of a number of groups and items, mainly; "clothing and footwear" group, which grew by 1.5 percent, rents (2.6 percent), education (1.9 percent), and "culture and recreation" (4.6 percent), which collectively contributed in raising the inflation rate by 0.8 percentage point, compared to a contribution amounted to 1.2 percentage points in 2015.
- An increase in the prices of some items and groups, which in turn, contributed to mitigate the severity decline in the general price level, notably, the prices of health group increased by 3.8 percent, "alcohol, tobacco, and cigarette" (3.2 percent), and "other goods and services" (2.2 percent). This increase led to raise these groups' contribution in the inflation rate by 0.3 percentage point against 0.2 percentage point in 2015.

Inflation Rate during the years 2015 – 2016

Groups	Relative Imp.	Relative change		Contribution	
		2015	2016	2015	2016
All Items	100	-0.9	-0.8	-0.9	-0.8
1. Food and non-Alcoholic Beverages, of which:	33.365	1.1	-3.5	0.4	-1.1
Meat and Poultry	8.244	0.3	-10.2	0.0	-0.9
Vegetables and Legumes Dry and Canned	3.886	1.8	-4.5	0.1	-0.2
2. Alcohol and Tobacco and Cigarettes, of which:	4.431	3.5	3.2	0.1	0.1
Tobacco and Cigarettes	4.403	3.5	3.2	0.1	0.1
3. Clothing and footwear, of which:	3.549	4.9	1.5	0.2	0.1
Clothing	2.789	4.4	1.4	0.1	0.0
4. Housing, of which:	21.920	0.6	1.2	0.1	0.3
Rents	15.570	4.9	2.6	0.8	0.4
Fuels and Lighting	4.847	-13.3	-4.5	-0.7	-0.2
5. Household Furnishings and Equipment	4.186	1.9	1.0	0.1	0.0
6. Health	2.212	2.6	3.8	0.1	0.1
7. Transportation	13.575	-14.1	-3.9	-2.2	-0.5
8. Communication	3.504	0.1	-0.2	0.0	0.0
9. Culture and Recreation	2.274	5.5	4.6	0.1	0.1
10. Education	5.407	3.1	1.9	0.2	0.1
11. Restaurants and Hotels	1.834	1.3	1.2	0.0	0.0
12. Other Goods and Services	3.746	0.8	2.2	0.0	0.1

Source: Department of Statistics.

Labor Market

The unemployment rate among Jordanians increased in 2016, in light of the incapability of the national economy to create sufficient job opportunities to absorb job seekers, and crowding out effect of foreign labor (formal and informal), which compete the Jordanian labor in filling up new vacancies. Further, the labor market is still suffering from a mismatch between the educational system outcomes and the market needs, in addition to the low participation of Jordanians in the labor market, which was reflected by the low refined economic participation rate that was not exceeding 40 percent of the total working-age population.

Hereby, an analysis of the prominent indicators of labor market in the Kingdom during 2016:

Unemployment

The number of unemployed Jordanians in 2016 increased by 44 thousand to stand at 253.6 thousand (71.3 percent for males and 28.7 for females). Accordingly, the unemployment rate (the ratio of unemployed persons to the labor force) increased to 15.3 percent, compared to 13.0 percent in 2015.

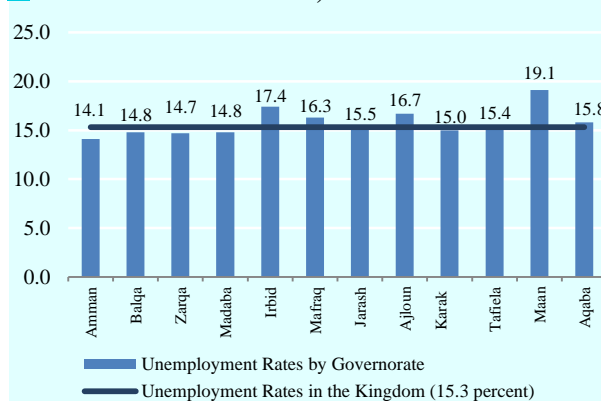
Unemployment Rate in the Kingdom, 2008-2016, Percent



The distribution of unemployment according to gender displayed a high disparity between males and females; males' unemployment rate increased by 2.3 percentage points to stand at 13.3 percent in 2016. Whereas, females' unemployment rate, increased by 1.6 percentage points to reach 24.1 percent in 2016.

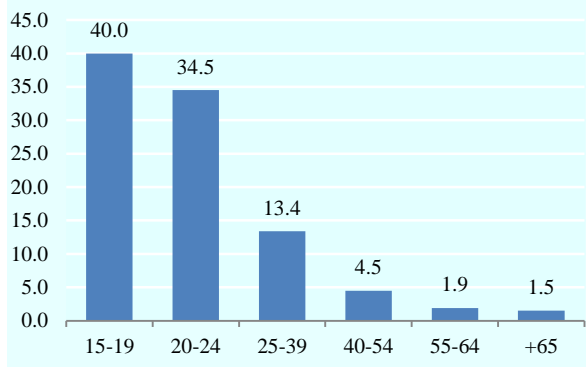
As for the governorate level, the capital governorate Amman registered the lowest unemployment rate (14.1 percent), whereas, Ma'an governorate scored the highest unemployment rate (19.1 percent).

Unemployment Rates Among Governorates for 2016, Percent



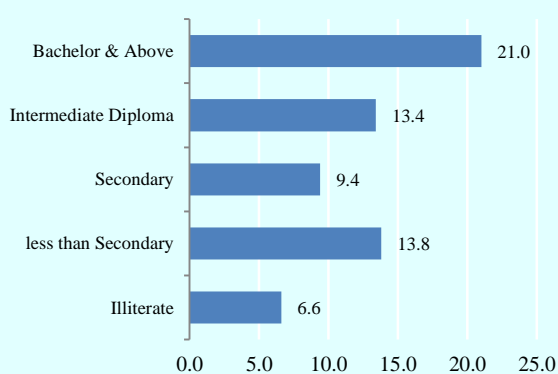
Further, the distribution based on the age category revealed that the highest unemployment rate was among the age group (15-19) years, standing at 40.0 percent. While, the unemployment rate declined among older age groups to reach 1.5 percent for age category that is above 65 years.

Unemployment Rate by Age Group for 2016, Percent



According to the educational level, the highest rate of unemployment was recorded among academic degree holders (Bachelor degree and higher) with 21.0 percent, which reflects, partially, the mismatch between the outcomes of the educational system and the labor market needs.

Unemployment Rate by Educational Level for 2016, Percent

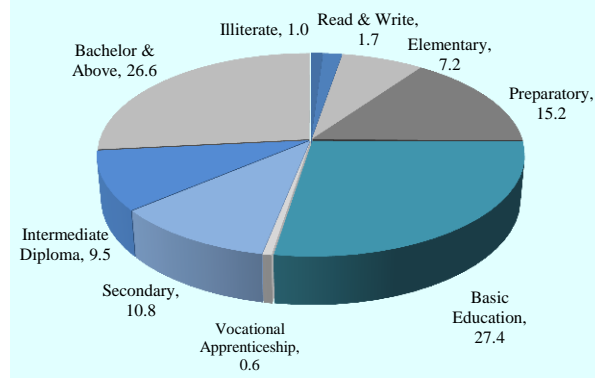


□ Employment

The number of employed Jordanians in 2016 increased by 8.6 thousand to stand at

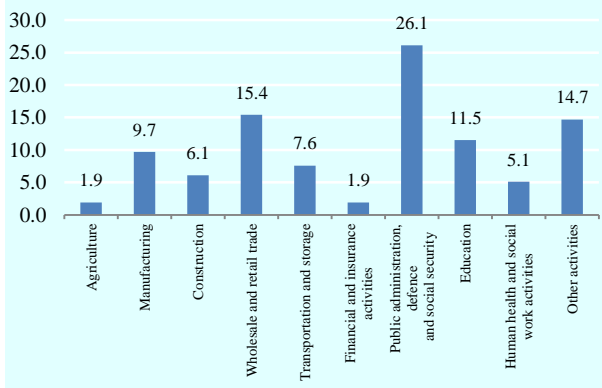
1,407 thousand (83.7 percent for males and 16.3 percent for females). Accordingly, the ratio of employed persons to population aged 15 years and over amounted to 30.5 percent. According to the educational level, holders of high school degree or less accounted for 63.9 percent of the total number of employed labor force. Holders of academic degree (Bachelor degree or higher), meanwhile, amounted to 26.6 percent.

Distribution of Jordanians Employed by Educational Level for 2016, Percent



Regarding the sectoral aspect, service-producing sectors are considered to be the most prominent sectors in employing Jordanian labor, particularly; "public administration, defense, and social security", "wholesale and retail trade", and education, which collectively constituted around 53.0 percent of the total number of employed labor force.

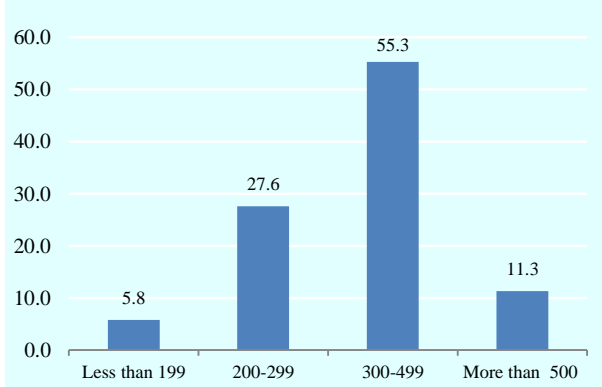
Distribution of Jordanians Employed by Economic Activity for 2016, Percent



The private sector employs around 61.1 percent of the total employed labor force. The public sector, meanwhile, preserved its high ratio of employing, which amounted to 38.6 percent, especially, when compared with public sector employment ratios in developed economies (not exceeding 10.0 percent of employed labor force).

In terms of average monthly wage, it turns out that around 55.3 percent of employees received wages ranging between 300 and JD 499 per month.

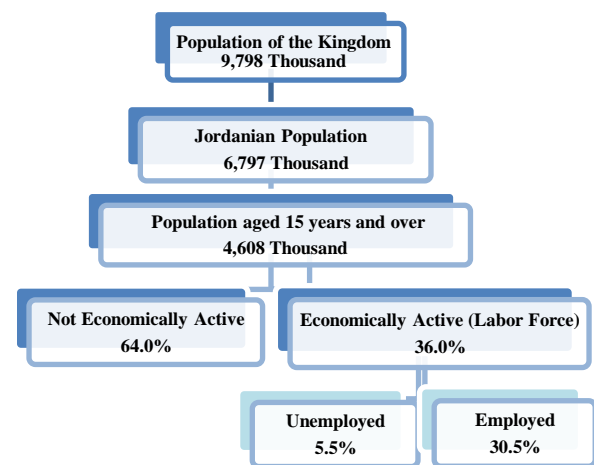
Distribution of Jordanians Employed by the Average Monthly Wage for 2016, Percent



□ Total Labor Force (Employed and Unemployed)

The Jordanian population reached 9.8 million habitants in 2016, of which Jordanian citizens constituted 6.8 million, 1.7 million of them were included as Jordanian labor force. Accordingly, the crude economic participation ratio (the labor force divided by the total population) stood at 24.4 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, amounted to 36.0 percent (58.7 percent for males and 13.2 percent for females).

The structure of labor market in Jordan, 2016



The previous analysis of the labor market indicators shows that the unemployment is actually a structural issue. Thus, the National Economic Reform Program (2016-2019) included broad reforms in market labor that aimed at creating more job opportunities, through supporting competitiveness, boosting business environment in the Kingdom, and raising economic participation rates, especially among females. Moreover, the government has adopted the outcomes of the National Strategy for Human Resource Development (2016-2025), which was prepared by the National Committee for Human Resource Development (NCHRD). The strategy included several reforms that promote the educational system in the Kingdom, aiming to provide a well-qualified skilled labor force that matches the labor market needs.

Furthermore, several designated institutions pursued their efforts to create job opportunities through training and rehabilitation of unemployed labor to meet the labor market needs for skilled, well-qualified local labor. Within this context, the Vocational Training Corporation (VTC) has trained around 14.2 thousand trainees in different programs. Further, King Abdullah II Fund for Development (KAJD)

held 1,350 training course to around 29.3 thousand trainees. In addition, the National Company for Employment and Training (NET) was in charge of training and rehabilitation around 1444 trainees within different programs.

Taking into consideration the importance of small and medium enterprises (SMEs) in generating job opportunities, the National Microfinance Bank (NMB) expanded its loans by 6.8 percent above its level in 2015, to reach JD 39.3 million in 2016.

Output, Employment and Prices Policies

The government has adopted several measures and legislation in 2016, aimed at creating favorable environment to attract domestic and foreign investments, thereby stimulating economic growth, along with regulating the labor market and raising the economic participation rate in the Kingdom. Hereby, some accomplishments in this regard:

- The government approved a number of legislations to enhance the investment environment, mainly:
 - The Jordanian Investment Fund Law No. 16 of 2016, that includes setting up the fund in the Kingdom in order

to contribute and invest in economic projects in various sectors, such as energy and mineral resources, transportation, water, and infrastructure.

- By-law of Regulating non-Jordanian Investments, No. 77 of 2016, which contains the standards and terms that organize non-Jordanian investments in the Kingdom, aiming to encourage and protect investments of which the Kingdom is involved.
- By-law of establishing development areas and free zones, No.31 of 2016, which includes the standards and terms of establishing development areas and free zones, as well as, the anticipated contributions of these zones in providing job opportunities, and achieving economic and social development in the Kingdom. Within this context, many decisions were issued, of which: approving to establish Al-Thuraya development zone in Al-Mafraq Governorate, and a free zone within the borders of Al-Mafraq development zone. As well as Al- Mohammadia development zone. In addition, a decision of modifying and broadening the borders of Dead

Sea development zone, aimed at enhancing the therapeutic tourism, and its impact on economic growth; considering the privileges of therapeutic tourism enjoyed by these zones.

- A decision of approval by the cabinet of granting incentives and exemptions to the hotels and tourist facilities, tourist restaurants, entertainment cities, recreation tourism, and conference centers, which exercise its activities in several governorates. The incentives consist of the customs duties exemptions, and general sales tax reduction to zero percent on raw materials, equipment, machineries, spare parts, and inputs of production (domestic and imported). In addition, the services produced by the above activities were subjected to a 7.0 percent sale tax.
- The cabinet approved the establishment of the Public Investment Management (PIM) unit, under the umbrella of the Ministry of Planning and International Cooperation (MOPIC), aiming to increase the efficiency of determining the priorities for capital public projects.

- In terms of labor market policies, several measures were endorsed in 2016, aiming to regulate the labor market and enhance the participation of Jordanians in the labor market. These measures addressed the following:
 - By-law of the mandatory employment for Jordanian labor, targeting the governorate's citizen in the implemented reconstruction projects. No.131 of 2016, to give them the priority of recruitment in those projects
 - By-law of residency, employment, and labor in the development areas and free zones, No.80 of 2016, aiming to regulate labor market in the development areas and free zones.
 - A decision taken by the Ministry of Labor (MOL) for the closure of eleven professions in front of the foreign workers. This decision aimed to contribute in providing job opportunities for Jordanians in various business domains, in order to mitigate the unemployment and poverty, in line with the latest developments, and the Jordanian labor market and investment, leading to the replacement of foreign labor by Jordanian labor.

Box 1

Jordan's Results in the Global Competitiveness Report (GCR) 2016/2017

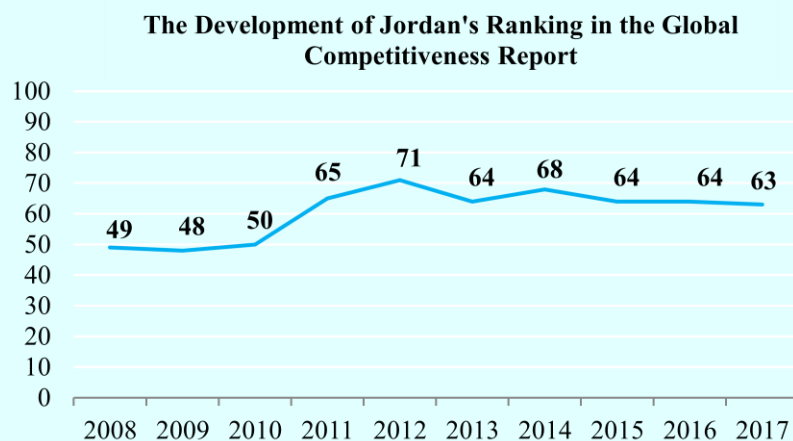
The Global Competitiveness Report (GCR) is issued by the World Economic Forum, it assesses the competitiveness capability of 138 economies, of which 13 Arabic countries are included. The competitiveness rank in this report is based on three main indicators:

- Basic Requirements.
- Innovation Factors.
- Efficiency Enhancers.

These indicators are divided into 12 sub-indicators, from which many other sub-indicators emerge.

Jordan's results in the report

- The report showed that Jordan's ranking improved one step ahead at the rank of 63th. The report indicated that Jordan managed to achieve this rank despite the challenges it faces, as a result of the political situation in the region, which in its turn affected the performance of several sectors such as education, transportation, health and the goods market efficiency as a result of the closure of the borders with Syria and Iraq.



- This slight improvement in the ranking of the Kingdom within the Global Competitiveness Report came as an outcome of the progress in some indicators' scores, predominantly; "infrastructure", "macroeconomic environment", and "business sophistication", and falling behind by other indicators, such as; "health and primary education", "goods market efficiency", and "higher education and training".

Box 1 (continued)

The following table displays Jordan's ranking according to each indicator in the Global Competitiveness Report 2016/2017:

Main indicators	2015/2016	2016/2017	Sub-indicators	2015/2016	2016/2017	The Change
General Ranking	64	63		Ranking out of 140 countries	Ranking out of 138 countries	
Basic Requirements	75	70	1. Institutions	36	34	+2
			2. Infrastructure	70	56	+14
			3. Macroeconomic environment	130	118	+12
			4. Health and primary education	54	80	-26
Innovation Factors	40	39	5. Business sophistication	40	36	+4
			6. Innovation	40	40	-
Efficiency Enhancers	67	66	7. Higher education and training	50	51	-1
			8. Goods market efficiency	39	43	-4
			9. Labor market efficiency	93	87	+6
			10. Financial market development	71	68	+3
			11. Technological readiness	76	75	+1
			12. Market size	76	75	+1

- In the Arab world, the Jordan ranked 6 out of 13 Arab countries covered by the report, while the United Arab Emirates (UAE) ranked the first, followed by Qatar, Saudi Arabia, then Kuwait, while Yemen occupied the last ranking among the Arab countries included by the report.
- Globally, Switzerland continued to lead the global ranking for the eighth consecutive year, followed by Singapore, then the United States of America (USA), then the Netherlands, and Germany.

CHAPTER TWO

MONEY, BANKING, AND FINANCIAL MARKETS

The CBJ's monetary and banking policy has evolved in line with domestic, regional, and global economic developments to maintain monetary and financial stability, including price and exchange rate stability, as well as preserving the safety and resilience of the banking system, in addition to protect the rights of depositors and shareholders.

Following a series of successive cuts in interest rates on monetary instruments since February 2013, the CBJ raised its main policy interest rate, the overnight deposit window rate, and the rate on one-week certificates of deposit, all by 25 basis points in December 2016, while maintained the interest rates on the other monetary policy instruments unchanged, at the same time, the CBJ kept its refinancing programs' interest rates unchanged, to ensure the availability of appropriate financing for high added value sectors in the economy.

Regarding the licensed banks' activity, the main indicators witnessed an improvement in their performance in 2016 compared to that in 2015. The banks' consolidated balance sheet grew by 2.7 percent to reach JD 48.4

billion, and the total credit facilities extended by licensed banks grew by 8.5 percent to reach JD 22.9 billion. Also, credit facilities extended by licensed banks to the private sector (resident) increased by JD 1,803.3 million (10.0 percent) to reach JD 19.9 billion. In addition, the total deposits at licensed banks rose by JD 301.5 million (0.9 percent) to reach JD 32.9 billion at the end of 2016.

The market interest rates on credit facilities declined at a faster pace than the market interest rates on deposits. Subsequently, the interest rate margin, measured by the difference between the rate on "loans and advances" and the rate on "time deposits", dropped by 39 basis points to reach 479 basis points at the end of 2016, compared to 518 basis points at the end of 2015.

With regard to the banking policy, the CBJ introduced a considerable set of measures during 2016 to organize banks' operations, enhance their ability to finance economic activities, and strengthen the soundness of the banking system. The CBJ also continued to streamline financing to Small and Medium Enterprises (SMEs) at preferable interest rates and appropriate maturities.

Central Bank of Jordan and Monetary Policy

During 2016, the CBJ continued to conduct its monetary policy that aims at supporting monetary stability and achieving appropriate inflation rates, while enhancing the saving and investment environment in the Kingdom to attain sustainable economic growth. Also, the CBJ implemented a considerable set of measures to organize the operations of licensed banks and strengthen their financial positions to foster financial stability and enhance the soundness of the banking system.

□ Interest Rates on Key Monetary Policy Instruments:

With the aim of maintaining the competitiveness and attractiveness of the Jordanian dinar as a saving instrument, as well as preserving monetary and financial stability, the CBJ, in December 2016, increased its main interest rate, the overnight deposit window rate, and the interest rate range on one-week deposit certificates, all by 25 basis points, while maintained the interest rates on the other monetary policy instruments unchanged. The CBJ also decided to keep the refinancing programs' interest rates unchanged, at 1.75 percent for projects inside Amman and 1.0 percent for projects located in other governorates. The CBJ's refinancing programs target vital economic sectors, especially small and medium sized projects. Consequently, the CBJ's key interest rates structure at the end of 2016 was as follows:

- The rediscount rate remained at the same level (3.75 percent) as at the end of 2015.
- The overnight repurchase agreements rate remained at the same level (3.50 percent) as at the end of 2015.
- The overnight deposit window rate was raised to 1.75 percent, compared to 1.5 percent at the end of 2015.
- The interest rates on one week Repo agreements (CBJ's main interest rate) and one month Repo agreements were raised to 2.75 percent, compared to 2.50 percent at the end of 2015.
- The interest rate range on one week certificates of deposit was raised to 2.5 - 2.75 percent, compared to 2.25 - 2.5 percent at the end of 2015.

□ Exchange Rate and Foreign Reserves

• Jordanian Dinar Exchange Rate

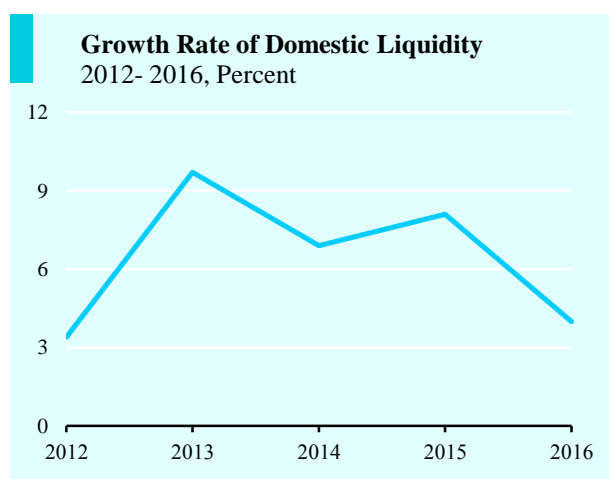
The CBJ has operated a pegged exchange rate to the US dollar since 1995, at an average price of 709 fils per dollar. In 2016, the exchange rate of the Jordanian dinar appreciated by 20 percent against the pound sterling and by 3.2 percent against the euro; this can be attributed to the consequences of the Britain's exit from the European Union. While the dinar depreciated by 4.7 percent against the Japanese yen, all relative to the exchange rates registered at the end of 2015.

• The CBJ's Foreign Exchange Reserves

The gross foreign reserves at the CBJ, including gold and special drawing rights (SDRs), reached USD 14.5 billion at the end of 2016 (USD 12.9 billion of foreign currencies, USD 1.5 billion of gold and 95.6 million of SDRs), compared to USD 15.7 billion at the end of 2015. This level of reserves, according to the international standards of foreign reserves adequacy, is comfortable and booster monetary stability in the Kingdom.

□ Domestic Liquidity

Broad money supply (M2) grew by JD 1,270.7 million (4.0 percent) in 2016 to reach JD 32,876.2 million, compared to an increase by JD 2,365.1 million (8.1 percent) in 2015.

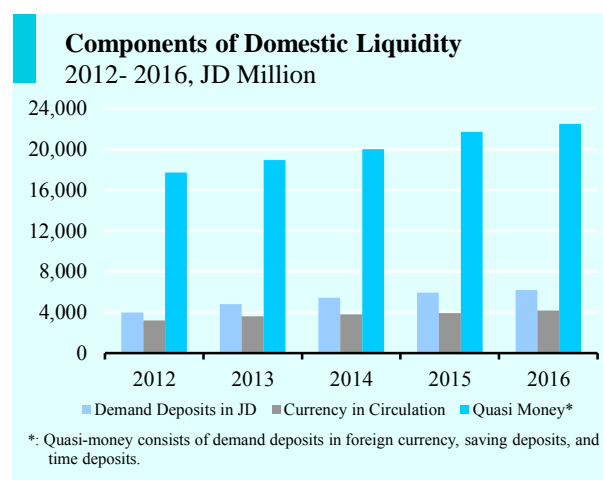


The following sections elaborate on components and factors that influenced domestic liquidity in 2016:

• Components of Domestic Liquidity

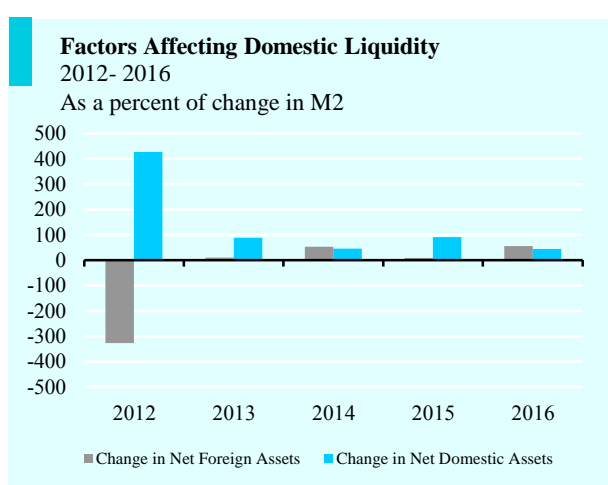
The increase in domestic liquidity was driven by the expansion in quasi money by JD 764.0 million (3.5 percent) and the increase in narrow money supply (M1) by JD 506.7 million (5.1 percent).

- The rise in quasi money was a result of a JD 442.8 million (20.1 percent) increase in time and saving deposits in foreign currencies, a JD 266.5 million (10.6 percent) increase in foreign currencies' demand deposits, and a JD 54.7 million (0.3 percent) increase in time and saving deposits in Jordanian dinar.
- The expansion in narrow money supply (M1) was influenced by an increase of JD 258.6 million (4.3 percent) in JD's demand deposits and a rise of JD 248.1 million (6.3 percent) in currency in circulation.



• Factors Affecting Domestic Liquidity

The increase in domestic liquidity in 2016 is attributed to the increase of net foreign assets (NFA) in the banking system by JD 708.1 million (8.7 percent), and the increase of net domestic assets (NDA) by JD 562.6 million (2.4 percent).



o Net Foreign Assets

The increase in NFA accounted for 2.2 percent of the total expansion in domestic liquidity. The increase in NFA stemmed from the increase in the NFA of licensed banks by JD 1,000.8 million (50.4 percent), and the decrease in the NFA of the CBJ by JD 292.7 million (2.9 percent).

o Net Domestic Assets

The rise in NDA composed 1.8 percent of the total increase in domestic liquidity. This is attributed to the increase in credit to the private sector (resident) by JD

1,885.8 million (10.1 percent), and the increase in credit to the financial institutions by JD 114.1 million (68.9 percent). However, the net credit extended to the public sector decreased by JD 740.7 million (6.3 percent).

Factors Affecting Domestic Liquidity
2012 - 2016, Percentage Points

	2012	2013	2014	2015	2016
Growth rates (%)					
Foreign assets (net)	-28.9	3.9	14.6	2.6	8.7
Domestic assets (net)	23.9	11.8	4.2	10.1	2.4
Net claims on public sector	37.8	10.2	-1.0	8.2	-6.3
Claims on private sector (resident)	6.9	8.0	3.7	4.8	10.1
Claims on financial institutions	-0.2	-18.4	0.5	-1.0	68.9
Other items (net)	3.0	1.1	-4.3	-5.6	9.8
Domestic liquidity	3.4	9.7	6.9	8.1	4.0
Percentage changes of beginning stock of (M2)					
Foreign assets (net)	-11.2	1.0	3.7	0.7	2.2
Domestic assets (net)	14.6	8.7	3.2	7.4	1.8
Net claims on public sector	11.3	4.1	-0.4	3.0	-2.3
Claims on private sector (resident)	4.3	5.1	2.3	2.9	6.0
Claims on financial institutions	0.0	-0.2	0.0	0.0	0.4
Other items (net)	-1.0	-0.3	1.2	1.5	-2.2

□ The CBJ's Balance Sheet

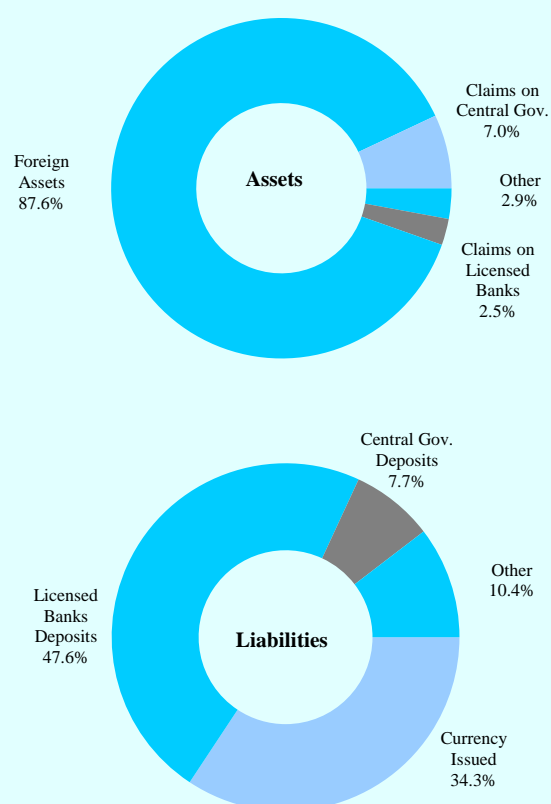
The CBJ's balance sheet contracted by JD 876.4 million (6.1 percent) in 2016 to reach JD 13.5 billion, relative to an increase of JD 296.6 million (2.1 percent) in 2015, (Statistical Annex / Table 12).

- On the assets side, the foreign assets decreased by JD 729.9 million (5.8 percent) to stand at JD 11,784.8 million, compared to an increase of JD 372.5 million (3.1 percent) in 2015. This decrease was mainly driven by the decline of "treasury bills and bonds" by JD 809.2 million (13.9 percent), the decrease of special drawing rights (SDRs) by JD 29.5 million (30.3 percent), the increase of gold by JD 80.6 million (8.1 percent), and the increase of "cash, balances & deposits" by JD 28.2 million, (0.6 percent).

Furthermore, the domestic assets declined by JD 146.5 million (8.1 percent), to reach JD 1,668.2 million, compared to a decrease of JD 75.9 million (4.0 percent) in 2015. The contraction in domestic assets was due to the decline of unclassified assets by JD 84.2 million (23.7 percent), and the decline of the claims on central government by JD 65.4 million (6.5 percent), as a result of the amortization of government bonds.

- On the liabilities' side, the domestic liabilities decreased by JD 732.9 million (5.5 percent). This decrease resulted from the contraction of licensed banks' deposits by JD 1,208.7 million (15.9 percent), the increase in currency issued by JD 284.0 million (6.5 percent), and the increase in central government's deposits by JD 116.9 million (12.8 percent).

Relative Importance of the Central Bank Balance Sheet Components, 2016



Components of the CBJ Balance Sheet 2012 - 2016, JD Billion

	2012	2013	2014	2015	2016
Foreign assets	7.0	10.6	12.1	12.5	11.8
Domestic assets	3.3	2.6	1.9	1.8	1.7
Claims on government	2.1	1.6	1.2	1.0	0.9
Claims on licensed banks	0.4	0.5	0.5	0.3	0.3
Other	0.8	0.5	0.2	0.5	0.5
Assets = Liabilities	10.3	13.2	14.0	14.3	13.5
Currency issued	3.6	3.9	4.2	4.3	4.6
Licensed banks' deposits, of which:	4.6	6.2	7.3	7.6	6.4
Certificates of deposit in JD	0.2	0.2	0.3	1.1	1.0
Central government deposits	0.8	1.1	1.0	0.9	1.0
Other	1.3	2.0	1.5	1.5	1.5

□ Banking Legislations and Measures of the CBJ

The CBJ took further actions during 2016 that aimed at managing banks' operations, strengthening their financial positions, and enhancing their role in financing economic activities. The following is a summary of the main legislations and measures devised by the CBJ in 2016:

- Issuing a law amending the CBJ Law to deepen the independence of the CBJ, expand its supervisory responsibilities, and broaden its objectives to include financial stability as a primary objective, alongside maintaining monetary stability.
- Amendment draft of the Banking Law to strengthen the role of the CBJ in banking supervision through enacting 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.
- Issuing license-and-presence instructions for Microfinance Institutions (MFIs), which are aimed at improving the role of the MFIs, underpinning their activities, and determining the terms of licensing and oversight requirements.
- Issuing Basel III regulations for banks, which include new capital adequacy criteria, to protect the integrity of the financial and banking system, and contribute to economic stability.
- Issuing instructions on corporate governance and its information technology. The instructions aim at dividing roles and responsibilities among different parties and stakeholders in order to maximize bank's added value, so as to ensure balance between risks and expected returns. This can be achieved by adopting the rules and principles necessary for sound decision-making, determination of objectives, and oversight mechanisms to ensure the sustainability and the development of the bank.

- The credit bureau company (CRIF), that obtained an operational license on December 15th, 2015, launched the credit inquiry service (credit reports) in October 2016. The bureau is continuing its efforts to expand its database of users, to include credit provided by non-banks such as microfinance and financial leasing institutions.
- Given their importance in creating jobs and raising the standard of living for Jordanians, the CBJ continued to provide a bundle of incentives for banks to encourage high value-added sectors in the economy, including SMEs. The CBJ provides financing programs for renewable energy, industry, tourism, agriculture, and information technology sectors at preferential rates and long maturity periods up to 10 years.

The potential funding under these programs is estimated at around JD 1 billion; an amount of JD 311.0 million (31.1 percent of the total funding) was utilized by the end of 2016. In addition, several loan agreements were signed with international and regional institutions including the World Bank, European Bank for Reconstruction and Development (EBRD), and the Arab Fund for Economic and Social

Development. Under these agreements, USD 440 million will be made available for licensed banks through the CBJ for refinancing SMEs.

- The national strategy for financial inclusion is currently being prepared, with the aim of enabling all groups in society to access financial services in a convenient and affordable manner that meets their needs, as well as enhancing economic development and reducing unemployment and poverty rates. The strategy has five main pillars: financial education, financial consumer protection, financing SMEs, micro-finance services, and digital finance.

Licensed Banks' Operations

The licensed banks in Jordan consisted of 25 operating banks as of the end of 2016. Among these banks were 16 Jordanian banks, 3 of which were Islamic banks and 9 were branches of foreign banks, including one branch of a foreign Islamic bank. These banks carried out their business through a network of 805 branches and 86 representative offices. Accordingly, the index of population to the total number of branches reached approximately 12.2 thousand citizens per branch at the end of 2016.

As of the end of 2016, the number of Jordanian banks branches operating abroad reached 182 branches, 20 offices, in addition to 8 representative offices, including; 90 branches and 20 offices operating in the Palestinian territories.

□ Consolidated Balance Sheet of Licensed Banks

The consolidated balance sheet of licensed banks increased by JD 1,250.3 million (2.7 percent) in 2016, to reach JD 48.4 billion, compared to an increase of JD 2,265.1 million (5.0 percent) in 2015, (Statistical Annex/ Table 14).

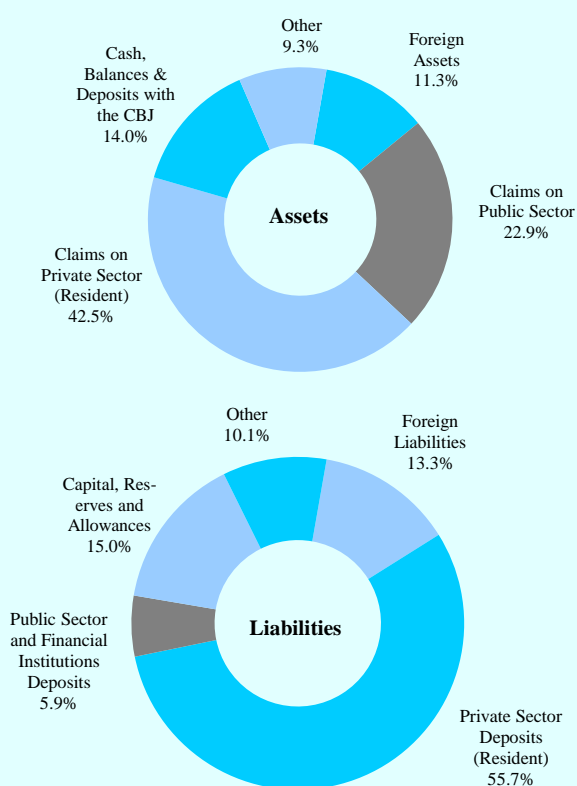
- The rise in assets at the end of 2016 was primarily driven by the increase in foreign assets by JD 760.1 million (16.2 percent), compared to a decline of JD 46.6 million (1.0 percent) in 2015, and the increase in domestic assets by JD 490.2 million (1.2 percent), compared to an increase of JD 2,311.7 million (5.8 percent) in the previous year. The growth in domestic assets in 2016 was attributed to the increase in claims on the private sector (resident) by JD 1,886.1 million (10.1 percent), the increase in unclassified assets by JD 143.0 million (3.4 percent), the increase in balances at the CBJ in foreign currencies by JD 120.0 million (19.6 percent), in addition to the increase

in claims on financial institutions by JD 93.4 million. The value of the reserves, which constitutes cash and balances with the CBJ, decreased by JD 1,324.4 million (18.0 percent), and the claims on the public sector also decreased by JD 427.9 million (3.7 percent).

The increase in foreign assets was mainly attributed to the increase of balances at banks abroad by JD 676.4 million (20.8 percent), the increase of other foreign assets by JD 66.4 million (92.1 percent), and the increase of the portfolio of non-residents by JD 24.3 million (3.5 percent). However, cash in vaults in foreign currencies decreased by JD 9.7 million (5.3 percent).

- The increase in liabilities was mainly influenced by the increase in “demand deposits” and the “saving and time deposits” by JD 514.3 million (6.1 percent) and by JD 497.2 million (2.6 percent), respectively. This was followed by the increase of other liabilities by JD 490.4 million (12.6 percent), and the increase in “capital, reserves and provisions” by JD 153.4 million (2.2 percent). However, the “foreign liabilities” and the “central government deposits” declined by JD 240.7 million (3.6 percent) and JD 163.0 million (12.6 percent), respectively.

Relative Importance of the licenced Banks Consolidated Balance Sheet , 2016



Components of the Consolidated Balance Sheet of Licensed Banks 2012 - 2016, JD Billion

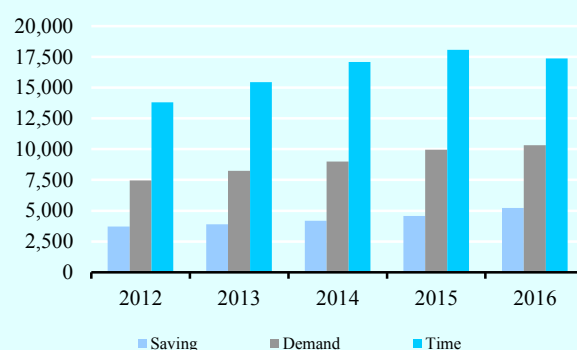
	2012	2013	2014	2015	2016
Foreign assets	6.4	5.2	4.7	4.7	5.4
Claims on public sector	9.0	10.5	11.0	11.5	11.1
Claims on private sector (resident)	15.9	17.2	17.8	18.7	20.6
Cash in vaults and balances with the Central Bank	4.8	6.5	7.6	8.0	6.8
Other	3.2	3.4	3.8	4.2	4.5
Assets = Liabilities	39.3	42.8	44.9	47.1	48.4
Foreign liabilities	5.8	6.7	6.7	6.7	6.4
Private sector (resident) deposits	20.4	22.2	24.0	25.8	27.0
Borrowing from Central Bank	1.0	0.8	0.6	0.5	0.5
Capital, reserves and allowances	5.8	6.1	6.8	7.1	7.3
Other	6.3	7.0	6.8	7.0	7.2

□ Deposits Structure at Licensed Banks

Total deposits at licensed banks increased by JD 301.5 million (0.9 percent) at the end of 2016, to reach JD 32.9 billion, compared to an increase by JD 2,337.5 million (7.7 percent) during 2015, (Statistical Annex / Table 15).

- According to maturity, saving and demand deposits increased by JD 631.5 million (13.8 percent) and JD 364.4 million (3.7 percent), respectively. However, the time deposits decreased by JD 694.4 million (3.8 percent), compared to their levels at the end of 2015.

Deposits at Licensed Banks According to Maturity 2012- 2016, JD Million

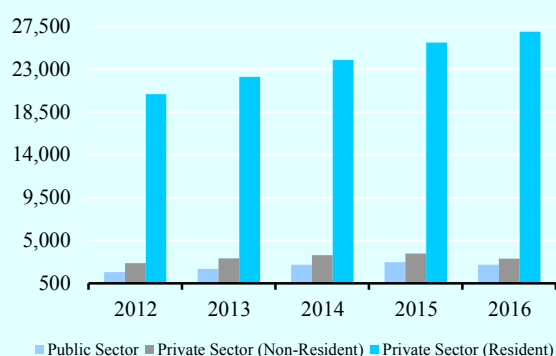


- In terms of deposit holders, the increase in total deposits was primarily driven by the increase in the deposits of private sector (resident) by JD 1,153.2 million (4.5 percent). In contrast, deposits of the private sector (non-resident) decreased by JD 547.1 million (15.0 percent), deposits of the public sector (central government and public institutions) also decreased by JD 246.9 million (9.1 percent). In addition, deposits of the non-banking

financial institutions decreased by JD 57.7 million (13.0 percent) compared to their levels in 2015.

Deposits at Licensed Banks According to Depositor

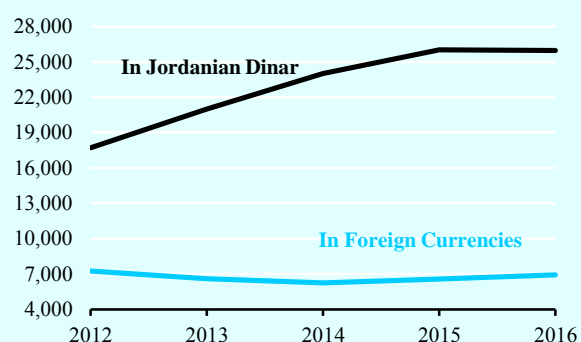
2012- 2016, JD Million



- The structure of deposits, according to currency, displayed an increase in foreign currency deposits by JD 347.8 million (5.3 percent), compared to an increase of JD 336.1 million (5.4 percent) in 2015. However, the JD deposits decreased by JD 46.3 million (0.2 percent), relative to an increase of JD 2,001.4 million (8.3 percent) at the end of 2015.

Deposits at Licensed Banks According to Currency

2012- 2016, JD Million



Relative Importance of Deposits at Licensed Banks

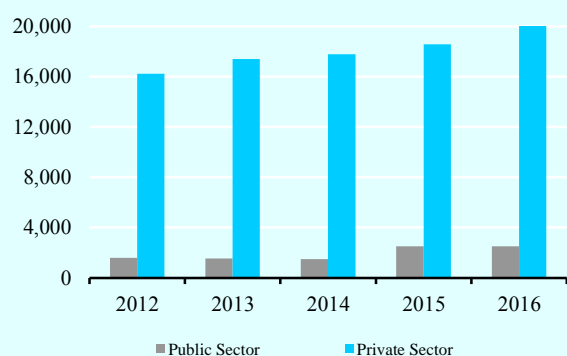
2012 - 2016, Percentage Points

	2012	2013	2014	2015	2016
According to depositor					
Public sector	6.8	7.3	8.2	8.3	7.5
Private sector (resident)	81.6	80.4	79.2	79.1	81.9
Private sector (non-resident)	10.5	11.3	11.4	11.2	9.4
Non-banking financial institutions	1.1	1.0	1.2	1.4	1.2
According to maturity					
Demand deposits	29.8	29.9	29.7	30.5	31.3
Saving deposits	14.9	14.1	13.8	14.1	15.9
Time deposits	55.3	56.0	56.5	55.4	52.8
According to currency					
In Jordanian Dinar	70.9	76.1	79.4	79.8	78.9
In foreign currencies	29.1	23.9	20.6	20.2	21.1

□ Credit Facilities

- The outstanding balance of credit facilities extended by banks increased by JD 1,802.3 million (8.5 percent) to reach JD 22,905.8 million at the end of 2016, compared to an increase of JD 1,829.0 million (9.5 percent) in 2015, (Statistical Annex/Table 16).
- According to borrowers, the credit to the private sector (resident) captured most of the credit facilities, as it increased by JD 1,803.3 million (10.0 percent) in 2016. In contrast, the credit to the public sector (central government and public institutions) decreased by JD 6.2 million (0.2 percent) compared to their levels at the end of 2015.

Credit Facilities Extended by Licensed Banks According to Borrower
2012- 2016, JD Million



- The structure of credit, according to currency composition, displayed that credit in foreign currencies made up 11.9 percent of the total credit in 2016, against 13.4 percent in 2015.

□ Licensed Banks' Interest Rates

During 2016, interest rates on all deposits and credit facilities declined compared to their levels in the previous year, except for discounted bills and bonds. Detailed developments of the interest rates in 2016 are explained as follows:

• Interest Rates on Credit Facilities:

- The interest rate on overdraft accounts fell by 41 basis points to reach 7.60 percent, compared to 8.01 percent at the end of 2015.
- The interest rate on loans and advances declined by 41 basis points to stand at 7.83 percent, compared to 8.24 percent at the end of 2015.
- The interest rate on discounted bills and bonds increased by 172 basis points to reach 10.42 percent, compared to 8.7 percent at the end of 2015.

- The prime lending rate in 2016 was consistent with the 2015 level, reaching 8.37 percent at the end of the year.

• Interest Rates on Deposits

- The interest rate on demand deposits declined by 6 basis points to stand at 0.26 percent, compared to 0.32 percent at the end of 2015.
- The interest rate on saving deposits fell by 6 basis points to reach 0.56 percent, compared to 0.62 percent at the end of 2015.
- The interest rate on time deposits decreased by 2 basis points to reach 3.04 percent, compared to 3.06 percent at the end of 2015.
- Accordingly, the interest rate margin, measured by the difference between the rate on "loans and advances" and the rate on "time deposits", decreased by 39 basis points to reach 479 basis points at the end of 2016.

Banks' Weighted Average Interest Rates on Deposits and Credit Facilities *
2012 - 2016, Percentage Points

	2012	2013	2014	2015	2016
Deposits					
Demand deposits	0.42	0.38	0.43	0.32	0.26
Saving deposits	0.76	0.87	0.79	0.62	0.56
Time deposits	4.19	4.97	4.11	3.06	3.04
Credit facilities					
Overdrafts	9.28	9.20	9.15	8.01	7.60
Loans and advances	8.95	9.03	8.84	8.24	7.83
Discounted bills & bonds	9.59	10.13	9.95	8.70	10.42

* : Interest rates in this table represent weighted averages of 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 in 2016 exhibited an expansion in total assets/liabilities of JD 397.5 million (9.5 percent) to reach JD 4,566.8 million, compared to a growth of JD 44.8 million (1.1 percent) in 2015, (Statistical Annex/Table 17).

On the assets side, credit facilities increased by JD 156.2 million (8.9 percent), and "balances with the banking system" also increased by JD 150.9 million (9.2 percent). In addition, the "portfolio" and "other assets" increased by JD 68.5 million (15.7 percent) and JD 26.3 million (20.6 percent), respectively. In contrast, cash in vaults decreased by JD 4.4 million (2.1 percent).

On the liabilities side, customers' deposits increased by JD 252.5 million (7.9 percent). The USD consist about 36.9 percent of total deposits, followed by 34.7 percent of them were held in other foreign currencies, and the remaining 28.4 percent were held in JD. Further, "deposits of the banking system", "capital and reserves", and "other liabilities" increased by JD 97.8 million (53.4 percent), JD 36.7 million (6.6 percent), and JD 10.5 million (4.3 percent), respectively.

Insurance Companies

At the end of 2016, the insurance sector in Jordan consisted of 24 operating companies; one of which specializes in life insurance, 8 others are general insurance companies, and the remaining 15 practice both types of insurance. The consolidated balance sheet of insurance companies for the year 2015 expanded by JD 27.5 million (3.3 percent), compared to its level at the end of 2014, to reach JD 869.7 million, (Statistical Annex/Table 18).

On the assets side; accounts receivable increased by JD 20.3 million (14.2 percent), investments and other assets also increased by JD 8.5 million (2.0 percent). In contrast, "cash balances and deposits" decreased by JD 1.3 million (0.5 percent), at the end of 2015, compared to their levels at the end of 2014. The increase in liabilities was dominated by the expansion of JD 31.0 million (8.7 percent) in technical reserves, the increase of JD 6.7 million (7.1 percent) and JD 3.1 million (1.0 percent) in accounts payable and Paid-up capital and reserves, respectively. In contrast, other liabilities declined by JD 10.6 million (15.3 percent).

The collected premiums of insurance companies in 2016 increased by JD 32.5 million (5.9 percent), to reach JD 582.9 million. Collected premiums of motor insurance constituted 38.8 percent of the total premiums, followed by medical insurance at 29.4 percent. Other insurance types, namely; fire, life, maritime and general accidents, accounted for 12.8 percent, 12.0 percent, 3.5 percent and 3.5 percent of the overall collected premiums, respectively, (Statistical Annex/Table 19).

Relative Importance of Insurance Written Premiums
2012 - 2016, Percentage Points

	2012	2013	2014	2015	2016
Motor vehicle insurance	42.0	40.8	40.4	40.3	38.8
Medical insurance	25.3	26.1	27.1	28.1	29.4
Life insurance	9.5	9.7	10.1	11.1	12.0
Accident insurance	4.8	4.5	4.6	3.8	3.5
Maritime insurance	5.3	5.0	4.8	4.1	3.5
Fire insurance	13.1	13.9	13.0	12.6	12.8

Source: Insurance Commission.

The compensations paid by insurance companies grew by JD 67.1 million (18.1 percent) to reach JD 438.9 million at the end of 2016. Compensations paid for medical insurance and motor insurance increased by JD 21.5 million (33.2 percent) and JD 19.8 million (47.5 percent), respectively, (Statistical Annex/Table 20).

Relative Importance of Paid Claims by Insurance Companies
2012 - 2016, Percentage Points

	2012	2013	2014	2015	2016
Motor vehicle insurance	52.9	51.7	48.1	51.9	47.5
Medical insurance	31.3	35.4	30.8	33.7	33.2
Life insurance	7.4	5.9	5.9	5.6	6.4
Accident insurance	0.9	0.9	1.8	1.5	1.4
Maritime insurance	3.6	2.1	1.9	2.0	0.9
Fire insurance	3.9	4.0	11.5	5.3	10.6

Source: Insurance Commission.

Amman Stock Exchange

The performance of Amman Stock Exchange (ASE) indicators in 2016 showed mixed outcomes relative to 2015. The share price index weighted by the free floating shares increased by 1.6 percent, whereas market capitalization fell by 3.6 percent to reach JD 17.3 billion (63.2 percent of GDP). Nevertheless, the trading volume decreased by 31.8 percent, and non-Jordanian net investments at ASE recorded an inflow of JD 237.1 million. The following is a summary of the performance of the main indicators of ASE in 2016:

- The trading volume declined by JD 1,087.6 million (31.8 percent) compared to that in 2015, to reach JD 2,329.5 million, against an increase of JD 1,153.7 million (51.0 percent) in 2015. This

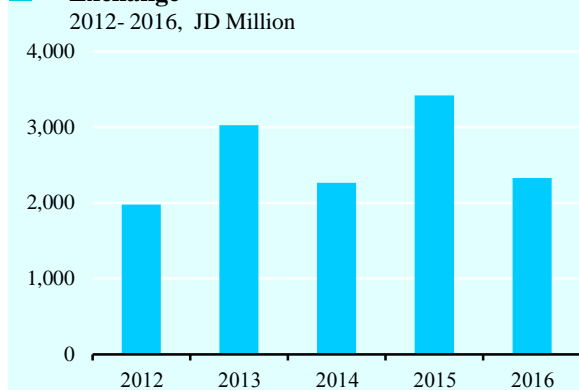
decline resulted from the decrease of the trading volume for the financial sector by JD 1,138.8 million (48.6 percent), and the decrease of the services sector by JD 306.0 million (41.9 percent). However, the trading volume of the industrial sector increased by JD 357.1 million, (Statistical Annex/Table 21).

Relative Importance of Shares Traded by Sectors 2012 - 2016, Percentage Points

	2012	2013	2014	2015	2016
Industry	19.5	13.1	16.7	10.1	30.2
Services	20.4	13.5	16.5	21.4	18.2
Financial	60.1	73.4	66.8	68.5	51.6

Source: Amman Stock Exchange.

Value Traded at Amman Stock Exchange 2012- 2016, JD Million



- Market capitalization declined by JD 645.3 million (3.6 percent) to stand at JD 17.3 billion (63.2 percent of GDP), compared to a decrease of JD 97.9 million (0.5 percent), equivalent to (67.5 percent of GDP) in 2015.

- The number of traded shares decreased by 749.1 million share (29.0 percent), to reach 1,836.7 million share, compared to an increase of 264.0 million share (11.4 percent) in 2015. Further, the number of executed contracts decreased by 112.8 thousand (12.6 percent) to reach 786.2 thousand by the end of 2016. The breakdown of the traded shares indicated that financial sector accounted for the majority of the traded shares at 58.7 percent, followed by the services and the industrial sectors, at 21.6 percent and 19.7 percent, respectively.
- Net non-Jordanian investments at ASE registered an inflow of JD 237.1 million, compared to an inflow of JD 10.6 million in 2015. During 2016, purchases of non-Jordanian investors amounted to JD 666.5 million while their sales recorded approximately JD 429.4 million.

Shares Traded by Non-Jordanians at Amman Stock Exchange

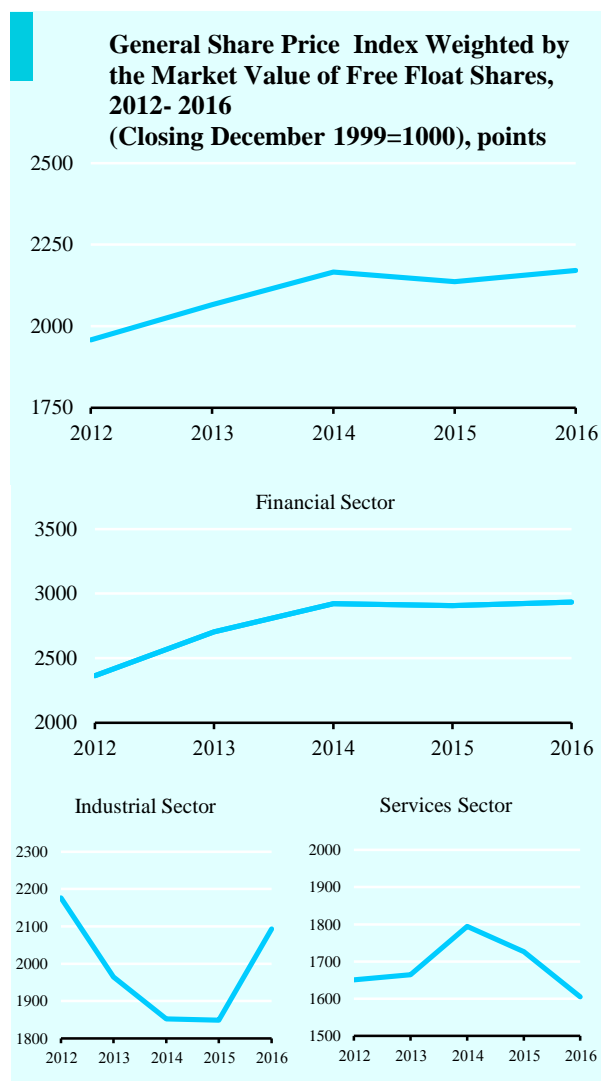
2012 - 2016, JD million

	2012	2013	2014	2015	2016
Total purchases	322.9	939.5	362.7	981.7	666.5
Arab	227.7	818.5	262.1	894.3	520.3
Foreigners	95.2	121.0	100.6	87.4	146.2
Total sales	285.2	792.6	384.8	971.1	429.4
Arab	225.8	693.2	247.8	873.5	304.1
Foreigners	59.4	99.4	137.0	97.6	125.3
Net investment	37.7	146.9	-22.2	10.6	237.1
Arab	1.9	125.3	14.3	20.8	216.2
Foreigners	35.8	21.6	-36.4	-10.2	20.9

Source: Amman Stock Exchange.

□ General Share Price Index (GSPI)

- The share price index weighted by the market value of free floating shares closed at 2,170.3 points in 2016, increasing by 34.0 points (1.6 percent), against a decrease of 29.1 points (1.3 percent) in 2015. The increase was driven by an increase of the industrial sector index by 244.2 points (13.2 percent), as well as an increase of the financial sector index by 27.0 points (0.9 percent). However, the services sector index decreased by 122.0 points (7.1 percent), (Statistical Annex/Table 23).
- The share price index weighted by market capitalization closed at 4,069.7 points in 2016, declining by 160.2 points (3.8 percent), from its registered level in the previous year. This fall was caused by a drop in the index of the services sector by 186.5 points (16.3 percent), and a decrease in the indices of industrial and banking sectors by 82.5 points (3.0 percent) and 19.2 points (0.2 percent), respectively. In contrast, the index of the insurance sector increased by 15.8 points (1.2 percent), (Statistical Annex/Table 22).



Other Financial Institutions

The Jordanian financial and banking system has many other non-banking financial institutions that provide supporting financial services, including deposit insurance services, loans and export credit guarantee services, as well as mortgage refinancing. The following is a review of other financial institutions' activities in 2016:

□ Deposits Insurance Corporation

The Corporation adhered to its objectives of protecting depositors at licensed banks, aiming at encouraging savings, as well as strengthening the confidence and stability in the banking system. In the attempt to expand its operations and activities to protect a larger share of depositors, the corporation is in the process of reviewing the draft of its amended law in accordance with the CBJ's law. It also seeks to include Islamic banks under its insurance umbrella, thus providing corporation a role in creating solutions to troubled banks and protecting a larger segment of depositors.

Insured deposits in 2016 recorded JD 19,312.8 million (74.3 percent of total JD deposits in the banking system), compared to JD 19,489.8 million (74.9 percent of total JD deposits) in 2015. In 2016, fully insured deposits, after raising the coverage limit from JD 10,000 to JD 50,000, accounted for 24.4 percent of total deposits subject to the provisions of the corporation's Law. These fully insured deposits belonged to 1.8 million depositors, or 97.1 percent of the insured depositors.

In 2016, annual membership fees collected from member banks amounted to JD 49.3 million, while net investments income registered JD 27.1 million. Accordingly, the corporation's reserves grew by 14.0 percent to

reach JD 612.4 million at the end of 2016, against JD 537.2 million at the end of 2015. The reserves coverage ratio reached 3.2 percent of insured deposits in 2016, compared to 2.8 percent in 2015. In addition, the book value of the corporation's investments portfolio increased by 12.4 percent to reach JD 593.1 million with an average return of 4.55 percent in 2016, compared to JD 527.9 million in 2015.

□ Jordan Loan Guarantee Corporation

The Jordan Loan Guarantee Corporation increased its capital to JD 29,080,310 at the end of 2016, enabling itself to increase loan ceiling for funding SMEs to JD 250,000. The Corporation launched two new programs; the Startups Guarantee Program which can guarantee up to 85 percent of a maximum loan amount of JD 100,000, and the Renewable Energy Program with up to 70 percent guarantees of a maximum loan amount of JD 3,000 for the household sector, and JD 350,000 for SMEs.

Consistent with its main objectives, the corporation provided several loan guarantees for SMEs, supporting Jordanian economy, and creating jobs. Particularly, the corporation guaranteed 1,320 loans valued at JD 75.0 million in 2016. The corporation also continued its support of Jordanian exports via its Export Credit Guarantee Program; it guaranteed 689 shipments at value of JD 53.0

million in 2016, compared to 1,083 shipments at the value of JD 54.0 million in 2015.

In 2016, the corporation's operational revenues recorded JD 1,152.0 thousand in 2016, compared to JD 970.0 thousand in 2015, while its investment revenues reached JD 744 thousand in 2016, compared to JD 713.0 thousand in 2015. The net profit reached JD 270 thousand in 2016, compared to JD 597 thousand in 2015.

□ **Jordan Mortgage Refinance Company**

The Jordan Mortgage Refinance Company (JMRC) is effectively involved in the development of the mortgage market and helps to meet the housing needs of low-income segments of the population. In 2016, the JMRC signed 18 loan agreements, with maturities ranging from 1 to less than 5 years at a total amount of JD 146.0 million. Since the inception of its operations in 1996, the JMRC has signed a total of 226 agreements for refinancing existing and new housing loans in the amount of JD 1.05 billion, with an outstanding balance of JD 248.0 million by the end of 2016.

These loans helped making housing loans attainable to a larger segment of the population. Further, they helped increasing banks' allocations for housing loans, and improving their terms and extending their

maturities, as well as encouraging competition among banks.

The JMRC relies on the issuance of corporate bonds in the local market as a primary source of financing its business. In 2016, the company issued JD 166.0 million of bonds, bringing the accumulated amount of issued bonds since its establishment to JD 1,167.0 million at the end of 2016, 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 in the public and the private sectors. The outstanding balance of corporate bonds issued by the JMRC recorded JD 256.5 million at the end of 2016.

□ **Social Security Investment Fund**

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 invests in economic and financial projects based on investment expertise; balanced decisions and performance control. The investment strategy of the SSC helps optimizing the real value of its assets and, hence, enhancing its ability to meet its obligations, to this end, the Social Security Investment Fund (SSIF) was established in 2003.

According to the latest available data on the SSIF's operations in 2016, the balance sheet increased by JD 682.0 million (8.9 percent) compared to its level in 2015, to reach JD 8,325.0 million. On the assets side, the SSIF's bonds portfolio increased by JD 772.0 million (22.6 percent), In addition, the real estate portfolio and the other assets increased by JD 43.0 million (8.0 percent) and JD 36.0 million (31.6 percent), respectively. In contrast, the equity investment portfolio and the financial instruments portfolio dropped by JD 101.0 million (4.6 percent) and JD 73.0 million (7.8 percent), respectively, (Statistical Annex/Table 24).

On another front, assets allocation at the fund in 2016 indicates that the bonds portfolio constituted 50.3 percent of the total assets, followed by the equity investment portfolio with 25.3 percent, and the financial instruments portfolio at 10.3 percent of total assets.

CHAPTER THREE

PUBLIC FINANCE SECTOR

In light of the completion of the financial and economic reform program implemented within the framework of the Stand-By Arrangement (SBA) with the IMF in August 2015, the government has continued to pursue its reform policy by adopting a new economic program for the period (2016-2019). The program is supported by the Extended Fund Facility (EFF) agreement that has been signed with the IMF in August 2016, aiming at boosting financial and structural reform measures, and stimulating inclusive economic growth.

The performance of public finance witnessed an improvement during 2016, as the budget deficit, after grants, declined by 0.3 percentage point to reach 3.2 percent of GDP compared to 3.5 percent of GDP in 2015. This improvement was a result of the adoption of measures that aimed at fostering domestic revenues, reducing tax exemptions, and curbing current expenditures and organizing them according to priorities.

Public revenues (domestic revenues and foreign grants) recorded an increase of 4.0 percent in 2016 compared to 2015, driven by the rise in the proceeds of tax and non-tax domestic revenues. Moreover, public expenditures, both current and capital, increased by 2.9 percent compared to 2015.

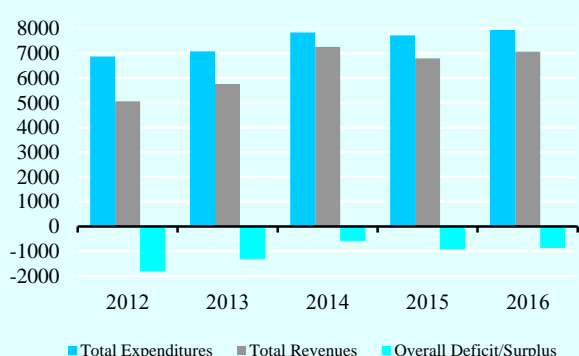
Gross public debt (domestic and external) went up at the end of 2016 to reach JD 26,092.7 million (95.1 percent of GDP). This increase was a result of financing the general budget deficit as well as guaranteed loans for the National Electric Power Company (NEPCO) and the Water Authority of Jordan (WAJ), in addition to the continued slowdown in economic growth during 2016. It is worth mentioning that NEPCO and WAJ maintained their indebtedness levels achieved at the end of 2015, amounting to JD 6.7 billion. Furthermore, the net public debt stood at JD 24,079.4 million (87.7 percent of GDP) at the end of 2016.

In 2016, the government has adopted a medium-term public debt management strategy (2016-2020). The strategy displays the government debt policy to ensure that government's financing needs and its payment obligations are met at a minimum possible cost, acceptable risk level, and longer maturities. The strategy is based on several pillars, most notably the continued dependence on external borrowing, expanding the average maturities of domestic debt through the issuance of long-term debt instruments, and reducing the volume of short-term domestic public debt that is due within one year, in addition to diversifying financing sources and expanding the investors base, who invest in government debt instruments, through the issuance of non-traditional bonds, such as Islamic sukuk and bonds for small savers.

General Budget

The performance of domestic revenues improved in 2016 compared to 2015 due to the government measures concerning tax and non-tax revenues, most notably, those measures that had been taken during the second half of 2016 as prior actions of the EFF agreement. The general budget deficit (including grants) declined by JD 47.0 million in 2016 to reach JD 878.8 million (3.2 percent of GDP) compared to a deficit of JD 925.8 million (3.5 percent of GDP) in 2015. When foreign grants are excluded, which amounted to JD 836.0 million in 2016, the deficit goes up to JD 1,714.8 million (6.2 percent of GDP). The increase in domestic revenues led to a rise in the self-reliance indicator, measured by the coverage ratio of domestic revenues to current expenditures, to reach 90.1 percent compared to 89.2 percent in 2015.

Summary of Central Government Budget
2012 - 2016, JD Million



Developments in Public Revenues and Public Expenditures, 2013 - 2016, JD Million

	2013	2014	2015	2016
Total revenues and grants	5,758.9	7,267.6	6,797.1	7,069.7
Growth rate (%)	13.9	26.2	-6.5	4.0
Total expenditures	7,076.9	7,851.1	7,722.9	7,948.5
Growth rate (%)	2.9	10.9	-1.6	2.9
Overall deficit/surplus	-1,318.0	-583.5	-925.8	-878.8
Ratio to GDP (%)	-5.5	-2.3	-3.5	-3.2

Public Revenues

Public revenues (domestic revenues and foreign grants) witnessed an increase by JD 272.6 million (4.0 percent) in 2016, compared to 2015, to reach JD 7,069.7 million. This increase was the outcome of the upsurge in domestic revenues by JD 322.8 million, and the decline in foreign grants by JD 50.2 million.

The improvement in the public revenues has contributed in narrowing the revenues-expenditures gap, and hence, enhancing the coverage ratio of public revenues to public expenditures by 0.9 percentage point compared to its level in 2015 to reach 88.9 percent.

Main Indicators of Public Revenues

2013 - 2016, JD Million

	2013	2014	2015	2016
Domestic revenues	5,119.8	6,031.1	5,910.9	6,233.7
Ratio to public revenues (%)	88.9	83.0	87.0	88.2
Ratio to current expenditures (%)	84.5	89.8	89.2	90.1
Ratio to GDP (%)	21.5	23.7	22.2	22.7
Foreign grants	639.1	1,236.5	886.2	836.0
Ratio to public revenues (%)	11.1	17.0	13.0	11.8
Ratio to GDP (%)	2.7	4.9	3.3	3.0
Domestic revenues and grants	5,758.9	7,267.6	6,797.1	7,069.7
Ratio to total expenditures (%)	81.4	92.6	88.0	88.9
Ratio to GDP (%)	24.1	28.6	25.5	25.8

- **Domestic Revenues**

Domestic revenues increased in 2016 compared to 2015 by JD 322.8 million (5.5 percent) to reach JD 6,233.7 million. This rise was a result of the increase in tax revenues by JD 157.3 million (3.8 percent) to reach JD 4,254.4 million, and the increase in non-tax revenues by JD 165.5 million (9.1 percent) to reach JD 1,979.3 million. Accordingly, tax revenues accounted for the largest share of domestic revenues, amounting to 68.2 percent.

Regarding the developments in tax revenues components, the proceeds of the “general sales taxes on goods and services”

item rose by JD 103.9 million (3.7 percent), amounting to JD 2,883.8 million in 2016 compared to a contraction of 1.1 percent in 2015. This increase is attributed to the enhancement of the proceeds of both general and special sales taxes because of the government raising taxes on cigarettes, some oil derivatives, alcoholic beverages, wines, and other goods and services. Under this item, the proceeds of sales tax on services, commercial sector, and domestic goods went up by 11.7 percent, 6.9 percent, and 1.7 percent, respectively. In contrast, the proceeds of sales tax on imported goods declined by 0.7 percent. It is noteworthy that the taxes on goods and services remained on top of the list of levies, in terms of proceeds, accounting for 67.8 percent of total tax revenues in 2016.

The proceeds of income and profits taxes have increased by JD 86.0 million (10.0 percent) to reach JD 944.7 million during 2016. This increase is attributed to the rise of the proceeds of income tax from companies and projects by JD 99.0 million compared to 2015, reflecting the impact of the Income Tax Law for the year 2014 that began to be implemented on corporate income and profits in 2016. Income tax from companies

and projects accounted for 79.5 percent of the total income and profits taxes, amounting to JD 750.8 million. However, the proceeds of income tax from individuals declined by JD 13.0 million in 2016 to stand at JD 193.9 million, accounting for 20.5 percent of the total income and profits taxes.

With respect to the proceeds of taxes on international trade and transactions, they witnessed a decrease in the amount of JD 22.4 million to reach JD 311.1 million in 2016. This decline is attributed to the continued closure of border crossings with Syria and Iraq, which are considered major trade partners of the Kingdom, due to political and security conditions experienced by the region.

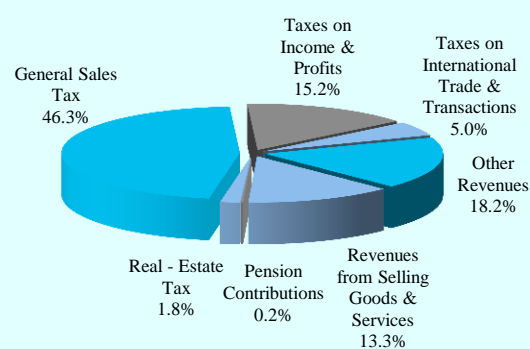
Regarding the non-tax revenues, the proceeds of “other revenues” item rose by JD 168.9 million (9.4 percent) to reach JD 1,964.1 million in 2016. This increase was the outcome of the rise in the proceeds of miscellaneous revenues by 39.2 percent, and the decline of the proceeds of both the property income by 13.1 percent and the selling of goods and services by 2.9 percent. Thus, “other revenues” accounted for 31.5 percent of total domestic revenues.

Components of Domestic Revenues

2013 - 2016, JD Million

	2013	2014	2015	2016
Tax revenues	3,652.5	4,037.1	4,097.1	4,254.4
Ratio to domestic revenues (%)	71.3	66.9	69.3	68.2
Ratio to GDP (%)	15.3	15.9	15.4	15.5
Other revenues	1,445.2	1,973.0	1,795.2	1,964.1
Ratio to domestic revenues (%)	28.2	32.7	30.4	31.5
Ratio to GDP (%)	6.1	7.8	6.7	7.2
Pension contributions	22.1	21.0	18.6	15.2
Ratio to domestic revenues (%)	0.4	0.3	0.3	0.2
Ratio to GDP (%)	0.1	0.1	0.1	0.1
Total domestic revenues	5,119.8	6,031.1	5,910.9	6,233.7

Structure of Domestic Revenues in the Budgetary Central Government, 2016



On the other hand, the proceeds of pension contributions item were down by JD 3.4 million (18.3 percent) in 2016 compared to 2015 to reach JD 15.2 million.

• Foreign Grants

Foreign grants decreased by JD 50.2 million in 2016 compared to 2015, to reach JD 836.0 million (3.0 percent of GDP). These grants were allocated to support the budget and they can be detailed as follows:

- The United State of America (USA) grant of JD 371.6 million.
- Part of the Gulf Cooperation Council (GCC) grant of JD 364.3 million.
- The European Union grant of JD 62.9 million.
- Other grants worth JD 37.2 million.

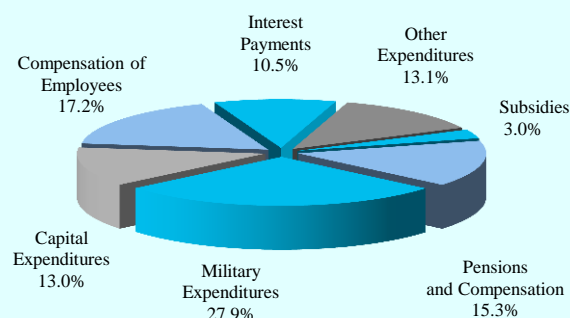
Within the context of the GCC grant, which allocated USD 5.0 billion to finance development projects in the Kingdom within five years (2012-2016), the total disbursed amounts reached JD 1.66 billion (around USD 2.34 billion) by the end of 2016; of which JD 1.11 billion (USD 1.57 billion) were withdrawn through the CBJ. It is

noteworthy that Qatar has not paid any part of its contribution to the GCC grant. On the other hand, it was agreed with the Kuwait Fund for Arab Economic Development, the Saudi Fund for Development, and the Abu Dhabi Fund for Development to finance a bundle of programs and projects in several economic sectors, mainly in energy, transportation and education.

□ Public Expenditures

Public expenditures increased by JD 225.6 million (2.9 percent) to reach JD 7,948.5 million in 2016. This rise was an outcome of an increase in current expenditures by JD 294.8 million, and a decrease in capital expenditures by JD 69.2 million.

Structure of Public Expenditures in the Budgetary Central Government, 2016



Main Indicators of Public Expenditures

2013 - 2016, JD Million

	2013	2014	2015	2016
Current expenditures	6,055.9	6,713.6	6,624.5	6,919.3
Ratio to total expenditures (%)	85.6	85.5	85.8	87.1
Ratio to GDP (%)	25.4	26.4	24.9	25.2
Capital expenditures	1,021.0	1,137.5	1,098.4	1,029.2
Ratio to total expenditures (%)	14.4	14.5	14.2	12.9
Ratio to GDP (%)	4.3	4.5	4.1	3.8
Total expenditures	7,076.9	7,851.1	7,722.9	7,948.5
Ratio to GDP (%)	29.7	30.9	29.0	29.0

- Current Expenditures**

Current expenditures recorded an increase in the amount of JD 294.8 million (4.5 percent) in 2016 compared to 2015 to stand at JD 6,919.3 million, accounting for 25.2 percent of GDP compared to 24.9 percent of GDP in 2015.

The rise in current expenditures was a result of the increase in the values of many of their components, mainly the military expenditures, which rose by 10.9 percent, the social benefits also increased by 2.4 percent (prominently, pensions and compensation expenditures). In addition, the "purchases of goods and services" item went up by 10.2 percent and the compensation of employees by 1.9 percent. In contrast, the interest payments of public debt (domestic and external) as well as "subsidies" item

(including goods subsidies) were down by 8.7 percent and 17.0 percent, respectively.

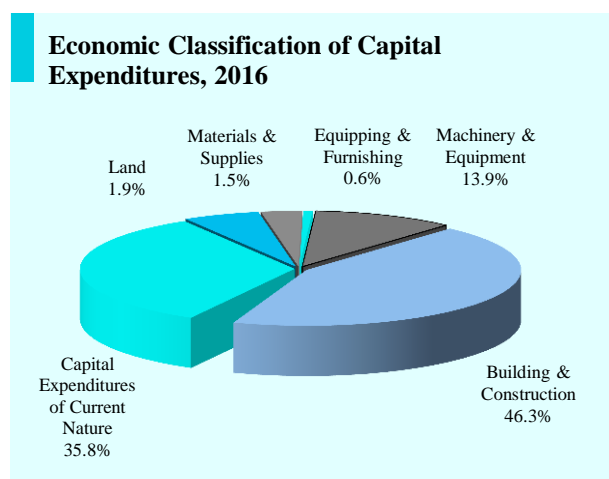
A closer look at the structure of current expenditures (Statistical Annex/ Table 27) demonstrates that rigid current expenditures items accounted for 81.4 percent of total current expenditures. These items include military expenditures, which captured 32.0 percent of total current expenditures; compensation of employees (wages, salaries and social security contributions), which accounted for 19.8 percent; "pension and compensations" (17.5 percent); interest payments (12.1 percent). However, flexible current expenditures accounted for the remaining 18.6 percent of total current expenditures; of which food subsidies accounted for 1.9 percent of total current expenditures, and "purchases of goods and services" made up 6.4 percent, while other current expenditures accounted for the remaining 10.3 percent.

Regarding the functional classification of the current expenditures, it showed that social protection expenses captured the largest portion of current expenditures, accounting for 22.6 percent, followed by the expenditures of general public services (18.9 percent), then "public order and safety", defense, education, and health expenditures, which accounted for 15.1 percent, 14.2 percent, 13.4 percent, and 11.9 percent, respectively. The remaining 3.9 percent were distributed amongst other expenses.

• Capital Expenditures

Capital expenditures decreased by JD 69.2 million in 2016 compared to 2015 to stand at JD 1,029.2 million, accounting for 3.8 percent of GDP against 4.1 percent of GDP in 2015. Thus, capital expenditures accounted for 12.9 percent of total public expenditures. The ratio of achievement in 2016, measured by the ratio of actual capital expenditures to planned capital expenditures in the Budget Law, declined to reach 78.5 percent compared to 93.5 percent in 2015.

Looking at the components of capital expenditures, it is noted that "buildings and construction" item made up the largest proportion of total capital expenditures, accounting for 46.3 percent. Capital expenditures with current nature (including subsidies for government units, purchases of goods and services, compensation of employees, and "studies and research" item) accounted for 35.8 percent of total capital expenditures. However, the remaining 17.9 percent was distributed among other items, particularly, machines, equipment, furniture, supplies and lands.



With respect to the functional classification of capital expenditures, it revealed that the expenditures on economic affairs had acquired the largest share of capital expenditures, accounting for 36.4 percent. However, the expenditures on housing and community facilities accounted for 19.8 percent, followed by the expenditures on health and education (20.3 percent). The remaining share of 23.5 percent was distributed among other expenses.

□ Fiscal Deficit / Surplus

The above-mentioned developments, in both public revenues and public expenditures during 2016, affected the various measures of the general budget deficit as follows:

- The overall budget deficit including foreign grants decreased to JD 878.8 million (3.2 percent of GDP) compared to a deficit in the amount of JD 925.8 million (3.5 percent of GDP) in 2015. Accordingly, the overall budget deficit was lower than the targeted level stipulated in the Budget Law for 2016 by JD 27.9 million. When foreign grants were excluded, the overall budget deficit amounted to JD 1,714.8 million (6.2 percent of GDP) in 2016 against a deficit of JD 1,812.0 million (6.8 percent of GDP) in 2015.
- The primary deficit including grants (public revenues *minus* public expenditures after excluding interest payments on public debt) stood at JD 43.5 million (0.2 percent of GDP) compared to a primary deficit in the amount of JD 11.4

million (0.04 percent of GDP) in 2015. When foreign grants are excluded, the primary deficit increases to JD 879.5 million (3.2 percent of GDP) compared to a primary deficit of JD 897.6 million (3.4 percent of GDP) in 2015.

- Current deficit (domestic revenues *minus* current expenditures) stood at JD 685.6 million (2.5 percent of GDP) compared to a current deficit of JD 713.6 million (2.7 percent of GDP) in 2015.

Measures of Budget Deficit/ Surplus

2013 - 2016, In Percent of GDP

	2013	2014	2015	2016
Primary deficit/ surplus (Including Grants)	-2.4	1.3	-0.04	-0.2
Current deficit/ surplus	-3.9	-2.7	-2.7	-2.5
Overall deficit/ surplus (Including Grants)	-5.5	-2.3	-3.5	-3.2
Overall deficit/ surplus (Excluding Grants)	-8.2	-7.2	-6.8	-6.2

Own-Budget Agencies

The fiscal deficit of the own-budget agencies, collectively, declined noticeably in 2016 to reach JD 30.2 million compared to a deficit in the amount of JD 238.2 million in 2015. The consolidated budget of own-budget agencies revealed that 12 governmental units (out of 61 agencies) recorded a fiscal deficit of JD 343.9 million. In contrast, according to the re-estimate figures, NEPCO registered a surplus of JD 143.7 million compared to a deficit in the

amount of JD 244.8 million in 2015. The improvement in the company's fiscal performance is attributed to the decline in its purchases of diesel and heavy fuel oil and switching to liquefied natural gas (LNG) imported in vessels through Aqaba port as of July 2015, as well as the sharp decline in the international oil prices that reflected in a decrease in the value of the company's purchases of fuel used in the generation process. Nonetheless, WAJ recorded a fiscal deficit of JD 289.4 million, according to the re-estimate figures compared to a fiscal deficit in the amount of JD 229.5 million in 2015.

By analyzing the revenues and the expenditures of own-budget agencies in 2016, it is noted that their revenues went up by JD 345.7 million to reach JD 1,710.2 million. "Total revenues from sales of goods and services" topped the list of own-budget agencies revenues reaching JD 1,412.7 million (82.6 percent). Meanwhile, government subsidies, both current and capital, for these entities totaled JD 165.0 million, while foreign grants amounted to JD 51.9 million.

The total expenditures of these agencies were up by 8.6 percent to reach JD 1,740.4 million in 2016. This increase was a result of the rise in capital expenditures by 12.6 percent. Consequently, capital expenditures accounted for 37.2 percent of total expenditures. Moreover, current expenditures of these agencies rose by 6.4 percent, accounting for 62.8 percent of total expenditures (Statistical Annex/ Table 25-B).

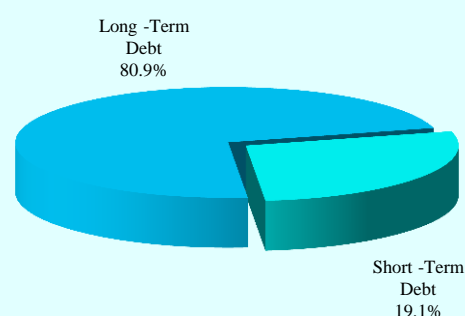
Public Debt

Data on public indebtedness revealed that gross public debt (including budget and guaranteed debt) rose by JD 1,216.2 million to reach JD 26,092.7 million (95.1 percent of GDP) compared to an increase in the amount of JD 2,225.4 million (93.4 percent of GDP) in 2015. This increase was a result of the rise in gross domestic public debt by JD 307.7 million, totaling JD 15,793.7 million (57.6 percent of GDP), as well as the rise in the outstanding balance of external public debt by JD 908.5 million to reach JD 10,299.0 million (37.5 percent of GDP). The surge in the volume of public debt reflects, basically, the financing needs of the general budget and the guaranteed loans for NEPCO and WAJ. It is worth noting that the total debt of NEPCO and WAJ accounted for 25.7 percent of gross public debt (24.4 percent of GDP) at the end of 2016.

On the other hand, government deposits at the banking system were down in the amount of JD 15.7 million at the end of 2016, compared to their level at the end of 2015, to reach JD 2,013.3 million. Hence, net public debt totaled JD 24,079.4 million (87.7 percent of GDP) at the end of 2016 against 85.8 percent of GDP at the end of 2015.

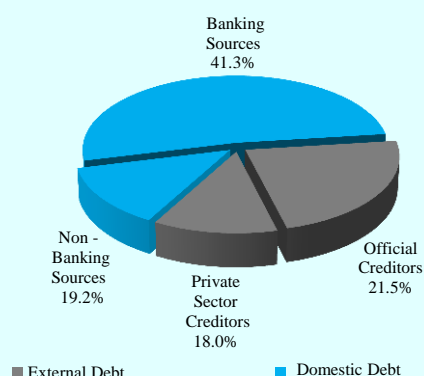
The structure of public debt at the end of 2016 compared to the end of 2015 showed that, based on remaining maturity, the share of short-term debt (matures in one year or less) to gross public debt decreased to reach 19.1 percent while the shares of medium- and long-term debt (matures after one year or more) combined were up, accounting for 80.9 percent of gross public debt compared to 26.0 percent and 74.0 percent at the end of 2015, respectively. These developments reflect the government strategy of raising the medium- and long-term borrowing in order to mitigate domestic refinancing and interest rate risks.

Public Debt Structure According to Maturity, 2016
(Based on Loan's Remaining Life)



With respect to the classification of public debt according to creditors, it is noted that external public debt from official creditors (governments, and international and regional financial institutions) accounted for the largest proportion of the gross public debt, standing at 21.5 percent at the end of 2016, while private sector creditors made up 18.0 percent. Moreover, domestic public debt held by licensed banks captured almost 41.3 percent of the gross public debt, whereas debt held by non-bank institutions accounted for 19.2 percent.

Public Debt Structure According to Sources, 2016



Major debt indicators, such as financial solvency (ability to debt repayment) and liquidity indicators, are highlighted in the table below:

Major Public Debt Indicators

2013 - 2016, percent

	2013	2014	2015	2016
First: financial solvency indicators:				
Gross public debt/ GDP	86.7	89.0	93.4	95.1
Gross public debt/ Domestic revenues	403.8	375.6	420.9	418.6
External debt/ Domestic revenues	141.3	133.1	158.9	165.2
External debt/ Exports	71.6	72.9	93.8	107.0
Second: Liquidity indicators:				
External debt service/ Domestic revenues	11.7	15.0	24.7	26.8
External debt service/ Exports	5.9	8.2	14.6	17.4
Public debt interests / Domestic revenues	14.4	15.4	15.5	13.4
Short-term debt ⁽¹⁾ / Public debt	27.7	24.1	26.0	19.1

Source : Ministry of Finance/ General government finance bulletin, January 2017.

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

□ Gross Domestic Public Debt

Gross domestic public debt (budgetary and own-budget) witnessed an increase of JD 307.7 million at the end of 2016

compared to its level at the end of 2015 to stand at JD 15,793.7 million. This rise is relatively lower than the large increase recorded at the end of 2012 amounting to JD 2,682.0 million. Accordingly, gross domestic public debt constituted 57.6 percent of GDP at the end of 2016 against 58.1 percent of GDP at the end of 2015.

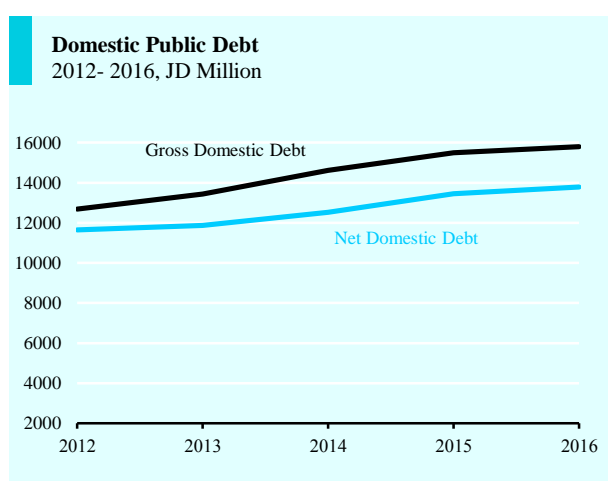
The surge in gross domestic public debt was a result of the rise in both gross budgetary debt of the central government by JD 239.7 million to reach JD 13,174.7 million, and the domestic debt of own-budget agencies by JD 68.0 million to reach JD 2,619.0 million. Thus, domestic public debt of central government accounted for 83.4 percent of gross domestic public debt. However, the debt of own-budget agencies accounted for the remaining 16.6 percent.

Net domestic public debt totaled JD 13,780.4 million at the end of 2016, an increase of JD 323.4 million compared to its level at the end of 2015, and hence, accounting for 50.2 percent of GDP compared to 50.5 percent of GDP in 2015.

In light of the government's efforts to diversify financing sources and to widen investors base, it has issued Islamic sukuk for the first time during 2016. The first issuance was in May in the favor of NEPCO (government guaranteed) in the amount of JD 75.0 million at a return of 3.5 percent and a 5-year maturity. The second issuance was the sovereign Islamic sukuk worth JD 34.0 million, with a return of 3.01 percent and a 5-year maturity, in October.

Moreover, the government has issued “saving bonds for individuals” for the first time in 2016 at a fixed interest rate amounting to 4.25 percent, and a 5-year maturity; aiming at providing individuals with secure, long- and medium-term saving instruments with fixed rates. Two issuances were made: the underwriting for the first issuance started in May, amounting to JD 27.9 million. The underwriting for the second issuance was in November, totaling JD 11.0 million.

The structure of gross domestic public debt according to sources indicates that debt provided through banking system amounted to JD 10,788.0 million at the end of 2016, accounting for 68.3 percent of gross domestic public debt compared to 73.6 percent at the end of 2015. This debt can be decomposed into “treasury bills and bonds”, which amounted to JD 8,286.0 million (52.5 percent of gross domestic public debt), and direct credit facilities of JD 2,502.0 million (15.8 percent of gross domestic public debt). Debt extended through non-banking institutions amounted to JD 5,006.0 million at the end of 2016, accounting for 31.7 percent of gross domestic public debt (Statistical Annex/ Table 28).



The turnover of domestic debt securities (treasury bills and bonds including those of public entities) showed that the issues of these securities stood at JD 5,546.0 million at the end of 2016, a rise in the amount of JD 1,926.0 million compared to their levels in 2015. These securities were distributed as follows:

- Treasury bills for JD 1,075.0 million.
- Treasury bonds for JD 4,388.0 million.
- Public entities’ bonds for JD 83.0 million.

The amortization of these securities was up in the amount of JD 1,483.9 million in 2016 compared to its level in 2015, standing at JD 5,317.0 million. Consequently, the net issuance of securities stood at JD 229.0 million in 2016 compared to net amortization of JD 213.1 million in 2015.

Interests paid on domestic public debt securities decreased by JD 94.8 million in 2016 compared to 2015 to reach JD 658.1 million, accounting for 10.6 percent of domestic revenues, down by 2.1 percentage points compared to its level in 2015.

The interest rates on government securities (treasury bonds) with a maturity of two, three, five, and seven years stood at 2.92 percent, 3.17 percent, 4.03 percent, and 5.07 percent, respectively, compared to 2.77 percent, 3.97 percent, 3.59 percent, and 5.10 percent, respectively in 2015. Furthermore, 10-year treasury bonds were issued for the first time in 2016 with an interest rate of 6.50 percent.

Selected Domestic Public Debt Indicators

2013 - 2016, JD Million

	2013	2014	2015	2016
Gross outstanding domestic public debt	13,440.0	14,621.0	15,486.0	15,793.7
Ratio to GDP (%)	56.3	57.5	58.1	57.5
Gross government's deposits with the banking system	1,577.0	2,096.0	2,029.0	2,013.3
Net outstanding domestic public debt	11,863.0	12,525.0	13,457.0	13,780.4
Ratio to GDP (%)	49.7	49.2	50.5	50.2
Transactions in domestic public debt instruments ⁽¹⁾				
Issue	5,020.0	6,017.5	3,620.0	5,546.0
Amortization	4,181.7	4,754.7	3,833.1	5,317.0
Interests	709.6	809.7	752.9	658.1

Source : Ministry of Finance.

(1) : Includes public entities bonds.

External Public Debt

The outstanding balance of external public debt (budget and guaranteed) witnessed an increase of JD 908.5 million (9.7 percent) at the end of 2016, standing at JD 10,299.0 million (37.5 percent of GDP) compared to JD 9,390.5 million (35.3 percent of GDP) at the end of 2015. This increase is mainly attributed to the government strategy focusing on more external borrowing from international financial market to reduce the risks of domestic borrowing. Thus, in October 2016, the government issued 10-year sovereign Eurobonds for JD 710.0 million (USD 1.0 billion) with a coupon rate of 5.75 percent and a return of 5.8 percent. It is noteworthy that the government signed a new agreement with the IMF following the completion of the Stand-By Arrangement in 2015, which resulted in positive effects on the

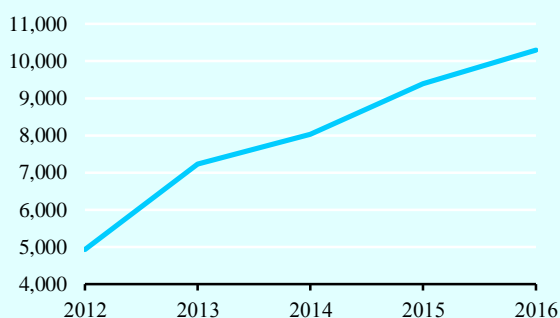
performance of national economy. The new agreement (Extended Fund Facility) was signed in August 2016 in the amount of USD 0.7 billion, covering the period (2016-2019). The agreement underpinned by Jordan Vision 2025 and aimed at supporting the government reform efforts (Box 2).

The increase in total outstanding balance of external public debt was the outcome of the rise in net external borrowing by JD 959.8 million, equivalent to USD 1,351.8 million, and the decline in the exchange rates of major creditors' currencies against the Jordanian dinar by JD 51.4 million, equivalent to USD 72.3 million.

External public debt according to sources showed that regional and international institutions contributed by 34.4 percent of the outstanding balance of external public debt at the end of 2016, most of it is owed to the World Bank (12.8 percent) and the International Monetary Fund (11.0 percent). Other external sources (bonds and foreign banks) made up 45.6 percent of the outstanding balance of external public debt. Meanwhile, debt owed to Arab and foreign governments (bilateral and export credit guarantees) accounted for 20.0 percent of the outstanding balance of external public debt. The stock of bilateral loans accounted for the highest share of these loans to reach JD 1,828.0 million, whereas, the outstanding balance of export credit guarantees declined to stand at JD 59.0 million. The external debt data also showed that Japan topped the list of creditor countries, accounting for 6.9 percent of the external indebtedness of Jordan (Statistical Annex/Table 29).

The currency composition of the external debt revealed that the largest portion of the outstanding balance of external public debt denominated in US dollar, accounting for 64.9 percent, followed by debt denominated in Special Drawing Rights (SDR), which accounted for 12.7 percent, then Kuwaiti dinar (6.9 percent), Japanese yen (6.6 percent), and Euro (6.3 percent). Debt in other currencies accounted for the remaining 2.6 percent.

External Public Debt
2012 - 2016, JD Million



As for the external public debt management, the volume of contracted external loans (budget and guaranteed) reached JD 2,811.2 million (USD 3,959.4 million) in 2016. The largest share of these loans was allocated for financing the general budget deficit in the amount of JD 2,765.5 million. Meanwhile, the remaining amount was allocated to support the water sector. The contracted external loans of 2016 can be detailed as follows:

- The issuance of domestic bonds in US dollars in the amount of JD 816.5 million.
- The issuance of Eurobonds in the amount of JD 710.0 million.
- A loan from the International Monetary Fund in the amount of JD 511.1 million.

- A loan from the World Bank and the International Development Association in the amount of JD 336.6 million.
- A loan from the Japan International Cooperation Agency in the amount of JD 182.3 million.
- A loan from the Arab Monetary Fund in the amount of JD 132.6 million.
- A loan from the French government in the amount of JD 99.7 million.
- A loan from the German government in the amount of JD 22.4 million.

The total disbursements of external loans declined by JD 331.8 million in 2016 compared to 2015, standing at JD 2,364.7 million. Disbursements from several creditors (bonds) accounted for 64.6 percent of total disbursements, amounting to JD 1,526.5 million. Disbursements from regional and international institutions accounted for 23.5 percent of total disbursements, standing at JD 556.4 million. Furthermore, disbursements from Arab and industrial countries captured 11.6 percent, amounting to JD 274.8 million, and disbursements from other sources made up the remaining 0.3 percent (Statistical Annex/ Table 30).

On the other hand, the external public debt service showed that the cash payments (interests and principals) stood at JD 1,670.5 million (6.1 percent of GDP) in 2016 compared to JD 1,462.5 million in 2015, with an increase of JD 208.0 million. Accordingly, the ratio of external public debt service (measured by the ratio of cash payments to total exports of goods and non-factor services) reached 17.4 percent, up from 14.6 percent in 2015.

Selected External Public Debt Indicators

2013 - 2016, JD Million

	2013	2014	2015	2016
Outstanding external public debt ⁽¹⁾	7,234.5	8,030.1	9,390.5	10,299.0
Ratio to GDP (%)	30.3	31.6	35.3	37.5
Repayments	598.9	906.3	1,462.6	1,670.5
Principal	469.1	701.7	1,230.2	1,434.0
Interest	129.8	204.6	232.4	236.5
Debt service ratio (%) ⁽²⁾	5.9	8.2	14.6	17.4

Source : Ministry of Finance.

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

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

Fiscal Measures and Legislations

In 2016, the government continued its reform efforts in public finance, taking several decisions and adopting many fiscal measures, particularly during the second half of the year. These decisions and measures were in line with the general framework of the EFF agreement (2016-2019) signed with the IMF in August 2016.

The overall measures focused on the continuation of fiscal consolidation and on structural reforms of the general budget, particularly on bolstering tax as well as non-tax revenues through reducing tax exemptions and broadening tax base. Moreover, in 2016, the government adopted a medium-term public debt management strategy for the period (2016-2020), aiming at sustaining public debt and bringing it as a percent of GDP to lower and stable levels.

The government measures taken in 2016 can be detailed as follows:

- The Investment Council decided to reduce the income tax on the information technology sector from 20 percent to 5 percent, and the sales tax on the sector to zero rate, in addition to exempt the

production inputs of the sector from all taxes and fees (January 2016).

- Land Transport Regulatory Commission decided to reduce public transportation fares by 10 percent effective from February 2016 (January 2016).
- The Cabinet approved a bundle of fiscal measures that includes the following (June 2016):
 - Reducing the fees on vacant lands and lands that are free of sorted buildings as follows:
 - Reducing the selling fee by 50 percent to become 2.5 percent instead of 5 percent.
 - Reducing real-estate tax by 50 percent to become 2 percent instead of 4 percent.
 - Reducing depreciation allowances on used, imported cars for the purpose of determining taxes and fees imposed on them.
 - Raising cigarette prices by 50 Fils per packet in the customs zone (inside the Kingdom), and by 100 Fils in the Aqaba Special Economic Zone.
 - Raising the selling prices of diesel, kerosene, and all gasoline types by 25 Fils per liter.
 - Raising the special tax on alcoholic beverages and wines in the customs zone from JD 3.75 per liter to JD 5.5 per liter.
 - Adding an additional fee for transferring ownership of all transportation vehicles (except public transportation vehicles) from one person to another (individual or corporate), as follows:
 - JD 50 on cars with 1500 cc engine or less.
 - JD 100 on cars with higher than 1500 cc engine up to 2000 cc engine.

- JD 400 on cars with higher than 2000 cc engine up to 3000 cc engine.
- JD 550 on cars with higher than 3000 cc engine up to 4000 cc engine.
- JD 700 on cars with higher than 4000 cc engine.
- Reverse tax and custom duty exemptions made in October 2015 on clothes and shoes.
- The Cabinet decided to eliminate the reduction on the sale fee and real-estate tax on lands by 50 percent (July 2016).
- The Council of Commissioners of the Energy and Mineral Resources Regulatory Commission decided to replace electricity tariffs for subscribers, published in the Official Gazette in 2015, by new tariffs (October 2016).
- Several custom duty measures have been taken in 2016 as follows:
 - Reducing custom duties from 30 percent to 15 percent on glass wiping and defrosting machines, and on car bodies and seats imported as production inputs by auto assembly and manufacturing plants, starting from February 17th, 2016.
 - Raising custom duties from 5 percent to 30 percent on luggage transfer boxes, clothing bags, cosmetics, document bags, natural leather made clothing, toys, and some kinds of shoes, starting from July 11th, 2016.
 - Raising custom duties on used shoes from 5 percent to 20 percent, and on watches from 5 percent to 10 percent, starting from July 11th, 2016.
 - Imposing a qualitative tariff on aluminum profiles by JD 150 per ton, starting from July 31st, 2016.
 - Exempting the following goods and devices from custom duties: extracts, spirits, and concentrates of tea, wooden chopsticks imported by factories as production inputs, and air bags for general safety, starting from February 17th, 2016; security gates, explosive detectors, and personal inspection equipment, starting from June 6th, 2016; 3D printers starting from December 16th, 2016.
- The government continued the implementation of the mechanism of oil derivative price-liberalization, which was approved in 2012. Based on that mechanism, all oil derivatives' prices have been revised during 2016, as follows:

Developments in the Prices of Oil Derivatives in 2016

Product	Unit	December 2015	December 2016	Change %
Unleaded Gasoline 90	Fils/Liter	535.0	580.0	8.4
Unleaded Gasoline 95	Fils/Liter	700.0	755.0	7.9
Gas Oil (Diesel)	Fils/Liter	400.0	435.0	8.7
Kerosene	Fils/Liter	400.0	435.0	8.7
Liquid Gas (12.5kg)	JD/Unit	7.5	7.0	-6.7
Fuel Oil for Industry	JD/Ton	269.6	313.6	16.3
Fuel for airplanes (local companies)	Fils/Liter	336.0	340.0	1.2
Fuel for airplanes (foreign companies)	Fils/Liter	341.0	345.0	1.2
Fuel for unplanned flights	Fils/Liter	356.0	360.0	1.1
Asphalt	JD/Ton	253.7	302.5	19.2

Source: Jordan Petroleum Refinery Company.

Box 2**The Extended Fund Facility Agreement between
Jordan and the IMF (2016-2019)**

In light of the completion of the fiscal and economic reform program adopted within the framework of the Stand-By Arrangement (SBA) with the IMF in August 2015, the government has continued to pursue its reform strategy through the adoption of a new economic program for the period (2016-2019). The program is supported by the agreement of the Extended Fund Facility (EFF) that was signed in August 2016.

The program is underpinned by Jordan Vision 2025 and aims to foster fiscal and structural reforms, stimulate inclusive economic growth, enhance the competitiveness of the Jordanian economy, and creating job opportunities. Under the program, Jordan will be able to obtain a three-year extended fund facility (2016-2019) in the amount of SDR 514.65 million, equivalent to USD 700 million. The loan will be used to support the foreign reserves as well as strengthening the balance of payments, in addition to supporting the government reform efforts. The program includes a bundle of fiscal measures concerning public revenues and expenditures, and aims at putting public debt on a downward path to reach 77 percent of GDP by the end of 2021, without harmful influences on low- and medium-income segments of population.

Several government measures have to be taken as “prior actions” of the implementation of the program, of which, the implementation of fiscal measures to stabilize public debt to GDP ratio in 2016 at around the ratio of 2015 (94 percent); the establishment of the Public Investment Management unit in the Ministry of Planning and International Cooperation in order to prioritize government capital projects; publishing Consolidated Fiscal Accounts for 2015 in order to increase transparency and financial disclosure; preparing detailed quarterly financing plan with NEPCO and WAJ; the commitment of maintaining NEPCO at operational balance.

In this regard, the government has adopted many fiscal measures during 2016, aiming at enhancing the performance and reforming the imbalances of public finance. These measures included an increase in tax and non-tax revenues of about JD 154.2 million for the second half of 2016 (the annual effect was estimated at approximately JD 308.5 million) and a reduction of current expenditures for own-budget entities by JD 69 million. Moreover, to help retire public debt, JD 112 million were transferred to the treasury account from the amounts due, of which, transferring a proportion of the surplus of the Ministry of Energy and Natural Resources (Fils Al-Reef), the value of new frequencies sold by the Telecommunication Regularity Commission, and others.

Box 2 (continued)

More measures are required for the period (2017-2019) including additional fiscal measures of about 4.6 percent of GDP (1.5 percent, 1.7 percent, and 1.4 percent of GDP for the years 2017, 2018, and 2019, respectively), in addition to other fiscal and administrative measures, such as the completion of the implementation of the International Public Sector Accounting Standards; including a table of tax exemptions and estimate them as tax expenditures in the budget law; preparing a new tax exemptions framework to reduce general sales tax exemptions and exemptions on customs duties; amending the Income Tax Law by reducing tax exemptions and revising tax rates; preparing an amending law to the Organic Budget Law in line with the international standards; updating and publishing the Public Debt Management Strategy. Moreover, the measures also include water and energy sectors through adopting an automatic electricity tariff adjustment mechanism based on the international oil price changes starting from 2017, and by adopting an updated action plan on how to reduce the water sector's losses over the medium term.

Regarding the business and financial sector, the measures include the implementation of a risk-based framework for offsite supervision for banks and money exchange; amending the Deposit Insurance Corporation Law; amending and enacting the Insolvency Law and the Secured Lending Law; amending the Insurance Law to allow for the transfer of the supervision of the insurance sector to the CBJ, in addition to addressing the shortcomings in the Investment Window procedures and the Jordan Investment Commission services, and assessing the challenges facing the implementation of financial inclusion.

CHAPTER FOUR

THE EXTERNAL SECTOR

Recent external sector indicators are encouraging, pointing to a rebound in workers' remittances and travel receipts since the second half of 2016. Challenging regional conditions, however, continue to weigh on external sector performance; the current account deficit (including grants) increased slightly from JD 2,418.2 million (9.1 percent of GDP) in 2015 to JD 2,560.2 million (9.3 percent of GDP) in 2016, despite the decline in the energy imports bill and the trade balance deficit by 24.5 percent and 7.8 percent, respectively, owing to the decrease in the surplus registered in services and current transfers. Meanwhile, the current account deficit (excluding grants) increased to 12.6 percent of GDP in 2016 compared to 12.3 percent of GDP in 2015. It is worth noting that the non-oil current account balance (including grants) registered a deficit of approximately 2.3 percent of GDP in 2016 compared to a surplus of 0.3 percent of GDP in 2015.

Developments in the current account led to an increase in the external financing gap and

consequently to more external borrowing. As a result, general government net loans increased by JD 425.4 million. Furthermore, the government issued sovereign Eurobonds worth JD 710.0 million (USD 1.0 billion), and direct investment recorded a net inflow of JD 1,090.3 million. As an outcome of these developments, the overall balance of the balance of payments registered a surplus of JD 412.6 million in 2016, compared to a surplus of JD 407.0 million in 2015.

Moreover, the net international investment position (IIP) witnessed an increase in the kingdom's net obligations to abroad; to reach JD 26,697.1 million at the end of 2016, compared to JD 24,815.1 million at the end of 2015. This deterioration was an outcome of a decrease in the stock of external financial assets for all resident sectors in Jordan by JD 76.9 million to reach JD 18,581.0 million, and an increase in the stock of external financial liabilities for all resident sectors by JD 1,805.0 million to reach JD 45,278.1 million at the end of 2016.

External Trade

The volume of external trade (domestic exports *plus* imports) registered a decline by 6.9 percent in 2016, compared to a 9.8 percent decline in 2015, as a result of a decrease in domestic exports and imports by 8.9 percent and 6.2 percent; respectively. Consequently, the trade openness ratio (the external trade volume as a percent of GDP) declined to 65.6 percent in 2016, compared to 72.6 percent in 2015. Moreover, the coverage ratio of total exports to imports improved by 0.8 percentage points, compared to its level in 2015, to reach 39.1 percent.

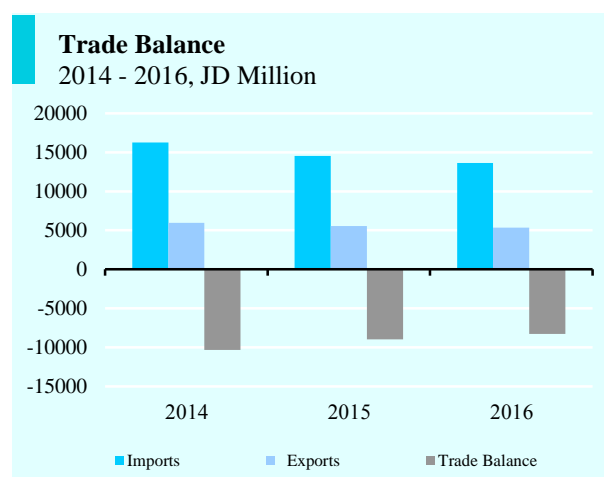
External Trade Indicators 2013-2016

	2013	2014	2015	2016 ⁽¹⁾
Annual Growth Rate (%)				
External Trade	5.1	4.7	-9.8	-6.9
Total Exports	0.3	6.0	-6.6	-4.1
Domestic Exports	1.2	7.4	-7.1	-8.9
Re-exports	-4.4	-2.8	-3.3	26.0
Imports*	6.3	3.9	-10.7	-6.2
Trade Balance	10.0	2.8	-13.1	-7.5
In Percent of GDP (%)				
External Trade	85.8	84.3	72.6	65.6
Total Exports	23.6	23.4	20.9	19.4
Domestic Exports	20.1	20.3	18.0	15.9
Re-exports	3.4	3.1	2.9	3.5
Imports*	65.7	64.0	54.6	49.7
Trade Balance	-42.1	-40.6	-33.7	-30.3

* : Including imports of non-residents.

(1) : Preliminary

In light of these developments, the trade balance deficit (total exports *minus* imports) declined by 7.5 percent to reach JD 8,305.6 million in 2016, compared to its level in 2015. These developments were the outcome of the following:



Total Merchandize Exports

Total exports (domestic exports *plus* re-exports) decreased by 4.1 percent in 2016 to reach JD 5,331.4 million. This decrease was mainly due to a decline of 8.9 percent in domestic exports, to reach JD 4,369.3 million, and an increase of 26.0 percent in re-exports to reach JD 962.1 million. Exports continue to be affected by the closure of the Syrian and Iraqi borders, in addition to the slowdown in global demand.

Domestic Exports

- The commodity composition of domestic exports in 2016 revealed the following:

- A decline in **potash** exports by JD 132.9 million (30.6 percent) to reach JD 301.7 million, compared to an increase of 2.5 percent during 2015, mainly due to the decline in exported quantities and global potash prices. It is noteworthy that potash production declined markedly in 2016, as the Arab Potash Company (APC) carried out comprehensive maintenance. Moreover, the company had been slow in signing export contracts with many importing companies. Potash exports accounted for 6.9 percent of domestic exports, and the main destination markets were India, China, and Malaysia; which together accounted for 68.4 percent of potash exports.
- A decline in the exports of **vegetables** by JD 93.8 million (23.5 percent) to reach JD 306.0 million, compared to a decline of 12.6 percent in 2015, which was an outcome of a decline in exported quantities and prices. Exports of vegetables constituted approximately 7.0 percent of domestic exports. The main destination markets were the UAE, Saudi Arabia, and Kuwait; which collectively accounted for 62.5 percent of these exports.
- A decrease in **phosphate** exports by JD 63.2 million (17.0 percent) to reach JD 308.4 million, compared to an increase of 11.6 percent in 2015. This was a result of the decline in exported quantities and global phosphate prices. Phosphate exports accounted for 7.1 percent of

domestic exports, and the main destination markets were India and Indonesia; which together consumed 84.1 percent of phosphate exports.

Major Domestic Exports By Commodity

2015 – 2016, JD Million

	2015	2016 ⁽¹⁾	Percentage Change
Domestic Exports	4,797.6	4,369.3	-8.9
Clothes	979.1	1,005.5	2.7
United States	879.3	895.8	1.9
Medical & Pharmaceutical Products	398.9	467.7	17.3
Saudi Arabia	95.4	112.0	17.4
Algeria	46.9	63.9	36.2
Iraq	31.6	56.5	78.8
United Arab Emirates	31.0	34.3	10.6
Phosphates	371.6	308.4	-17.0
India	248.5	196.2	-21.0
Indonesia	57.4	63.1	9.9
Vegetables	399.8	306.0	-23.5
United Arab Emirates	77.4	68.2	-11.9
Saudi Arabia	74.5	64.8	-13.0
Kuwait	67.0	58.2	-13.1
Potash	434.6	301.7	-30.6
India	110.1	83.9	-23.9
China	146.1	80.7	-44.7
Malaysia	44.3	41.9	-5.4
Fertilizers	151.5	132.5	-12.5
Turkey	26.5	43.2	63.0
Iraq	31.9	35.3	10.7
India	45.1	30.3	-32.8
Fruit and Nuts	141.4	116.7	-17.4
Kuwait	42.2	41.1	-2.6
Arabia Saudi	41.9	30.2	-27.9
United Arab Emirates	12.9	13.1	1.6

Source : Department of Statistics

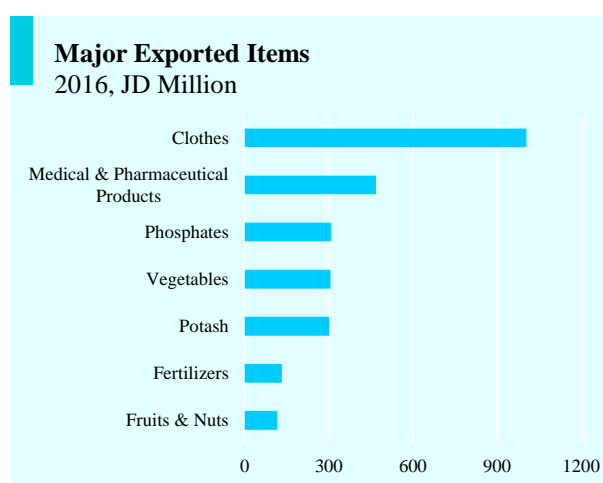
(1) : Preliminary

- A decline in the exports of “**Fruits and Nuts**” by JD 24.7 million (17.4 percent) to reach JD 116.7 million compared to an increase of 30.4 percent in 2015, which was an outcome of the decline in prices and exported quantities. Fruits and Nuts constituted approximately 2.7 percent of domestic exports, and the main destination markets were Saudi Arabia, Kuwait, and the UAE; collectively accounting for 72.3 percent of these exports.
- A decline in the exports of **fertilizers** by JD 19.0 million (12.5 percent) to reach JD 132.5 million, compared to a decline of 50.0 percent in 2015. This was an outcome of the decrease in prices and the increase in exported quantities. Fertilizers accounted for 3.0 percent of domestic exports. Turkey, Iraq, and India were the main destination markets; collectively accounting for 82.1 percent of these exports.
- An increase in the exports of **clothes** by JD 26.4 million (2.7 percent) to reach JD 1,005.5 million, compared to an increase of 7.8 percent during 2015. This was a result of the increase in both prices and exported quantities. Clothes constituted approximately 23.0 percent of domestic exports and the main destination market was the USA

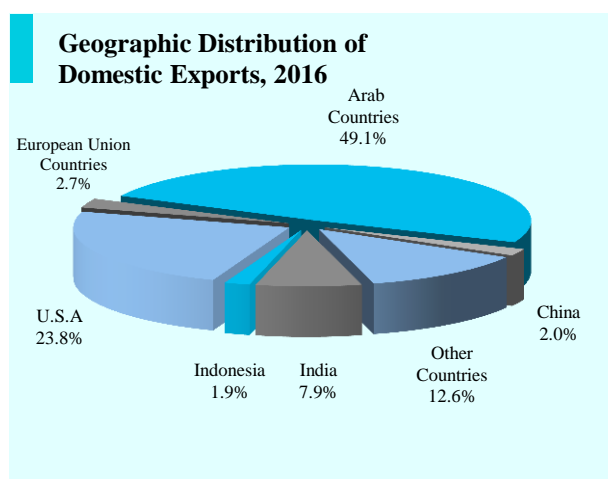
which accounted for the majority of these exports (89.1 percent).

- An increase in “**medical and pharmaceutical products**” exports by JD 68.8 million (17.3 percent) to reach JD 467.7 million, compared to a decrease of 6.0 percent in 2015, which was an outcome of the increase in exported quantities and prices. These products constituted approximately 10.7 percent of domestic exports. The main destination markets were Saudi Arabia, Algeria, Iraq, and the UAE which collectively accounted for 57.0 percent of these exports.

Accordingly, exports of clothes, “medical and pharmaceutical products”, phosphates, vegetables, potash, fertilizers, and “Fruits and Nuts” topped the list of exported commodities, and collectively, accounted for 60.4 percent of domestic exports in 2016 compared to 60.0 percent in 2015.



- The commodity structure of exports according to economic functions revealed a decline in the exports of “consumer goods” by 4.6 percent to reach JD 2,562.7 million, which constituted 58.7 percent of total domestic exports in 2016, compared to 56.0 percent in 2015. Also, exports of "crude materials and intermediate goods" decreased by 13.7 percent to stand at JD 1,714.7 million. Hence, the share of these exports went down from 41.4 percent in 2015 to 39.2 percent in 2016.
- As for the geographical distribution of domestic exports, the markets of the USA, Saudi Arabia, India, Iraq, the UAE, Kuwait, and Qatar, collectively accounted for 67.6 percent of domestic exports in 2016, compared to 67.7 percent in 2015.



• Re-Exports

Re-exported goods increased by JD 198.3 million (26.0 percent) to reach JD 962.1 million in 2016, compared to a decline of 3.3 percent in 2015, and therefore constituted

around 18.0 percent of total exports, compared to 13.7 percent in 2015. This was mainly due to the increase in “Civil aircraft and parts”, which constituted approximately 30.0 percent of re-exports. The markets of France, the USA, Saudi Arabia and the UAE collectively acquired 29.5 percent of total re-exported goods during 2016.

The commodity structure of re-exports according to economic functions in 2016 showed that capital goods accounted for 60.9 percent of total re-exported goods. Consumer goods and "crude materials and intermediate goods", meanwhile, accounted for 20.1 percent and 18.4 percent; respectively.

□ Merchandize Imports

The Kingdom's merchandize imports decreased by JD 900.2 million (6.2 percent), to reach JD 13,637.0 million in 2016, compared to a decline of 10.7 percent in 2015. It is worth mentioning that the energy imports' bill declined by 24.5 percent in 2016 to reach JD 1,844.5 million, and constituted 13.5 percent of total imports. Moreover, merchandize imports (excluding energy) decreased by 2.5 percent to reach JD 11,792.5 million in 2016. The commodity composition of imports in 2016 compared to 2015 demonstrates the following:

- A contraction in the imports of **petroleum products** by JD 405.5 million (41.2 percent) to reach JD 578.9 million, compared to a decrease

of 59.7 percent in 2015. This was attributed to the decline in prices and imported quantities. It is worth mentioning that imported quantities of Diesel and Fuel Oil declined by 54.1 percent, while imported quantities of Liquefied Natural Gas (LNG) increased by 97.2 percent. Petroleum products accounted for approximately 4.2 percent of total imports and the main source markets were Saudi Arabia, Italy, and the UAE; collectively accounting for 65.5 percent of petroleum products exports.

- A decline in the imports of **crude oil** by JD 282.4 million (30.3 percent) to stand at JD 648.6 million, compared to a decrease of 43.3 percent in 2015. This was an outcome of the decline in oil prices and imported quantities by 17.8 percent and 15.2 percent; respectively. Crude oil accounted for 4.8 percent of total imports and the main source market was Saudi Arabia.
- A decrease in the imports of **"iron and steel"** by JD 26.9 million (5.7 percent) to reach JD 444.8 million, compared to a decrease of 10.4 percent in 2015, which was an outcome of the decline in prices and the increase in imported quantities. These imports constituted around 3.3 percent of total imports, and the main source markets were China, Iran, and Ukraine; which collectively accounted for 59.9 percent of these imports.

Major Imports By Commodity 2015-2016, JD Million

	2015	2016 ⁽¹⁾	Percentage Change
Imports	14,537.2	13,637.0	-6.2
Transport Equipment & Spare Parts	1,345.3	1,513.6	12.5
Japan	288.8	313.8	8.7
South Korea	280.4	310.9	10.9
United States	216.8	274.1	26.4
Germany	198.6	200.5	1.0
Crude Oil	931.1	648.6	-30.3
Saudi Arabia	931.1	648.6	-30.3
Textile Yarn, Fabrics & Related Products	599.5	609.7	1.7
China	226.1	238.3	5.4
Taiwan	200.1	187.8	-6.1
Turkey	39.1	60.1	53.7
Petroleum Products	984.4	578.9	-41.2
Saudi Arabia	299.0	157.6	-47.3
Italy	98.0	114.4	16.7
United Arab Emirates	26.7	107.0	300.7
Machinery and electrical appliances and parts thereof	446.4	459.0	2.8
China	136.3	127.7	-6.3
Turkey	36.9	39.3	6.5
Italy	32.7	36.9	12.8
Pharmaceutical products and pharmaceuticals	419.8	458.2	9.1
Germany	53.0	58.1	9.6
United States	40.3	52.9	31.3
France	49.3	47.4	-3.9
Iron & Steel	471.8	444.8	-5.7
China	171.7	151.9	-11.5
Iran	92.9	69.8	-24.9
Ukraine	28.7	44.7	55.7

Source : Department of Statistics.

(1) : Preliminary

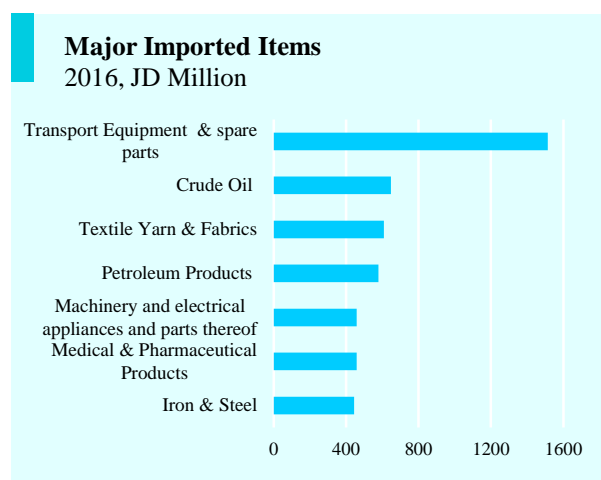
- A rise in the imports of **"textile yarn, fabrics, made up articles and related products"** by JD 10.2 million (1.7 percent) to reach JD 609.7 million, compared to an increase of 0.7 percent in 2015. This was an outcome of the

increase in imported quantities and the decline in prices. These imports constituted approximately 4.5 percent of total imports, and the main source markets were China, Taiwan and Turkey; collectively accounting for 79.7 percent of these imports.

- An increase in the imports of **"Machinery and electrical appliances and parts thereof"** by JD 12.6 million (2.8 percent) to reach JD 459.0 million, compared to an increase of 32.2 percent in 2015, which was an outcome of the increase in imported quantities and the decline in prices. These imports constituted approximately 3.4 percent of total imports, and the main source markets were China, Turkey and Italy; collectively accounting for 44.4 percent of these imports.
- An increase in the imports of **"medical and pharmaceutical products"** by JD 38.4 million (9.1 percent) to reach JD 458.2 million, compared to an increase of 6.4 percent in 2015. This was a result of the increase in prices and the decline in imported quantities. These products constituted 3.4 percent of total imports, and the main source markets were Germany, the USA and France; which collectively accounted for 34.6 percent of these imports.
- An increase in the imports of **"transport equipment and spare parts"** by JD 168.3 million (12.5 percent) to stand at JD 1,513.6 million, compared to an increase of 10.4 percent in 2015, due to the increase in

imported quantities and prices. Transport equipment and spare parts constituted approximately 11.1 percent of total imports, and the main source markets were Japan, South Korea, the USA, and Germany; collectively accounting for 72.6 percent.

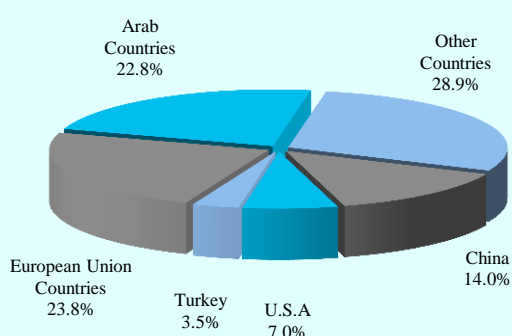
Accordingly, imports of "transport equipment and spare parts", crude oil, "textile yarn, fabrics, made up articles and related products", "petroleum products", "Machinery and electrical appliances and parts thereof", "medical and pharmaceutical products", and "iron and steel", accounted for 34.6 percent of Jordan's total imports in 2016 compared to 35.8 percent in 2015.



- As for the commodity structure of imports according to economic functions, the share of "crude materials and intermediate goods" to imports went down from 51.3 percent in 2015 to 47.8 percent in 2016. Meanwhile, the share of consumer goods and capital goods went up to 34.6 percent and 16.0 percent in 2016, compared to 31.3 percent and 15.7 percent in 2015, respectively.

- The geographical distribution of imports showed that the markets of China, Saudi Arabia, the USA, Germany, the UAE, and Italy accounted for 46.6 percent of total imports in 2016, compared to 46.7 percent in 2015.

Geographic Distribution of Imports, 2016



Commodity Terms-of-Trade

- The price terms-of-trade indicator (the ratio of export price index to import price index) decreased by 9.7 percent in 2016 to reach 63.3 points, compared to 70.1 points in 2015. This development was a result of a decrease in the export price index by 5.5 percent and an increase in the import price index by 4.6 percent.
- Moreover, the quantity terms-of-trade indicator (the ratio of imports quantity index to export quantity index) declined by 1.6 percent in 2016 to reach 68.2 percent. This was a result of a decrease in the quantity indices of imports and exports by 6.2 percent and 4.6 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, decreased by 13.8 percent to reach 153.9 points in 2016.

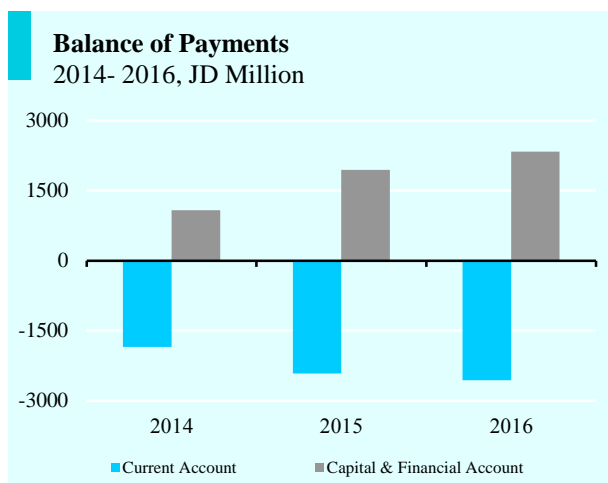
Commodity Terms of Trade 2013-2016, (1994=100)

	2013	2014	2015	2016 ⁽¹⁾
Price terms of trade	68.9	66.2	70.1	63.3
Quantum terms of trade	73.3	70.1	69.3	68.2
Capacity to import	170.8	172.9	178.6	153.9

(1) : Preliminary

Balance of Payments

The transactions of the Jordanian economy with the rest of the world resulted in a surplus of JD 412.6 million in the overall balance of the balance of payments in 2016, compared to a surplus of JD 407.0 million in 2015, in light of the increase in net foreign assets of the banking system by JD 299.1 million and the deficit recorded in the current account (including grants) by JD 2,560.2 million (9.3 percent of GDP). Meanwhile, capital and financial transactions resulted in an increase in the Kingdom's obligations to abroad by JD 2,350.1 million.

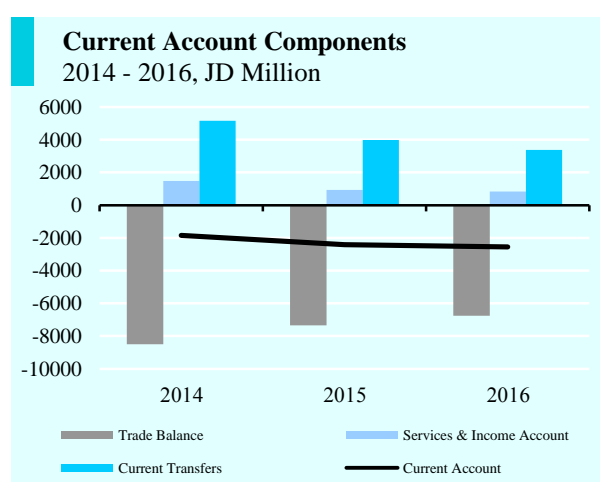


□ Current Account

The current account deficit (excluding grants) increased to register JD 3,451.7 million (12.6 percent of GDP) in 2016, compared to a deficit of JD 3,264.0 million (12.3 percent of GDP) in 2015. Furthermore, the current account deficit (including grants) increased slightly in 2016 to reach JD 2,560.2 million (9.3 percent of GDP), compared to a deficit of JD 2,418.2 million (9.1 percent of GDP) in 2015. This was an outcome of the following developments:

- A decline in the trade balance deficit by JD 574.7 million (7.8 percent) to reach JD 6,761.5 million in 2016.
- A decline in the surplus of the services account by JD 188.1 million, due to a decline in services' receipts by JD 143.5 million, and an increase in payments by JD 44.6 million. The deterioration in the surplus of the services account was largely attributed to a decrease in the surplus registered in travel (net) by JD 84.6 million.

- A decline in the deficit of the income account by JD 91.1 million to reach JD 216.0 million, as a result of a decrease in the deficit of investment income (net) by JD 97.4 million, and a decrease in the surplus of compensation of employees (net) by JD 6.3 million. It is worth noting that the primary current account deficit (current account excluding interest payments on loans) increased to reach 8.6 percent of GDP during 2016, compared to 8.4 percent of GDP in 2015.
- A decline in the surplus of net current transfers by JD 619.7 million to reach JD 3,369.6 million, as a result of a decline in net current transfers for the private sector by JD 666.0 million, and an increase in net public current transfers (foreign grants) by JD 46.3 million. It is worth mentioning that workers' remittances receipts from abroad declined by 2.4 percent to reach JD 2,365.7 million in 2016.



Consequently, current receipts and payments reached JD 13,913.7 million and JD 16,473.9 million; respectively. Accordingly, the coverage ratio of current receipts to current payments declined to 84.5 percent, in 2016, compared to 86.0 percent in 2015. It is noteworthy that the non-oil current account (including grants) registered a deficit of 2.3 percent of GDP in 2016, compared to a surplus of 0.3 percent of GDP in 2015.

□ Capital and Financial Account

Capital and financial transactions with the rest of the world resulted in an increase in the Kingdom's obligations to abroad by JD 2,350.1 million in 2016, compared to an increase by JD 1,945.4 million in 2015. In more details, the developments in the capital and financial transactions were driven by the following:

- Direct investment registered a net inflow of JD 1,090.3 million in 2016, compared to a net inflow of JD 1,135.5 million in 2015, a decline of 4.0 percent. Main foreign direct investment inflows were concentrated in the following:
 - Sales of land and real estate to non-residents, Arabs and foreigners, in an amount of JD 375.1 million.
 - Re-invested earnings in an amount of JD 131.8 million.
 - New and added investments of JD 105.3 million, by Arabs and foreigners, as registered at the Ministry of Industry and Trade.
- Portfolio investments registered a net inflow of JD 848.9 million, compared to a net inflow of JD 919.6 million in 2015. This development was mainly attributed to the issuance of USD 1.0 billion sovereign Eurobonds in 2016, compared to USD 2.0 billion in 2015.
- Other investments displayed a net outflow of JD 432.2 million in 2016, compared to a net inflow of JD 357.9 million in 2015. This came as a result of an increase in banks' deposits abroad by JD 666.7 million, a decline in non-resident deposits at the Jordanian banking system by JD 467.2 million, and an increase in the general government's net loans by JD 425.4 million.
- Reserve assets of the CBJ decreased by JD 783.1 million in 2016, compared to an increase of JD 547.6 million in 2015. This came as a result of a decline in the CBJ's portfolio of foreign securities by JD 809.3 million, and an increase in holdings of monetary gold and "currency and deposits" by JD 32.8 million, and JD 17.2 million, respectively.

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 26,697.1 million at the end of 2016, compared to a net obligation of JD 24,815.1 million at the end of 2015. This was an outcome of the following developments:

□ External Assets

A decrease in the stock of external assets (the stock of claims, obligations and financial assets) for all resident economic sectors by JD 76.9 million at the end of 2016 compared to the end of 2015, to stand at JD 18,581.0 million, as a result of a decrease in the CBJ's reserve assets by JD 730.0 million and an increase in the banking system's holdings of currency and deposits abroad by JD 505.4 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 1,805.0 million at the end of 2016 compared to the end of 2015, to stand at JD 45,278.1 million, as a result of the following:

- An increase in the stock of foreign direct investment by JD 1,079.2 million, to stand at JD 22,825.4 million.
- An increase in the stock of portfolio investments by JD 659.9 million to reach JD 7,429.1 million, due to an increase in the debt securities, after the issuance of a USD 1.0 billion sovereign Eurobonds in the international markets.
- A rise in the outstanding balance of general government long-term loans by JD 364.3 million, to stand at JD 3,813.1 million.
- A decline in the deposits of non-residents at the banking system by JD 579.2 million to reach JD 7,187.1 million.

- A decline in the outstanding balance of the IMF credit facilities by JD 173.1 million to reach JD 1,137.4 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 its level in 2014. Furthermore, the number of laid-anchor ships decreased by 25 ships to reach 2,244 ships in 2015, compared to 2,269 ships in 2014.

The volume of commodities exported through the port in 2015 increased by 0.6 percent to reach 5.2 million tons in 2015. On the other hand, the volume of commodities imported through the port in 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 in 2015, the data showed a decrease in the number of arrivals and departures by 30.0 thousand and 9.8 thousand compared to its level in 2014, to reach 256.9 thousand and 244.2 thousand; respectively.

STATISTICAL TABLES ANNEX



STATISTICAL TABLES ANNEX

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Table 1
Gross Domestic Product at Current Prices
by Economic Activity

(JD Million)

	2012	2013	2014	2015 ⁽¹⁾	2016 ⁽¹⁾
Agriculture, Hunting, Forestry and Fishing	604.5	713.7	845.4	979.9	1,039.3
Mining and Quarrying	723.6	563.9	676.8	777.8	650.2
Manufacturing	3,633.4	4,074.4	4,254.5	4,335.3	4,395.6
Electricity and Water	482.8	531.0	592.5	685.7	758.6
Construction	961.7	1,060.6	1,140.0	1,159.6	1,195.8
Trade, Restaurants, and Hotels	2,055.9	2,279.9	2,428.2	2,479.2	2,543.6
Transport, Storage and Communications	2,637.4	2,889.2	2,975.5	3,122.3	3,270.8
Finance, Insurance, Real Estate and Business Services	3,838.4	4,205.3	4,514.7	4,800.4	5,084.2
Social and Personal Services	781.2	866.0	936.7	985.2	1,050.4
Producers of Government Services	4,485.6	4,831.6	5,080.3	5,269.4	5,384.6
Producers of Private Non-Profit Services for Households	109.3	117.3	126.3	135.1	142.2
Domestic Services of Households	61.3	61.3	61.4	61.4	61.4
Less: Imputed Bank Service Charge	-1,076.9	-1,212.8	-1,266.4	-1,315.5	-1,388.5
GDP at Basic Prices	19,298.2	20,981.4	22,365.9	23,475.8	24,188.1
Net Taxes on Products	2,667.3	2,870.2	3,071.2	3,161.6	3,256.7
GDP at Market Prices	21,965.5	23,851.6	25,437.1	26,637.4	27,444.8
Net Factor Income from Abroad	-275.5	-240.4	-295.9	-307.1	-216.0
GNP at Market Prices	21,690.0	23,611.2	25,141.2	26,330.3	27,228.8

Source : Department of Statistics.

(1) : Preliminary.

Table 2
Expenditure on Gross Domestic Product
at Current Prices

(JD Million)

	2008	2009	2010 ⁽¹⁾	2011 ⁽¹⁾
Total Consumption	15,766.6	16,387.9	17,960.3	21,512.3
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
Gross Capital Formation	4,661.6	4,447.9	4,787.0	4,754.0
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
Total Domestic Demand	20,428.2	20,835.8	22,747.3	26,266.3
Net Exports of Goods and Non-Factor Services	-4,834.8	-3,923.6	-3,985.3	-5,789.7
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
GDP at Market Prices	15,593.4	16,912.2	18,762.0	20,476.6

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)

	2011	2012	2013	2014 ⁽¹⁾	2015 ⁽¹⁾
Field Crops, of which:					
Wheat	19.8	19.2	28.5	27.5	21.9
Barley	29.3	32.1	40.9	38.9	40.5
Tobacco	0.0	0.0	0.0	0.0	0.0
Lentils	0.1	0.1	0.2	0.1	0.6
Maize and Sorghum	34.0	32.8	32.7	24.4	32.9
Clover	99.9	148.3	232.4	277.2	244.2
Vegetables, of which:					
Tomatoes	777.8	738.2	869.1	744.6	870.0
Eggplant	117.0	121.2	109.4	80.7	77.0
Cucumbers	230.4	161.7	179.0	279.6	235.6
Cauliflowers and Cabbages	84.6	79.2	95.2	98.9	98.5
Melons	160.4	150.7	136.5	169.7	168.6
Potatoes	216.5	141.6	103.2	204.1	188.3
Zucchini	93.1	69.0	78.7	60.0	64.8
Fruitful Trees, of which:					
Olives	131.8	155.6	128.2	155.8	200.9
Grapes	38.4	35.7	35.2	34.6	62.3
Citrus Fruits	107.6	111.7	98.7	95.2	126.5
Bananas	48.3	38.9	42.0	37.5	46.8
Apple	39.7	36.4	40.6	39.9	56.6
Peach	16.1	28.1	30.7	32.0	37.3

Source : Department of Statistics.

(1) : Preliminary.

Table 4
Industrial Production Quantity Index

(2010=100)

	Weight	2012	2013	2014	2015 ⁽¹⁾	2016 ⁽¹⁾
Mining Quarrying:	8.224	99.8	98.9	100.5	117.5	106.9
Extraction of petroleum and natural gas	0.077	100.0	100.0	100.0	61.7	58.4
Quarrying of stone, sand and clay	0.370	100.1	99.9	99.7	44.3	84.8
Mining of chemical and fertilizer minerals	7.777	99.7	99.0	100.8	123.9	108.8
Manufacturing:	86.013	108.2	107.8	106.5	97.2	95.7
Food products	13.101	102.1	102.5	101.8	101.3	84.8
Beverages	2.939	100.0	100.0	100.2	92.9	90.5
Tobacco products	5.074	100.7	102.0	102.2	149.0	138.2
Textiles	0.771	100.1	100.1	100.1	91.4	108.1
Wearing apparel	4.760	102.2	102.4	102.7	168.3	328.2
Leather and related	0.146	99.9	100.0	100.1	211.9	282.9
Wood and of products of wood except furniture	0.447	100.0	100.0	100.0	107.5	147.5
Paper and paper products	1.839	100.2	100.2	100.2	103.4	97.8
Printing and reproduction of recorded media	1.607	99.9	99.8	99.6	69.0	66.2
Refined petroleum products	20.430	101.8	99.4	98.6	96.9	84.0
Chemicals and chemical products	7.970	100.5	101.8	101.2	90.3	87.7
Pharmaceuticals, medicinal chemical and botanical products	4.891	99.8	99.5	98.9	70.2	78.1
Rubber and plastic products	2.763	100.2	100.2	100.2	99.5	146.3
Other non-metallic mineral products	5.659	99.5	99.3	99.9	103.3	91.3
Basic metals	3.589	100.2	100.1	100.1	102.0	78.0
Fabricated metal products, except machinery and equipment	3.886	100.0	99.5	99.8	60.2	76.3
Computer, electronic and optical products	0.206	100.0	100.0	100.0	72.3	48.4
Electrical equipment	2.901	100.3	99.9	100.0	74.4	100.8
Machinery and equipment n.e.c.	1.015	99.5	99.8	99.7	159.1	64.2
Motor vehicles, trailers and semi-trailers	0.294	100.0	100.1	100.0	85.5	66.1
Furniture	1.584	101.1	101.1	101.1	208.2	226.4
Other manufacturing	0.143	100.0	100.0	100.0	72.8	83.1
Electricity, Gas, Steam and air conditioning supply	5.763	100.7	100.9	100.9	123.9	125.6
General Index	100.0	108.8	107.6	108.1	100.0	97.9

Source : Department of Statistics.

(1) : Preliminary.

Table 5
Quantities Produced by Major Industries

	Unit	2012	2013	2014	2015	2016 ⁽¹⁾
Mining and Quarrying:						
Phosphate	1000 Ton	6,382.9	5,274.2	7,108.9	8,263.5	7,988.9
Potash	1000 Ton	1,823.4	1,728.4	2,086.2	2,355.0	2,003.5
Manufacturing:						
Fertilizers	1000 Ton	640.3	678.1	886.0	619.4	547.4
Chemical Acids	1000 Ton	1,290.7	1,266.4	1,441.5	1,205.8	1,083.0
Clinker	1000 Ton	1,025.8	906.1	865.0	652.5	574.5
Petroleum Products	1000 Ton	3,476.0	3,081.9	3,007.1	3,211.9	2,793.3
Electricity	Mill.K.W.H.	7,895.5	7,539.3	8,147.9	6,557.4	4,536.2

Source : Industrial Companies in Jordan.

(1) : Preliminary.

Table 6
Registered Companies According to Economic Activity

(Capital in JD Million)

	2012		2013		2014		2015		2016 ⁽¹⁾	
	Number	Capital	Number	Capital	Number	Capital	Number	Capital	Number	Capital
Agriculture	707	35.3	687	29.3	751	30.4	720	12.5	810	15.5
Industry	2,172	60.1	2,263	163.3	2,179	58.2	1,891	49.1	2,455	42.1
Construction	241	16.3	217	10.3	224	11.1	148	7.7	121	5.2
Trade	1,995	63.5	1,927	53.8	1,707	43.1	1,356	22.3	1,374	20.5
Services	2,637	64.0	2,760	81.0	2,660	52.9	2,222	67.4	2,301	44.1
Total	7,752	239.2	7,854	337.7	7,521	195.7	6,337	158.9	7,061	127.4

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

(1) : Preliminary.

Table 7
Construction Activity in The Kingdom

(Area in Thousands of Sq. M.)

	2012	2013	2014	2015	2016 ⁽¹⁾
(A) Residential					
No. of Permits	29,940	33,906	36,642	32,882	36,367
Amman	7,956	8,096	8,904	7,596	7,172
Irbid	8,429	10,063	11,118	10,496	11,293
Zarqa	2,804	3,223	3,103	2,765	3,292
Other	10,751	12,524	13,517	12,025	14,610
Area	10,691.2	11,817.6	12,578.4	10,879.0	10,799.7
Amman	6,013.2	6,075.6	6,084.1	4,967.3	4,019.7
Irbid	1,806.0	2,243.1	2,611.9	2,378.1	2,599.3
Zarqa	756.3	942.9	983.4	888.8	1,076.3
Other	2,115.7	2,556.0	2,899.0	2,644.8	3,104.3
(B) Other Purposes					
No. of Permits	2,526	2,695	2,936	2,893	3,043
Amman	1,188	1,176	1,334	1,322	1,373
Irbid	431	568	672	657	547
Zarqa	338	423	471	477	600
Other	569	528	459	437	523
Area	2,215.5	2,167.5	2,413.9	2,243.8	2,510.5
Amman	1,604.0	1,338.3	1,616.8	1,457.0	1,618.5
Irbid	131.1	254.8	233.6	268.9	188.6
Zarqa	146.6	175.6	265.2	217.3	294.4
Other	333.8	398.8	298.3	300.6	409.0
Total (A+B)					
No. of Permits	32,466	36,601	39,578	35,775	39,410
Area	12,906.7	13,985.1	14,992.3	13,122.8	13,310.1

Source : Department of Statistics.

Note : Stating June 2015 the data on construction activity are based on Department of Statistics rather than Jordan Engineers Association.

(1) : Preliminary.

Table 8
Consumer Price Index

(2010=100)

	Weight	2012	2013	2014	2015	2016
Food and non-Alcoholic Beverages	33.365	109.0	113.6	114.0	115.2	111.2
Food Item, of which:	30.505	108.7	113.4	113.7	115.1	110.7
Cereal and its Products	4.993	97.3	97.2	97.9	98.1	98.6
Meat and Poultry	8.224	112.6	118.8	118.4	118.8	106.7
Dairy Products and Eggs	4.233	117.9	123.2	122.7	123.4	120.2
Oils and Fats	1.915	105.8	102.3	102.3	106.1	108.7
Fruits and Nuts	2.735	110.0	119.1	122.1	128.0	124.1
Vegetables and Legumes Dry and Canned	3.886	100.8	113.9	111.4	113.4	108.3
Sugar and its Products	2.771	112.8	112.7	114.6	114.9	115.0
Non-Alcoholic Beverages	2.860	112.0	115.4	116.8	116.5	117.0
Alcohol and Tobacco and Cigarettes	4.431	104.4	94.4	108.5	112.3	115.9
Alcoholic Beverages	0.028	104.4	105.7	120.3	121.6	124.9
Tobacco and Cigarettes	4.403	104.4	94.3	108.4	112.2	115.8
Clothing and Footwear	3.549	110.1	114.5	125.2	131.3	133.3
Housing, of which:	21.920	107.4	114.7	120.2	120.9	122.3
Rents	15.570	108.5	113.2	120.8	126.8	130.0
Fuels and Lighting	4.847	105.2	122.7	122.5	106.2	101.5
Household Furnishings and Equipment	4.186	105.8	108.3	110.8	112.9	114.0
Health	2.212	112.3	107.8	114.6	117.5	121.9
Transportation	13.575	116.9	129.5	132.3	113.5	109.1
Communication	3.504	95.2	95.2	95.2	95.2	95.0
Culture and Recreation	2.274	103.9	103.7	106.4	112.2	117.4
Education	5.407	107.1	111.1	114.8	118.3	120.6
Restaurants and Hotels	1.834	114.2	126.0	128.6	130.3	131.8
Other Goods and Services	3.746	108.8	115.1	116.6	117.6	120.2
Consumer Price Index	100.0	108.9	114.1	117.4	116.4	115.5

Source : Department of Statistics.

Table 9
Relative Distribution of Jordanian Workers Aged 15 years and Over
By Economic Activity ⁽¹⁾

	2012	2013	2014	2015	2016
Total Labor Force	1,443,577	1,444,699	1,460,337	1,607,630	1,660,256
Total Number of Workers	1,268,107	1,262,636	1,286,688	1,398,030	1,406,640
Relative Distribution of Workers by Economic Activity					
Agriculture, Forestry and Fishing	2.0	2.0	1.8	1.7	1.9
Mining and Quarrying	0.8	1.0	0.8	0.8	0.8
Manufacturing	9.7	9.9	10.2	10.0	9.7
Construction	6.0	6.4	6.6	6.0	6.1
Wholesale and Retail Trade	15.5	15.7	15.3	15.3	15.4
Transport, Storage and Communications	9.1	9.2	9.6	9.3	8.9
Financial and Insurance Activities	2.0	1.9	2.1	1.7	1.9
Public Administration, Defense and Social Security	25.5	26.2	26.2	26.3	26.1
Education	12.6	12.1	11.9	12.4	11.5
Human Health and Social Service	5.1	5.0	4.9	5.0	5.1
Others	11.7	10.6	10.6	11.5	12.6
Total	100.0	100.0	100.0	100.0	100.0

Sources : Department of Statistics.

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

(1) : Preliminary.

Table 10
Monetary Survey of the Banking System ⁽¹⁾

(JD Million)

	2012	2013	2014	2015	2016
Foreign Assets (Net)	6,665.5	6,923.4	7,932.3	8,137.3	8,845.4
Central Bank	6,139.7	8,487.4	9,939.5	10,124.2	9,831.5
Licensed Banks	525.8	-1,564.0	-2,007.2	-1,986.9	-986.1
Domestic Assets (Net)	18,279.7	20,440.0	21,308.1	23,468.2	24,030.8
Net Claims on Public Sector	9,944.8	10,959.1	10,854.3	11,739.8	10,999.1
A) Net Claims on Central Government General Budget	7,805.3	9,004.5	9,265.5	9,173.5	8,244.9
B) Net Claims on Central Government Own-Budget	1,656.0	1,490.3	1,208.4	2,212.9	2,208.9
C) Claims on Public Entities	483.5	464.3	380.4	353.4	545.3
Claims on Private Sector (Resident)	15,953.6	17,222.5	17,852.8	18,704.5	20,590.3
Claims on Financial Institutions	204.1	166.6	167.4	165.7	279.8
Other Items (Net)	-7,822.8	-7,908.2	-7,566.4	-7,141.8	-7,838.4
Money Supply (M2)	24,945.2	27,363.4	29,240.4	31,605.5	32,876.2
Money Supply (M1)	7,211.1	8,408.4	9,231.7	9,880.2	10,386.9
Currency in Circulation	3,215.0	3,606.6	3,804.4	3,933.2	4,181.3
Demand Deposits in Jordan Dinar	3,996.1	4,801.8	5,427.3	5,947.0	6,205.6
Quasi-Money	17,734.0	18,955.0	20,008.7	21,725.3	22,489.3
Demand Deposits in Foreign Currencies	2,307.6	2,175.6	2,242.3	2,510.4	2,776.9
Time and Saving Deposits, of which:	15,426.4	16,779.4	17,766.4	19,214.9	19,712.4
In Foreign Currencies	3,088.0	2,459.6	2,221.2	2,199.2	2,642.0

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

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

Table 11
Factors Affecting Money Supply⁽¹⁾

(JD Million)

	2012	2013	2014	2015	2016
Foreign Assets (Net)	-2,704.6	257.9	1,008.9	205.0	708.1
Central Bank	-3,108.4	2,347.7	1,452.1	184.7	-292.7
Licensed Banks	403.8	-2,089.8	-443.2	20.3	1,000.8
Domestic Assets (Net)	3,530.8	2,160.4	868.1	2,160.1	562.6
Net Claims on Public Sector	2,729.8	1,014.2	-104.8	885.5	-740.7
A) Net Claims on Central Government General Budget	1,514.1	1,199.2	261.0	-92.0	-928.6
B) Net Claims on Central Government Own-Budget	1,246.0	-165.8	-281.9	1,004.5	-4.0
C) Claims on Public Entities	-30.3	-19.2	-83.9	-27.0	191.9
Claims on Private Sector (Resident)	1,028.6	1,268.9	630.3	851.7	1,885.8
Claims on Financial Institutions	-0.4	-37.5	0.8	-1.7	114.1
Other Items (Net)	-227.2	-85.2	341.8	424.6	-696.6
Money Supply (M2)	826.2	2,418.3	1,877.0	2,365.1	1,270.7
Money Supply (M1)	-60.4	1,197.3	823.3	648.5	506.7
Currency in Circulation	195.7	391.6	197.8	128.8	248.1
Demand Deposits in Jordan Dinar	-256.1	805.7	625.5	519.7	258.6
Quasi-Money	886.6	1,221.0	1,053.7	1,716.6	764.0
Demand Deposits in Foreign Currencies	732.4	-132.0	66.7	268.1	266.5
Time and Saving Deposits, of which:	154.2	1,353.0	987.0	1,448.5	497.5
In Foreign Currencies	1,137.3	-628.2	-238.4	-22.0	442.8

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)

	2012	2013	2014	2015	2016
Foreign Assets	7,027.0	10,568.1	12,142.2	12,514.7	11,784.8
Gold & SDRs	681.2	577.4	655.2	1,095.2	1,146.3
Cash, Balances & Deposits	2,602.6	4,221.3	5,892.1	4,823.1	4,851.3
Bonds & Treasury Bills	2,976.3	5,002.5	4,828.0	5,829.5	5,020.3
Other Foreign Assets ⁽¹⁾	766.9	766.9	766.9	766.9	766.9
Domestic Assets	3,287.4	2,635.8	1,890.6	1,814.7	1,668.2
Claims on Central Government	2,052.5	1,637.5	1,169.7	1,003.8	938.4
Claims on Deposit-Money Banks	432.3	453.7	511.2	355.6	338.2
Claims on Financial Institutions	81.6	76.3	76.3	76.2	97.0
Claims on Private Sector	20.0	20.6	22.4	23.2	22.9
Other Assets	701.0	447.8	111.0	355.9	271.7
Assets = Liabilities	10,314.4	13,203.9	14,032.8	14,329.4	13,453.0
Currency Issued	3,558.0	3,938.1	4,177.9	4,336.8	4,620.8
Banks' Deposits	4,553.5	6,169.5	7,279.8	7,614.9	6,406.2
In Jordan Dinar, of which:	3,677.1	5,457.7	6,541.6	6,997.0	5,668.7
Certificates of Deposit	230.9	230.9	259.3	1,076.5	1,030.9
In Foreign Currencies	876.4	711.8	738.2	617.9	737.5
Public Entities Deposits	15.2	13.3	1.9	1.1	1.4
Central Government Deposits	759.1	1,125.0	956.9	914.1	1,031.0
Financial Institutions Deposits	3.7	7.4	5.7	4.5	15.1
Foreign Liabilities	612.9	1,348.9	1,196.5	961.2	817.7
Total Capital and Reserves	464.4	290.8	154.1	240.1	293.5
Other Liabilities	347.6	310.9	260.0	256.7	267.3

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*

	2012	2013	2014	2015	2016
EURO	1.097	1.063	1.061	1.296	1.337
U.S. Dollar	1.410	1.410	1.410	1.410	1.410
Pound Sterling	0.890	0.903	0.856	0.940	1.128
Japanese Yen	112.5	137.5	148.9	171.6	163.5

Source : Central Bank of Jordan.

Table 14
Assets and Liabilities of Licensed Banks

(JD Million)

	2012	2013	2014	2015	2016
Foreign Assets	6,353.1	5,151.9	4,731.1	4,684.5	5,444.6
Cash in Vaults (In Foreign Currencies)	289.6	238.7	210.5	184.2	174.5
Balances with Foreign Banks	4,437.5	3,348.1	3,289.6	3,258.5	3,934.9
Portfolio (Non-Resident)	483.9	508.9	641.9	692.6	716.9
Credit Facilities to Private Sector (Non-Resident)	853.4	818.0	481.9	477.1	479.8
Other Foreign Assets	288.7	238.2	107.2	72.1	138.5
Domestic Assets	32,922.3	37,650.9	40,137.0	42,448.7	42,938.9
Claims on Public Sector	9,023.8	10,458.8	11,015.4	11,514.1	11,086.2
Claims on Central Government	8,540.3	9,994.5	10,635.0	11,160.6	10,540.9
Claims on Public Entities ⁽¹⁾	483.5	464.3	380.4	353.4	545.3
Claims on Private Sector (Resident)	15,933.5	17,201.9	17,830.3	18,681.3	20,567.4
Claims on Financial Institutions	122.5	90.3	91.1	89.4	182.8
Cash in Vaults & Deposits with the CBJ	4,842.0	6,497.0	7,591.0	7,972.4	6,768.0
Other Assets	3,000.5	3,402.9	3,609.2	4,191.5	4,334.5
Assets = Liabilities	39,275.4	42,802.8	44,868.1	47,133.2	48,383.5
Capital, Reserves and Provisions	5,848.2	6,146.2	6,773.7	7,107.8	7,261.2
Foreign Liabilities	5,827.2	6,716.1	6,738.3	6,671.4	6,430.7
Central Government Deposits	646.7	744.0	1,380.0	1,293.2	1,130.2
Public Entities Deposits ⁽¹⁾	1,049.3	1,262.4	1,091.2	1,423.8	1,339.9
Private Sector Deposits (Resident)	20,387.0	22,195.8	23,976.8	25,799.8	26,952.9
Financial Institutions Deposits	274.9	277.9	360.4	443.2	385.5
Credit from the CBJ	998.3	842.7	645.6	500.6	499.3
Other Liabilities	4,243.8	4,617.7	3,902.1	3,893.4	4,383.8

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

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

Table 15
Deposits Structure with Licensed Banks

(JD Million)

	2012	2013	2014	2015	2016
Public Sector	1,696.1	2,006.6	2,471.1	2,717.1	2,470.2
Demand Deposits	240.1	271.3	293.9	378.0	461.9
In Jordan Dinar	227.7	258.1	281.0	362.6	419.1
In Foreign Currencies	12.4	13.2	12.9	15.4	42.8
Saving Deposits	0.5	1.1	1.9	0.6	2.8
In Jordan Dinar	0.5	1.1	1.9	0.6	2.7
In Foreign Currencies	0.0	0.0	0.0	0.0	0.1
Time Deposits	1,455.5	1,734.2	2,175.3	2,338.5	2,005.5
In Jordan Dinar	1,427.3	1,719.5	2,164.4	2,305.2	1,895.5
In Foreign Currencies	28.2	14.7	10.9	33.3	110.0
Private Sector (Resident)	20,387.0	22,195.8	23,976.9	25,799.7	26,952.9
Demand Deposits	6,114.0	6,765.7	7,419.0	8,163.8	8,647.7
In Jordan Dinar	3,867.4	4,657.5	5,222.6	5,709.9	5,894.1
In Foreign Currencies	2,246.6	2,108.2	2,196.4	2,453.9	2,753.6
Saving Deposits	3,293.3	3,234.8	3,651.6	4,034.9	4,725.2
In Jordan Dinar	2,322.4	2,527.1	2,906.6	3,262.6	3,758.6
In Foreign Currencies	970.9	707.7	745.0	772.3	966.6
Time Deposits	10,979.7	12,195.3	12,906.3	13,601.0	13,580.0
In Jordan Dinar	8,894.4	10,461.5	11,445.7	12,190.5	11,920.2
In Foreign Currencies	2,085.3	1,733.8	1,460.6	1,410.5	1,659.8
Private Sector (Non-Resident)	2,611.7	3,113.0	3,452.6	3,638.5	3,091.4
Demand Deposits	1,029.3	1,132.1	1,187.3	1,308.8	1,135.6
In Jordan Dinar	136.1	219.6	301.2	347.3	392.5
In Foreign Currencies	893.2	912.5	886.1	961.5	743.1
Saving Deposits	419.7	663.1	533.6	550.1	488.8
In Jordan Dinar	97.1	183.7	192.9	227.3	235.1
In Foreign Currencies	322.6	479.4	340.7	322.8	253.7
Time Deposits	1,162.7	1,317.8	1,731.7	1,779.6	1,467.0
In Jordan Dinar	508.7	744.8	1,175.8	1,217.2	1,086.2
In Foreign Currencies	654.0	573.0	555.9	562.4	380.8
Non-Banking Financial Institutions	274.9	277.8	360.4	443.2	385.5
Demand Deposits	69.4	68.8	87.1	97.6	67.4
In Jordan Dinar	33.2	28.3	56.3	56.7	53.7
In Foreign Currencies	36.2	40.5	30.8	40.9	13.7
Saving Deposits	0.9	1.4	1.6	1.0	1.3
In Jordan Dinar	0.0	0.4	0.7	0.1	0.5
In Foreign Currencies	0.9	1.0	0.9	0.9	0.8
Time Deposits	204.6	207.6	271.7	344.6	316.8
In Jordan Dinar	196.3	201.4	264.0	334.5	310.0
In Foreign Currencies	8.3	6.2	7.7	10.1	6.8
Total	24,969.7	27,593.2	30,261.0	32,598.5	32,900.0

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)

	2012	2013	2014	2015	2016
	By Economic Activity				
Agriculture	254.9	235.7	243.4	217.1	304.5
Mining	73.0	164.1	196.1	170.2	288.4
Industry	2,515.7	2,649.6	2,531.2	2,145.8	2,203.4
General Trade	3,754.9	3,937.3	3,683.8	3,883.8	4,075.5
Construction	3,682.6	4,086.4	4,552.8	4,904.5	5,827.7
Transportation Services	554.5	536.7	292.7	259.8	355.8
Tourism, Hotels and Restaurants	505.6	503.5	571.5	593.1	597.7
Public Services and Utilities	2,172.0	2,172.6	2,170.0	3,232.0	3,296.2
Financial Services	486.1	508.8	539.5	515.2	577.2
Other, of which:	3,830.5	4,145.0	4,493.5	5,182.0	5,379.4
Buying Shares	322.5	260.0	210.1	178.5	168.6
Total	17,829.8	18,939.7	19,274.5	21,103.5	22,905.8
of which in Foreign Currencies	2,297.7	2,670.6	2,567.7	2,821.8	2,719.2
	By Borrower				
Central Government	1,234.5	1,222.3	1,133.2	2,193.7	2,154.9
Public Entities	357.2	320.9	348.6	325.6	358.2
Financial Institutions	9.1	9.5	6.6	9.0	11.6
Private Sector (Resident)	15,375.6	16,569.1	17,304.1	18,098.1	19,901.4
Private Sector (Non-Resident)	853.4	818.0	482.0	477.1	479.7

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

Table 17

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

(JD Million)

	2012	2013	2014	2015	2016
Cash in Vaults	180.6	216.1	201.5	206.9	202.5
Balances with the Banking System	1,657.5	1,845.3	1,726.8	1,637.4	1,788.3
Credit Facilities	1,534.6	1,515.0	1,567.2	1,761.3	1,917.5
In Jordan Dinar	199.6	186.5	216.8	247.7	244.1
In U.S. Dollar	842.8	814.2	892.4	816.1	855.2
In Other Foreign Currencies	492.2	514.3	458.0	697.5	818.2
Portfolio	408.1	430.4	497.8	436.1	504.6
Other Assets	116.5	112.1	131.2	127.6	153.9
Assets = Liabilities	3,897.3	4,118.9	4,124.5	4,169.3	4,566.8
Deposits of Banking System	189.1	163.8	159.5	183.0	280.8
Customers' Deposits	2,952.0	3,160.9	3,126.2	3,185.8	3,438.3
In Jordan Dinar	768.5	904.1	933.5	957.4	974.6
In U.S. Dollar	1,177.8	1,243.7	1,136.2	1,097.4	1,270.3
In Other Foreign Currencies	1,005.7	1,013.1	1,056.5	1,131.0	1,193.4
Capital, Reserves and Provisions	528.2	555.0	586.3	556.8	593.5
Other Liabilities	228.0	239.2	252.5	243.7	254.2

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

Table 18
Assets and Liabilities of Insurance Companies

(JD Million)

	2011	2012	2013	2014	2015
Balances and Deposits	197.7	213.8	235.4	272.8	271.5
Accounts Receivable	137.8	133.2	143.9	143.4	163.7
Customers (Debtors)	105.5	106.4	122.2	121.1	135.2
Re-Insurance Companies	32.3	26.8	21.7	22.3	28.5
Investments and Other Assets	383.5	392.1	418.7	426.0	434.5
Assets = Liabilities	719.0	739.1	798.0	842.2	869.7
Paid-up Capital and Reserves	313.1	310.7	319.2	309.0	312.1
Accounts Payable	89.6	83.0	89.5	93.8	100.5
Creditors	38.3	27.7	32.4	33.2	37.5
Re-Insurance Companies	51.3	55.3	57.1	60.6	63.0
Provisions	9.0	10.2	12.4	14.2	11.5
Technical Reserves	254.3	284.4	327.7	355.8	386.8
Accounting Reserve	65.6	70.1	76.3	83.6	93.3
Unexpired Risks Reserve	98.1	109.8	120.4	124.3	133.2
Outstanding Claims Reserve	90.6	104.5	131.0	147.9	160.3
Other Liabilities	53.0	50.8	49.2	69.4	58.8

Source : Insurance Commission.

Table 19
The Premiums Underwritten of Insurance Companies

(JD Million)

	2012	2013	2014	2015	2016 ⁽¹⁾
Maritime	24.9	24.6	25.5	22.5	20.5
Fire	61.2	68.3	69.1	69.5	74.6
Motor	195.9	201.9	212.5	221.9	225.8
Accidents ⁽²⁾	22.4	21.6	23.9	21.0	20.4
Life	44.4	47.4	53.1	61.0	70.1
Medical	117.7	128.6	141.7	154.4	171.5
Total	466.5	492.5	525.8	550.4	582.9

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)

	2012	2013	2014	2015	2016 ⁽¹⁾
Maritime	12.0	6.4	6.8	7.3	4.0
Fire	13.1	12.8	42.1	19.9	46.7
Motor	177.1	160.5	175.7	188.5	208.3
Accidents ⁽²⁾	3.1	2.6	6.3	4.9	6.4
Life	24.7	24.5	28.5	27.2	28.0
Medical	105.0	110.3	113.4	124.0	145.5
Total	335.0	317.1	372.9	371.8	438.9

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)				
	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016
Industry	385.4	397.7	379.1	346.6	703.7	380.9	382.4	390.4	347.6	361.9
Services	403.9	408.1	373.5	729.6	423.6	464.5	444.9	423.1	460.4	396.5
Financial	1,189.5	2,221.4	1,510.8	2,340.9	1,202.1	1,537.8	1,878.5	1,508.2	1,777.8	1,077.3
Total	1,978.8	3,027.2	2,263.4	3,417.1	2,329.5	2,384.1	2,705.8	2,321.8	2,585.8	1,836.7

Source : Amman Stock Exchange.

Table 22
Share Price Index Weighted by Market Capitalization⁽¹⁾
(Closing December 1991=1000)

Sector	2012	2013	2014	2015	2016
Industry	4,606.4	3,210.4	2,691.3	2,731.2	2,648.7
Banks	7,297.4	8,035.2	8,373.0	8,463.7	8,444.5
Services	1,240.4	1,255.1	1,211.2	1,141.0	954.5
Insurance companies	1,251.0	1,214.1	1,337.7	1,369.6	1,385.4
General Index	4,593.9	4,336.7	4,237.6	4,229.9	4,069.7

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	2012	2013	2014	2015	2016
Industrial	2,176.6	1,964.9	1,852.0	1,848.8	2,093.0
Services	1,651.1	1,664.8	1,794.8	1,726.7	1,604.7
Financial ⁽¹⁾	2,363.6	2,703.9	2,920.9	2,906.2	2,933.2
General Index	1,957.6	2,065.8	2,165.5	2,136.3	2,170.3

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)

	2012	2013	2014	2015	2016 ⁽¹⁾
Assets					
Financial instruments portfolio	835.0	890.6	689.0	934.0	861.0
Bonds portfolio	1,548.0	2,135.5	2,868.0	3,412.0	4,184.0
Loans portfolio	160.0	149.2	138.0	161.0	168.0
Equity Investment for trading portfolio	2,317.0	2,112.2	2,142.0	2,204.0	2,103.0
Real estate portfolio	412.0	392.2	412.0	538.0	581.0
Foreign investments portfolio	33.0	45.6	27.0	28.0	28.0
Investments in hotels	246.0	284.0	287.0	252.0	250.0
Other assets	49.0	107.6	297.0	114.0	150.0
Total Assets	5,600.0	6,116.9	6,860.0	7,643.0	8,325.0

Source: Social Security Corporation.

(1) : Preliminary.

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

(JD Million)

	2012	2013	2014	2015	2016	
					Budget Law	Actual
Budgetary Central Government						
Total Revenues and Grants	5,054.2	5,758.9	7,267.6	6,797.1	7,589.0	7,069.7
Domestic Revenues	4,726.9	5,119.8	6,031.1	5,910.9	6,775.0	6,233.7
Foreign Grants	327.3	639.1	1,236.5	886.2	814.0	836.0
Total Expenditures	6,878.2	7,076.9	7,851.1	7,722.9	8,495.7	7,948.5
Current Expenditures	6,202.8	6,055.9	6,713.6	6,624.5	7,185.1	6,919.3
Capital Expenditures	675.4	1,021.0	1,137.5	1,098.4	1,310.6	1,029.2
Overall Deficit/Surplus	-1,824.0	-1,318.0	-583.5	-925.8	-906.7	-878.8
Own-Budget Agencies						
Total Revenues and Grants	337.7	506.8	617.4	1,364.5	1,529.2	1,710.2
Domestic Revenues	291.7	448.2	556.4	1,283.8	1,466.5	1,658.3
Foreign Grants	46.0	58.6	61.0	80.7	62.7	51.9
Total Expenditures	1,407.7	1,711.7	1,663.8	1,602.7	1,905.5	1,740.4
Current Expenditures	1,010.1	1,163.3	1,097.0	1,027.9	1,178.8	1,093.3
Capital Expenditures	397.6	548.4	566.9	574.8	726.7	647.1
Overall Deficit/Surplus	-1,070.0	-1,204.9	-1,046.4	-238.2	-376.4	-30.2
Central Government (Budgetary and own – Budget Agencies)						
Total Revenues and Grants	5,391.9	6,265.7	7,885.0	8,161.6	9,118.2	8,779.9
Domestic Revenues	5,018.6	5,568.0	6,587.5	7,194.7	8,241.5	7,892.0
Foreign Grants	373.3	697.7	1,297.5	966.9	876.7	887.9
Total Expenditures	8,285.9	8,788.6	9,514.9	9,325.6	10,401.2	9,688.9
Current Expenditures	7,212.9	7,219.2	7,810.6	7,652.4	8,363.9	8,012.6
Capital Expenditures	1,073.0	1,569.4	1,704.4	1,673.2	2,037.3	1,676.3
Overall Deficit/Surplus	-2,894.0	-2,522.9	-1,629.9	-1,164.0	-1,283.1	-909.0

Source : Ministry of Finance.

Table 25- A
Summary of Central Government Budget

(JD Million)

	2012	2013	2014	2015	2016	
					Budget Law	Actual
Total Revenues and Grants	5,054.2	5,758.9	7,267.6	6,797.1	7,589.0	7,069.7
Domestic Revenues	4,726.9	5,119.8	6,031.1	5,910.9	6,775.0	6,233.7
Tax Revenues	3,351.4	3,652.5	4,037.1	4,097.1	4,597.0	4,254.4
Pension Contributions	24.3	22.1	21.0	18.6	16.5	15.2
Other Revenues	1,351.2	1,445.2	1,973.0	1,795.2	2,161.5	1,964.1
Foreign Grants	327.3	639.1	1,236.5	886.2	814.0	836.0
Total Expenditures	6,878.2	7,076.9	7,851.1	7,722.9	8,495.7	7,948.5
Current Expenditures, of which:	6,202.8	6,055.9	6,713.6	6,624.5	7,185.1	6,919.3
Interest Payments (Commitment Basis)	582.9	736.5	925.9	914.4	920.0	835.3
Capital Expenditures	675.4	1,021.0	1,137.5	1,098.4	1,310.6	1,029.2
Overall Deficit/Surplus						
Including Grants	-1,824.0	-1,318.0	-583.5	-925.8	-906.7	-878.8
Excluding Grants	-2,151.3	-1,957.1	-1,820.0	-1,812.0	-1,720.7	-1,714.8
Primary Deficit (Excluding Grants)	-1,568.4	-1,220.6	-894.0	-897.6	-800.7	-879.5

Source : Ministry of Finance.

Table 25- B
Summary of Government Units Budgets
(Own – Budget Agencies)

(JD Million)

	2012	2013	2014	2015	2016	
					Budget Law	Preliminary
Total Revenues and Grants	337.7	506.8	617.4	1,364.5	1,529.2	1,710.2
Domestic Revenues, of which:	291.7	448.2	556.4	1,283.8	1,466.5	1,658.3
Tax Revenues	12.8	12.5	9.0	6.3	8.2	8.0
Government Subsidy	231.8	249.6	253.6	168.0	178.8	165.0
Revenues from Selling Goods and Services	866.3	925.2	184.1	1,026.3	1,173.6	1,412.7
Foreign Grants	46.0	58.6	61.0	80.7	62.7	51.9
Total Expenditures	1,407.7	1,711.7	1,663.8	1,602.7	1,905.5	1,740.4
Current Expenditures	1,010.1	1,163.3	1,097.0	1,027.9	1,178.8	1,093.3
Wages, Salaries and Allowances	254.7	279.9	295.7	347.6	379.3	361.1
Interest Payments	124.2	158.0	160.3	151.8	206.1	175.3
Purchases of Goods and Services	488.0	586.7	496.7	469.0	528.6	494.2
Other Current Expenditures	143.2	138.7	144.3	59.5	64.8	62.7
Capital Expenditures	397.6	548.4	566.9	574.8	726.7	647.1
Overall Deficit/Surplus	-1,070.0	-1,204.9	-1,046.4	-238.2	-376.4	-30.2

Source : General Budget Department/ Government Units Budgets Law.

Table 26
Components of Domestic Revenues
(Budgetary Central Government)

(JD Million)

	2012	2013	2014	2015	2016
First: Tax Revenues	3,351.4	3,652.5	4,037.1	4,097.1	4,254.4
1- Taxes on Income and Profits:	688.3	681.9	766.3	858.7	944.7
Income Tax from Individuals	131.8	131.9	154.0	206.9	193.9
Income Tax from Companies & Projects	556.5	550.0	612.3	651.8	750.8
2- Taxes on Financial Transactions	102.8	112.7	132.1	124.7	114.8
3- Taxes on Goods and Services*	2,274.7	2,532.9	2,811.4	2,779.9	2,883.8
4- Taxes on International Trade & Transactions**	285.6	324.9	327.3	333.5	311.1
5- Other Additional Taxes	0.0	0.0	0.0	0.0	0.0
Second: Pension Contributions	24.3	22.1	21.0	18.6	15.2
Third: Other Revenues	1,351.2	1,445.2	1,973.0	1,795.2	1,964.1
1- Revenues from Selling Goods & Services	682.4	792.2	883.0	852.8	828.3
2- Property Income, of which:	333.8	299.5	516.0	336.2	292.2
Financial Surplus	304.5	264.2	476.7	296.4	261.0
Interest on Privatization Proceeds	0.0	0.0	0.0	0.0	0.0
3- Miscellaneous Revenues, of which:	335.0	353.6	574.0	606.2	843.6
Mining Revenues	114.6	36.0	25.1	27.4	54.3
Repayments	28.6	24.2	21.5	39.2	28.7
Total Domestic Revenues	4,726.9	5,119.8	6,031.1	5,910.9	6,233.7

Source : Ministry of Finance.

* Represents General Taxes on Goods & Services.

** Represent Customs Duties & Fees.

Table 27
Components of Public Expenditures
(Budgetary Central Government)

(JD Million)

	2012	2013	2014	2015	2016
First: Current Expenditures	6,202.8	6,055.9	6,713.6	6,624.5	6,919.3
1- Compensations of Employees	1,176.4	1,266.8	1,320.1	1,344.6	1,370.0
Wages, Salaries and Allowances	1,109.0	1,183.8	1,234.1	1,245.2	1,264.1
Social Security	67.4	83.0	86.0	99.4	105.9
2- Purchases of Goods & Services	235.5	270.5	479.5	402.6	443.8
3- Interest Payments (commitment Basis)	582.9	736.5	925.9	914.4	835.3
Internal	483.1	634.7	750.2	710.0	622.0
External	99.9	101.8	175.7	204.4	213.3
4- Subsidies	960.0	339.8	297.9	291.0	241.4
Subsidies for Non Financial Public Institutions, of which:	66.4	78.6	78.3	94.1	108.4
Emergency Expenditures	0.0	0.0	0.0	0.0	0.0
Goods Subsidies, of which:	892.7	260.2	218.4	195.4	131.4
Foods and Oil Subsidies	889.3	260.2	218.4	195.4	122.7
5- Grants	183.4	192.7	205.8	117.2	123.5
6- Social Benefits, of which:	1,206.4	1,357.9	1,472.6	1,442.0	1,476.3
Pensions and Compensation	982.4	1,046.5	1,115.9	1,162.8	1,212.7
Social Assistances, of which:	224.0	311.4	356.7	279.2	263.4
Social Safety Net	106.5	193.4	176.6	0.0	0.0
7- Miscellaneous Expenditures, of which:	101.4	113.0	91.7	115.8	213.4
Scholarships and Training	3.8	3.3	3.3	2.1	3.1
8- Military Expenditures	1,756.8	1,778.7	1,920.1	1,996.9	2,215.5
Second: Capital Expenditures	675.4	1,021.0	1,137.5	1,098.4	1,029.2
Total Expenditures	6,878.2	7,076.9	7,851.1	7,722.9	7,948.5

Source : Ministry of Finance.

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

(JD Million)

	2012	2013	2014	2015	2016
Gross Domestic Public Debt	12,678	13,440	14,621	15,486	15,794
1) Budgetary Central Government	10,422	11,557	13,074	12,935	13,175
A) Treasury Bills and Bonds	9,642	10,868	12,471	12,384	12,723
Held by the Banking System	7,715	8,293	9,004	8,439	7,876
Held by Non Banks	1,927	2,575	3,467	3,945	4,847
B) Loans and Advances	780	689	603	551	452
From Central Bank	752	672	592	512	432
From Commercial Banks	28	17	11	39	20
From Non Banks	0	0	0	0	0
2) Own-Budget Government Agencies	2,256	1,883	1,548	2,551	2,619
A) Corporate Bonds	1,177	869	609	563	533
Held by the Banking System	986	787	538	455	410
Held by Non Banks	191	82	70	107	122
B) Direct Credit Facilities	1,079	1,014	939	1,989	2,086
From Banks	1,029	964	893	1,950	2,050
Gross Government's Deposits with the Banking System	1,029	1,577	2,096	2,029	2,013
1) Budgetary Central Government's Deposits	780	1,366	1,878	1,814	1,816
A) Ministry of Finance Deposits	-320	125	-144	-188	-86
With the Central Bank ⁽¹⁾	-350	97	-165	-196	-94
With Commercial Banks	30	28	21	8	8
B) Other Ministries Deposits	1,100	1,241	2,022	2,002	1,903
With the Central Bank	680	724	863	913	967
With Commercial Banks	420	517	1,159	1,089	936
2) Own-Budget Government Agencies Deposits	249	211	218	215	197
Net Budgetary Central Government Domestic Debt ⁽²⁾	9,642	10,191	11,196	11,121	11,359
Net Central Government Domestic Debt (Budgetary and Own-Budget Agencies) ⁽³⁾	11,648	11,863	12,525	13,457	13,780

Source : Ministry of Finance.

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

Table 29
Outstanding External Public Debt ⁽¹⁾

(JD Million)

	2012	2013	2014	2015	2016
1) Long-Term Loans	4,327.9	4,936.2	5,032.1	5,515.3	5,724.0
A) Arab and Foreign Governments, of which:	2,144.4	1,968.0	1,810.0	1,895.3	2,060.0
Japan	955.0	716.3	627.6	699.0	715.0
Germany	251.0	260.2	235.6	224.7	234.0
United States	81.5	74.6	67.6	60.5	53.0
France	177.1	231.7	203.6	254.8	415.0
B) Regional and International Institutions, of which:	1,998.5	2,783.2	3,037.1	3,444.6	3,544.0
World Bank	790.5	812.0	990.5	1,100.2	1,319.0
Arab Fund for Economic and Social Development	553.1	599.7	580.7	557.2	518.0
European Investment Bank	120.2	104.4	93.0	84.3	76.0
Arab Monetary Fund	120.6	154.4	151.2	151.2	192.0
Islamic Development Bank	105.4	101.2	91.3	83.9	76.0
International Monetary Fund	279.1	745.7	964.3	1,310.5	1,137.0
C) Foreign Banks & Companies	185.0	185.0	185.0	175.4	120.0
2) Others⁽²⁾, of which:	604.5	2,298.3	2,998.0	3,875.2	4,575.0
Eurobonds & domestic bonds in dollar	532.5	2,236.5	2,946.5	3,834.0	4,544.0
Outstanding External Public Debt	4,932.4	7,234.5	8,030.1	9,390.5	10,299.0

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 2016
According to Source

Source	Disbursements (JD Million)	Relative Importance (%)
Multiple Creditors (Bonds)	1,526.5	64.6
Industrial Countries:	274.8	11.6
France	167.5	7.1
Japan	60.8	2.6
Germany	28.9	1.2
Korea	17.6	0.7
Regional & International Institutions:	556.4	23.5
International Bank for Reconstruction and Development	245.7	10.4
Arab Monetary Fund	140.0	5.9
International Islamic Trade Finance Corporation	71.0	3.0
International Monetary Fund	50.9	2.2
International Development Association	34.3	1.5
Arab Fund for Economic and Social Development	9.6	0.4
European Bank for Reconstruction and Development	4.9	0.2
Other	7.0	0.3
Total	2,364.7	100.0

Source: Ministry of Finance.

Table 31
Distribution of External Loans Contracted in 2016
According to Source and Economic Sector

(JD Million)					
Sector \ Source	Arab & Foreign Governments	Regional & International Institutions	Multiple Creditors	Total	Sector's Relative Importance (%)
Supporting Budget	258.7	980.3	1,526.5	2,765.5	98.4
Water	45.7	-	-	45.7	1.6
Total	304.4	980.3	1,526.5	2,811.2	100.0

Sources : Ministry of Finance.

Table 32
Balance of Payments

(JD Million)

	2012 ⁽¹⁾	2013 ⁽¹⁾	2014 ⁽¹⁾	2015 ⁽¹⁾	2016 ⁽¹⁾
Current Account	-3,344.9	-2,487.7	-1,851.7	-2,418.2	-2,560.2
Trade Balance	-7,486.6	-8,270.1	-8,495.6	-7,336.2	-6,761.5
Exports, f.o.b.	5,599.5	5,617.9	5,953.6	5,561.4	5,331.4
Imports, f.o.b.	13,086.1	13,888.0	14,449.2	12,897.6	12,092.9
Services Account	1,332.3	1,209.5	1,778.9	1,235.8	1,047.7
Travel (Net)	2,071.7	2,144.7	2,295.9	2,062.6	1,978.0
Receipts	2,883.6	2,923.0	3,106.6	2,886.1	2,870.9
Payments	811.9	778.3	810.7	823.5	892.9
Transportation (Net)	-817.5	-889.1	-763.7	-924.7	-910.3
Receipts	1,028.0	1,001.0	1,137.0	877.2	908.1
Payments	1,845.5	1,890.1	1,900.7	1,801.9	1,818.4
Government Services (Net)	221.3	119.5	327.6	216.0	62.9
Receipts	277.6	199.4	385.4	278.5	135.7
Payments	56.3	79.9	57.8	62.5	72.8
Other Services (Net)	-143.2	-165.6	-80.9	-118.1	-82.9
Receipts	369.6	360.3	440.1	409.3	392.9
Payments	512.8	525.9	521.0	527.4	475.8
Income Account	-275.5	-240.4	-295.9	-307.1	-216.0
Compensation of Employees (Net)	209.3	220.3	223.6	229.0	222.7
Receipts	247.8	258.6	265.4	269.3	262.9
Payments	38.5	38.3	41.8	40.3	40.2
Investment Income (Net)	-484.8	-460.7	-519.5	-536.1	-438.7
Receipts	242.2	305.0	359.4	253.3	277.2
Payments	727.0	765.7	878.9	789.4	715.9
Current Transfers (Net)	3,084.9	4,813.3	5,160.9	3,989.3	3,369.6
Public (Net)	1,048.1	1,620.0	1,341.4	844.7	891.0
Other Sectors (Net)	2,036.8	3,193.3	3,819.5	3,144.6	2,478.6
Inflows, o/w:	2,484.5	3,534.8	4,257.1	3,528.0	2,843.1
Workers' Remittances	2,229.8	2,327.7	2,388.0	2,423.3	2,365.7
Outflows, o/w:	447.7	341.5	437.6	383.4	364.5
Workers' Remittances	287.9	285.9	312.5	300.7	301.6

(1) : Preliminary.

Table 32
Balance of Payments (Continued)

(JD Million)

	2012 ⁽¹⁾	2013 ⁽¹⁾	2014 ⁽¹⁾	2015 ⁽¹⁾	2016 ⁽¹⁾
Capital and Financial Account	3,834.0	1,956.1	1,084.1	1,945.4	2,350.1
Capital Account	1.8	45.7	58.3	80.0	60.0
Capital Transfers	1.8	45.7	58.3	80.0	60.0
Financial Account	3,832.2	1,910.4	1,025.8	1,865.4	2,290.1
Direct Investment	1,095.5	1,371.1	1,487.5	1,135.5	1,090.3
Abroad (Net)	-3.8	-11.1	-59.2	-0.7	-2.3
In Jordan (Net)	1,099.3	1,382.2	1,546.7	1,136.2	1,092.6
Portfolio Investment (Net)	316.2	1,172.5	824.9	919.6	848.9
Other Investment (Net)	94.9	3,080.3	391.4	357.9	-432.2
Assets	-720.3	639.6	167.8	302.0	-576.5
Trade Credits	6.2	59.4	16.7	-17.3	13.0
Loans	120.6	146.5	-213.4	4.8	-2.7
Currency and Deposits	-790.3	386.6	239.1	294.3	-505.4
Other Assets	-56.8	47.1	125.4	20.2	-81.4
Liabilities	815.2	2,440.7	223.6	55.9	144.3
Trade Credits	99.2	-51.0	18.5	-129.1	260.0
Loans, o/w:	543.8	848.8	395.0	485.4	287.0
Central Bank of Jordan	255.1	473.3	259.8	390.8	-113.5
General Government	114.5	164.0	113.3	223.4	425.4
Drawings	486.6	494.9	686.2	697.0	742.7
Debt Rescheduling	0.0	0.0	0.0	0.0	0.0
Repayments, o/w:	-372.1	-330.9	-572.9	-473.6	-317.3
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	179.6	209.6	19.2	-127.0	-103.2
Drawings	230.3	264.4	162.1	31.7	21.5
Repayments	-50.7	-54.8	-142.9	-158.7	-124.7
Currency and Deposits	32.2	1,753.4	-158.6	-323.2	-467.2
Banks	-471.1	1,017.4	-6.3	-87.9	-271.5
Other Liabilities	140.0	-110.5	5.7	22.8	64.5
Reserve Assets	2,325.6	-3,713.5	-1,678.0	-547.6	783.1
Net Errors and Omissions	-489.1	531.6	767.6	472.8	210.1
			Memorandum Items		
Overall Balance	-2,686.0	270.4	1,634.7	407.0	412.6
Financing, o/w:	2,686.0	-270.4	-1,634.7	-407.0	-412.6
Net Foreign Assets	2,428.9	-745.4	-1,897.6	-802.6	-299.1
Central Bank	2,828.9	-2,977.5	-1,830.3	-782.9	587.4
Commercial Banks	-400.0	2,232.1	-67.3	-19.7	-886.5
International Monetary Fund (Net)	270.6	458.1	276.5	393.5	-139.1
Arab Monetary Fund (Net)	-15.3	15.2	-16.7	-2.7	25.6
Exceptional Financing	1.8	1.7	3.1	4.8	0.0

(1) : Preliminary.

Table 33
External Trade by Economic Functions

(JD Million)

	2012		2013		2014		2015		2016 ⁽¹⁾	
	Value	%	Value	%	Value	%	Value	%	Value	%
Domestic Exports	4,749.6	100.0	4,805.2	100.0	5,163.0	100.0	4,797.6	100.0	4,369.3	100.0
Consumer Goods	2,250.1	47.4	2,526.4	52.6	2,712.7	52.5	2,685.5	56.0	2,562.7	58.7
Crude Materials and Intermediate Goods	2,357.9	49.6	2,112.5	44.0	2,311.1	44.8	1,986.0	41.4	1,714.7	39.2
Capital Goods, o/w:	137.2	2.9	165.8	3.4	138.8	2.7	125.9	2.6	91.0	2.1
Parts and Accessories	16.8	0.4	20.6	0.4	17.4	0.3	18.7	0.4	15.2	0.3
Other goods	4.4	0.1	0.5	0.0	0.4	0.0	0.2	0.0	0.9	0.0
Re-Exports	849.9	100.0	812.8	100.0	790.2	100.0	763.8	100.0	962.1	100.0
Consumer Goods	307.7	36.2	287.8	35.4	240.4	30.4	220.4	28.9	193.8	20.1
Crude Materials and Intermediate Goods	261.8	30.8	253.4	31.2	221.0	28.0	196.2	25.7	176.6	18.4
Capital Goods, o/w:	271.8	32.0	257.2	31.6	314.0	39.7	305.8	40.0	585.8	60.9
Parts and Accessories	79.9	9.4	83.6	10.3	126.3	16.0	103.2	13.5	326.7	34.0
Other goods	8.6	1.0	14.4	1.8	14.9	1.9	41.5	5.4	5.8	0.6
Imports	14,733.7	100.0	15,667.3	100.0	16,280.2	100.0	14,537.2	100.0	13,637.0	100.0
Consumer Goods	3,742.6	25.4	4,125.1	26.3	4,376.9	26.9	4,523.2	31.1	4,715.3	34.6
Crude Materials and Intermediate Goods	9,038.9	61.3	9,183.0	58.6	9,587.2	58.9	7,453.5	51.3	6,519.1	47.8
Capital Goods, o/w:	1,730.4	11.7	2,125.9	13.6	2,048.8	12.6	2,286.2	15.7	2,180.9	16.0
Parts and Accessories	465.2	3.2	433.8	2.8	562.7	3.5	606.7	4.2	473.9	3.5
Other goods	221.8	1.6	233.4	1.5	267.3	1.6	274.3	1.9	221.7	1.6
Trade Balance	-9,134.2	100.0	-10,049.3	100.0	-10,327.0	100.0	-8,975.8	100.0	-8,305.6	100.0
Consumer Goods	-1,184.8	13.0	-1,310.9	13.0	-1,423.8	13.8	-1,617.3	18.0	-1,958.8	23.6
Crude Materials and Intermediate Goods	-6,419.2	70.3	-6,817.1	67.8	-7,055.1	68.3	-5,271.3	58.7	-4,627.8	55.7
Capital Goods, o/w:	-1,321.4	14.5	-1,702.9	16.9	-1,596.0	15.5	-1,854.5	20.7	-1,504.1	18.1
Parts and Accessories	-368.5	4.0	-329.6	3.3	-419.0	4.1	-484.8	5.4	-132.0	1.6
Other goods	-208.8	2.2	-218.5	2.3	-252.0	2.4	-232.6	2.6	-210.9	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			
	2013	2014	2015	2016 ⁽¹⁾	2013	2014	2015	2016 ⁽¹⁾	2013	2014	2015	2016 ⁽¹⁾
0. Food and Live Animals	893.3	966.9	920.1	736.9	110.5	101.6	88.7	64.3	2,407.5	2,630.7	2,438.0	2,557.8
1. Beverages and Tobacco	72.8	80.8	78.7	67.3	1.8	4.9	1.5	2.4	129.5	135.1	145.5	144.5
2. Crude Materials, Inedible, Except Fuels	753.4	830.2	863.7	683.9	45.3	17.0	28.6	6.0	256.0	296.7	261.3	250.7
3. Mineral Fuels, Lubricants and Related Materials	7.6	8.7	5.8	4.5	8.7	2.9	1.4	1.2	4,135.0	4,414.5	2,508.2	1,921.9
4. Animal and Vegetable Oils, Fats and waxes	11.4	7.9	4.6	6.3	1.6	1.3	0.8	1.4	128.0	127.7	116.0	124.2
5. Chemicals	1,245.5	1,312.7	1,038.2	1,046.9	177.9	156.9	139.7	121.8	1,593.6	1,644.1	1,539.4	1,494.7
6. Manufactured Goods Classified by Material	479.1	488.2	431.2	374.6	93.4	75.2	60.1	46.2	2,532.8	2,350.4	2,253.0	2,116.6
7. Machinery and Transport Equipment	262.3	245.4	200.5	173.7	287.3	350.4	326.9	608.1	2,822.4	2,964.1	3,336.6	3,382.8
8. Misc. Manufactured Articles	1,069.9	1,221.8	1,253.5	1,264.5	70.6	66.1	76.7	70.5	1,060.6	1,019.0	1,052.2	1,092.3
9. Commodities and transactions not classified elsewhere	9.9	0.4	1.3	10.7	15.7	13.9	39.4	40.2	601.9	697.9	887.0	551.5
Total	4,805.2	5,163.0	4,797.6	4,369.3	812.8	790.2	763.8	962.1	15,667.3	16,280.2	14,537.2	13,637.0

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

(1) : Preliminary.

Table 35
Geographic Distribution of External Trade

(JD Million)

	Domestic Exports					Imports				
	2012	2013	2014	2015	2016 ⁽¹⁾	2012	2013	2014	2015	2016 ⁽¹⁾
Arab Countries, o/w:	2,307.0	2,571.7	2,656.4	2,444.0	2,144.7	5,260.9	4,809.3	4,888.8	3,714.5	3,115.5
Saudi Arabia	523.6	651.7	708.9	787.3	646.3	3,469.7	2,850.4	3,166.7	2,173.4	1,651.1
Iraq	716.4	883.1	828.7	493.2	333.0	230.8	252.9	4.4	0.7	2.0
Syria	140.9	95.9	142.2	84.8	30.8	171.3	184.4	108.3	72.3	63.3
United Arab Emirates	173.7	192.3	201.4	228.0	237.3	418.8	520.2	776.1	598.5	623.7
Lebanon	167.4	97.1	96.8	90.3	96.3	96.6	115.5	83.5	75.2	67.0
Egypt	85.1	84.0	79.7	67.1	55.4	560.5	500.2	390.7	348.1	336.6
European Union Countries, o/w:	215.8	171.4	216.5	121.5	116.6	2,578.8	3,398.8	3,205.5	3,137.2	3,245.6
Italy	38.8	32.8	39.9	33.7	24.7	658.6	735.9	496.1	571.5	593.4
Netherlands	23.1	9.2	15.5	21.4	22.5	115.6	144.3	207.6	148.7	203.6
Germany	4.9	3.9	16.3	6.9	10.8	575.2	598.1	638.4	670.3	625.7
United Kingdom	17.1	17.1	21.2	17.8	16.3	183.2	195.0	253.8	199.2	197.5
France	3.5	6.2	8.1	4.7	4.3	265.7	270.8	319.4	272.6	331.2
Other European Countries	41.3	23.6	20.6	23.7	16.3	947.8	847.6	1,223.3	801.4	537.4
Russia	15.3	4.8	4.7	2.2	3.1	450.3	235.4	533.9	218.4	174.4
NAFTA and South American Countries, o/w:	809.7	886.6	979.3	1,044.9	1,090.2	1,502.9	1,582.8	1,512.8	1,522.7	1,591.5
USA	788.5	847.6	929.9	1,002.1	1,041.1	977.5	969.3	937.6	894.7	952.3
Non-Arab Asian Countries, o/w:	1,149.2	906.2	1,021.8	959.6	755.9	4,150.5	4,678.3	5,100.3	4,869.3	4,536.3
India	510.5	350.9	459.8	418.1	347.2	506.8	789.9	869.6	401.5	317.3
Turkey	89.8	69.8	115.6	68.5	56.8	568.9	538.5	604.1	537.3	472.0
South Korea	13.8	12.3	18.1	14.4	9.1	406.3	393.1	542.3	491.4	440.8
Japan	28.6	28.7	23.0	16.2	16.2	277.5	341.6	395.5	423.4	449.3
Taiwan	33.4	13.7	16.6	7.5	10.1	194.4	257.8	265.8	336.7	277.0
China	132.4	73.6	131.3	149.7	87.3	1,416.4	1,620.1	1,705.9	1,874.7	1,910.1
Other Countries	226.6	245.6	268.5	203.9	245.7	292.8	350.5	349.4	492.1	610.7
Total	4,749.6	4,805.2	5,163.0	4,797.6	4,369.3	14,733.7	15,667.3	16,280.2	14,537.2	13,637.0

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

(1) : Preliminary.

Table 36
Price and Quantity Indices of Domestic Exports

(1994=100)

	2012		2013		2014		2015		2016 ⁽¹⁾	
	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	329.9	263.9	334.5	296.3	344.5	303.4	341.7	296.7	322.7	250.3
1. Beverages and Tobacco	57.4	2,881.5	51.7	3,479.2	56.7	3,501.3	64.6	3,062.2	82.6	2,048.0
2. Crude Materials, Inedible, Except Fuels	409.9	116.2	354.6	101.9	300.4	133.3	307.1	137.1	285.2	115.8
4. Animal and Vegetable Oils and Fats	93.7	24.8	93.6	19.4	93.6	13.5	93.6	7.8	94.0	10.7
5. Chemicals	240.8	182.0	220.7	216.8	256.5	199.5	224.6	178.4	194.2	207.2
6. Manufactured Goods Classified by Material	147.6	342.4	155.1	363.3	174.6	327.4	188.7	266.6	175.1	249.3
7. Machinery and Transport Equipment	236.2	259.7	221.9	311.3	148.5	462.3	115.3	443.0	185.3	283.3
8. Misc. Manufactured Articles	125.4	1,986.3	123.9	2,242.4	223.9	1,386.1	201.1	1,556.6	258.6	1,270.7
General Index	266.5	225.2	245.8	248.0	249.3	261.3	238.3	254.8	225.1	243.0

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

(1) : Preliminary.

Table 37
Price and Quantity Indices of Imports

(1994=100)

	2012		2013		2014		2015		2016 ⁽¹⁾	
	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	229.4	242.6	226.6	260.3	228.5	281.1	229.0	245.7	210.3	295.4
1. Beverages and Tobacco	175.0	458.1	113.2	824.5	110.3	882.6	114.7	904.0	122.6	861.9
2. Crude Materials, Inedible, Except Fuels	205.3	170.4	234.2	153.6	205.8	201.5	175.9	205.1	172.1	209.2
3. Mineral Fuels, Lubricants and Related Materials	724.2	217.6	716.9	193.5	651.8	227.3	378.3	209.0	351.8	205.1
4. Animal and Vegetable Oils and Fats	271.2	63.8	245.4	64.0	272.1	58.4	230.6	64.1	153.0	99.5
5. Chemicals	857.3	65.6	956.7	60.9	1,126.0	52.2	1,139.7	48.3	1,431.6	37.7
6. Manufactured Goods Classified by Material	210.8	237.3	206.6	284.7	200.6	271.1	188.5	274.2	172.1	284.6
7. Machinery and Transport Equipment	185.3	241.5	182.3	270.4	179.7	278.7	175.2	320.5	160.2	357.2
8. Misc. Manufactured Articles	274.9	227.1	285.3	255.3	295.3	240.0	318.5	221.0	283.2	257.0
General Index	360.2	174.0	357.0	181.8	376.8	183.3	339.9	176.6	355.5	165.7

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

(1) : Preliminary.

Table 38
International Investment Position

(JD Million)

	2012	2013	2014 ⁽¹⁾	2015 ⁽¹⁾	2016 ⁽¹⁾
International investment position (net)	-18,825.8	-21,199.3	-22,824.0	-24,815.1	-26,697.1
Assets	14,514.1	17,556.2	18,536.9	18,657.9	18,581.0
Direct investment	361.6	372.7	431.9	432.6	434.9
Equity capital and reinvested earnings	361.6	372.7	431.9	432.6	434.9
Portfolio investment	302.6	316.5	390.2	440.2	462.2
Equity securities	75.5	78.6	95.3	95.6	96.2
Banks	56.5	59.6	76.3	76.6	77.2
Other sectors	19.0	19.0	19.0	19.0	19.0
Debt securities	227.1	237.9	294.9	344.6	366.0
Bonds and notes	227.1	237.9	294.9	344.6	366.0
Banks	227.1	237.9	294.9	344.6	366.0
Financial derivatives	0.0	0.0	0.0	0.0	0.0
Other investments	7,589.8	7,065.8	6,339.5	6,037.2	6,666.0
Trade credit	160.7	101.3	84.6	101.9	140.5
Other sectors	160.7	101.3	84.6	101.9	140.5
Loans	1,620.3	1,584.9	1,248.8	1,244.0	1,246.7
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	853.4	818.0	481.9	477.1	479.8
Long-term	127.6	101.7	122.3	143.1	167.2
Short-term	725.8	716.3	359.6	334.0	312.6
Other sectors	0.0	0.0	0.0	0.0	0.0
Currency and deposits	5,224.2	4,837.6	4,598.2	4,304.2	4,809.6
Banks	4,727.1	3,586.8	3,500.1	3,442.7	4,109.4
Other assets	584.6	542.0	407.9	387.1	469.2
Central bank of Jordan	296.0	303.8	300.8	315.0	330.7
Long-term	296.0	303.8	300.8	315.0	330.7
General government	0.0	0.0	0.0	0.0	0.0
Banks	288.6	238.2	107.1	72.1	138.5
Long-term	288.6	238.2	107.1	72.1	138.5
Other sectors	0.0	0.0	0.0	0.0	0.0
Reserve assets	6,260.1	9,801.2	11,375.3	11,747.9	11,017.9
Monetary gold	524.6	425.6	528.0	997.9	1,078.5
Special Drawing Rights	156.6	151.8	127.2	97.3	67.8
Reserve position in the fund	0.0	0.0	0.4	0.4	0.4
Foreign exchange	5,567.2	9,212.9	10,705.4	10,635.5	9,848.7
Currency and deposits	2,590.9	4,210.4	5,877.4	4,805.9	4,828.4
Securities	2,976.3	5,002.5	4,828.0	5,829.6	5,020.3
Bonds and notes	2,841.6	3,716.4	4,488.0	4,843.0	4,737.6
Money-market instruments	134.7	1,286.1	340.0	986.6	282.7
Other Claims	11.7	10.9	14.3	16.8	22.5

(1) : Preliminary.

Table 38
International Investment Position (Continued)

(JD Million)

	2012	2013	2014 ⁽¹⁾	2015 ⁽¹⁾	2016 ⁽¹⁾
Liabilities	33,339.9	38,755.5	41,360.9	43,473.1	45,278.1
Direct investment	17,702.5	19,131.6	20,632.2	21,746.2	22,825.4
Equity capital and reinvested earnings	17,702.5	19,131.6	20,632.2	21,746.2	22,825.4
Portfolio investment	2,931.3	4,611.3	5,822.6	6,769.2	7,429.1
Equity securities	2,317.2	2,838.3	3,093.0	3,089.4	3,125.8
Banks	1,703.1	2,111.7	2,388.5	2,374.5	2,174.0
Other sectors	614.1	726.6	704.5	714.9	951.8
Debt securities	614.1	1,773.0	2,729.6	3,679.8	4,303.3
Bonds and notes	614.1	1,773.0	2,729.6	3,679.8	4,303.3
General Government	542.0	1,711.2	2,678.1	3,638.6	4,272.4
Financial derivatives	0.0	0.0	0.0	0.0	0.0
Other investments	12,706.0	15,012.6	14,906.1	14,957.7	15,023.6
Trade credit	779.4	705.9	687.6	558.7	818.5
General Government	0.0	0.0	0.0	0.0	0.0
Other sectors	779.4	705.9	687.6	558.7	818.5
Short-term	779.4	705.9	687.6	558.7	818.5
Loans	4,966.4	5,723.2	5,778.6	6,266.5	6,593.0
Central Bank of Jordan	368.3	850.4	1,047.5	1,390.7	1,240.4
Use of IMF credit & loans	279.1	745.7	964.3	1,310.5	1,137.4
Other long-term	89.2	104.7	83.2	80.2	103.0
General Government	3,355.3	3,393.7	3,266.2	3,448.9	3,813.1
Long-term	3,355.3	3,393.7	3,266.2	3,448.9	3,813.1
Banks	11.3	13.2	15.9	14.1	92.4
Short-term	11.3	13.2	15.9	14.1	92.4
Other sectors	1,231.5	1,465.9	1,449.0	1,412.8	1,447.1
Long-term	1,231.5	1,465.9	1,449.0	1,412.8	1,447.1
Currency and deposits	6,494.8	8,228.2	8,089.5	7,766.3	7,187.1
Central Bank of Jordan	612.9	1,348.9	1,196.5	961.2	765.5
Banks	5,527.2	6,524.6	6,538.3	6,450.4	6,066.9
Other liabilities	465.4	355.3	350.4	366.2	425.0
Banks	288.8	178.3	184.0	206.8	271.3
Short-term	288.8	178.3	184.0	206.8	271.3
Other liabilities	176.6	177.0	166.4	159.4	153.7
Other long-term	176.6	177.0	166.4	159.4	153.7
SDR's allocation	176.6	177.0	166.4	159.4	153.7

(1) : Preliminary.

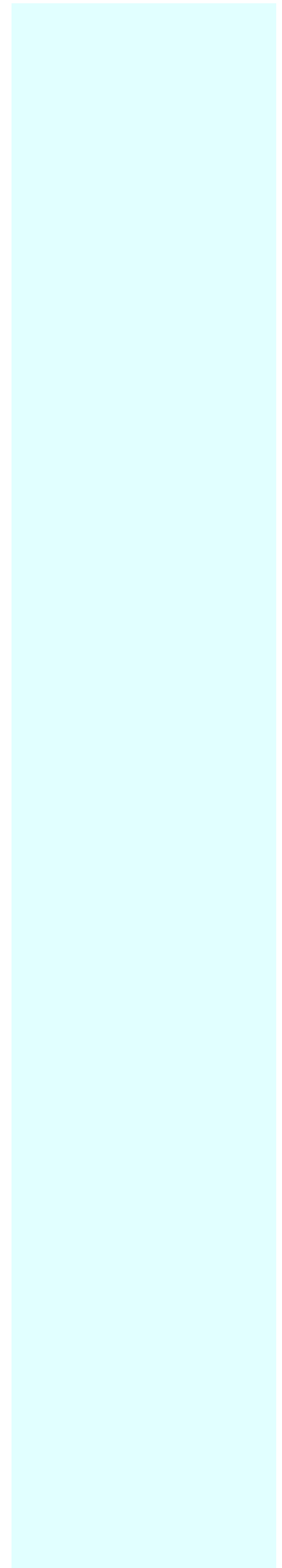
Table 39
Aqaba Port Activity

(Thousands of Tons)

	2011	2012	2013	2014	2015
Number of Vessels	2,395	2,632	2,441	2,269	2,244
Number of Passengers (Thousands)	810.7	925.4	726.9	541.0	501.1
Arrivals	386.2	435.7	345.6	286.9	256.9
Departures	424.5	489.7	381.3	254.0	244.2
Exported Commodities	8,975.0	7,410.9	4,531.1	5,201.3	5,233.4
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
Imported Commodities	10,208.5	11,943.9	11,784.5	13,843.5	13,148.7
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
Total Exported and Imported Commodities	19,183.6	19,354.8	16,315.6	19,044.8	18,382.0

Source : Ports Corporation -Aqaba.

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



INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Council of Ministers

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

Central Bank of Jordan

(Established by Special Law)

Amman – The Hashemite kingdom of Jordan

Report on Auditing Financial Statements

Qualified Opinion

We have audited the financial statements of Central Bank of Jordan (the “Bank”), which comprise the statement of financial position as at December 31, 2016, and the related statements of profit or loss, other comprehensive income, changes in capital and reserves and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, and except for the possible impact for the two paragraphs in the basis of qualified opinion below, the accompanying financial statements give a true and fair view of the financial position of the Bank as at December 31, 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the law of Central Bank of Jordan.

Basis of Qualified Opinion

1. As stated in Note (8) to the accompanying financial statements, the Bank's assets include an amount of JD 766,882,210 as of December 31, 2016 and 2015 representing overdue debts on the Central Bank of Iraq which resulted from commercial exchange and repayment facility agreements. The recoverability of these debts depends on the final outcome of the related negotiations between the Governments of Jordan and Republic of Iraq, accordingly, we were unable to determine the required provision against these assets, consequently, we were unable to determine whether any adjustment to be made on 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 245,765,150 as of December 31, 2016, (JD 247,027,750 as of December 31, 2015) representing advances granted to banks and financial institutions that are defaulted, merged, under liquidate and other banks and financial institutions. The recoverability of any amounts of these debts depends on the final outcome of the liquidation process and final Government resolutions in this regards, consequently, we were unable to determine whether any adjustments needed on the required provision. Based on this we could not determine whether any adjustment need to be made on this balance, Noting that a provision of JD 78,593,961 has been taken against the advance granted to Petra Bank (under liquidation) as of December 31, 2016 (JD 59,593,961 as of December 31, 2015). Accordingly, the required provision for doubtful debts relating to these advances is JD 167,171,189 as of December 31, 2016 (JD 187,433,789 as of December 31, 2015).

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with International Ethics Standards Board of Accountant Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Matter

Without further qualifications in our opinion, we draw attention to the financial statements for the year ended December 31, 2015 that has been audited by another auditor who expressed a qualified opinion on the following on March 31, 2016:

- Provisions to be recorded against overdue debts on the Central Bank of Iraq.
- Provisions to be recorded on advances granted to defaulted banks and financial institution/ under liquidation.
- The necessity to recognize the bond issued by of Jordan Mortgage Refinance Company at its present value instead of nominal value.

Other Information

Management is responsible for other information. Other information consist of information stated in the annual report other than the financial statement and the auditor report on them. We expect that we will be provided with the annual report on a date that is subsequent to the date of the financial statements. Our opinion on the financial statements does not include other information, accordingly we do not provide any assurance on it.

Through our audit of the financial statements, our responsibility is to read other information when it becomes available for us, were we take in consideration of the other information is substantially inconsistent with the financial statements or information concluded through our audit, in case it found material misstatements in this information, which required reporting on this information.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and Central Bank of Jordan Law, 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.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis with the condition of non existence of factual or legal difficulties that prevent the Bank from doing this.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism through the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards if any.

Amman – The Hashemite Kingdom of Jordan
March 28, 2017

Kawasmy and Partners
KPMG
Hatem Kawasmy
License No. (656)

Statement (A)

THE CENTRAL BANK OF JORDAN
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
STATEMENT OF FINANCIAL POSITION

	Note	December 31,	
		2016	2015
ASSETS		JD	JD
Gold and Assets in foreign currencies:			
Gold	2/c	1,078,547,534	997,875,287
Cash, balances and deposits	5	4,828,815,952	4,806,257,447
Foreign financial securities at fair value through profit or loss	6	485,400,222	233,278,583
Foreign financial securities at amortized cost	7	4,534,890,033	5,596,276,018
Past due direct credit facilities and commercial exchange agreements	8	766,882,210	766,882,210
Special drawing rights	9	67,796,055	97,308,072
Foreign financial assets at fair value through other comprehensive income	10	330,679,573	315,002,350
Other assets - foreign currencies	11	22,501,633	16,844,812
Total Assets in Foreign Currencies		12,115,513,212	12,829,724,779
Assets in Jordanian Dinar:			
Financial securities and others	12	640,011,864	729,008,564
Advances granted to local banks and financial institutions	13	394,873,207	391,603,307
Local currencies financial assets at fair value through other comprehensive income	14	16,712,170	8,796,365
Financing of financial securities repurchase agreements	15	-	50,000,000
Property and equipment	16	12,633,320	11,337,208
Other assets in Jordanian Dinar	17	41,507,124	37,123,077
Gold and foreign currencies valuation differences	18	223,774,213	271,847,866
Total assets in Jordanian Dinar		1,329,511,898	1,499,716,387
TOTAL ASSETS		13,445,025,110	14,329,441,166
Contra Accounts	41/c	249,360,704	379,588,086

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

	Note	December 31,	
		2016 JD	2015 JD
<u>LIABILITIES, CAPITAL AND RESERVES</u>			
Currency issued	19	4,620,786,151	4,336,767,797
Liabilities in foreign currencies:			
Local licensed banks and financial institutions' deposits		738,127,351	619,701,079
Government deposits	22	108,031,014	121,332,378
Government deposits with independent budgets and public institutions		1,425,581	1,116,292
Foreign financial institutions, banks and independent agencies'		763,102,144	957,968,028
Obligations against special drawing rights	20	153,694,826	159,361,625
Deposits and other liabilities in foreign currencies		2,837,563	7,178,143
Total Liabilities in Foreign Currencies		1,767,218,479	1,866,657,545
Liabilities in Jordanian Dinar:			
Certificates of deposits	21	1,030,900,000	1,076,500,000
Local licensed banks and financial institutions deposits		4,652,243,193	5,923,104,839
Government deposits	22	764,290,587	595,207,743
Government deposits with independent budgets and public institutions		158,668,189	197,550,544
International Monetary Fund accounts	23	52,658,633	511,697
Foreign financial institutions, banks and independent agencies' deposits		1,937,689	2,756,408
Other liabilities in Jordanian Dinar	24	110,829,855	90,246,450
Total Liabilities in Jordanian Dinar		6,771,528,146	7,885,877,681
Capital and Reserves:			
Paid-up capital		48,000,000	48,000,000
General reserve	25	1,878,264	1,878,264
Financial Assets revaluation Reserve	26	122,385,393	118,645,346
Special reserves	27	113,228,677	71,614,533
Total Capital and Reserves		285,492,334	240,138,143
TOTAL LIABILITIES, CAPITAL AND RESERVES		13,445,025,110	14,329,441,166
Contra Accounts	41/c	249,360,704	379,588,086

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
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
STATEMENT OF PROFIT OR LOSS**

	Note	For the Year	
		Ended December 31,	
		2016	2015
		JD	JD
Revenues:			
Revenues from foreign investments	28	150,890,641	83,160,685
Revenues from local investments	29	14,759,014	19,316,953
Other revenues	30	5,486,710	5,344,493
Total Revenues		171,136,365	107,822,131
Expenses:			
Interest paid on certificates of deposit and licensed banks' overnight window deposits	31	53,822,785	80,242,017
Interest paid on government and public institutions accounts		5,902,718	9,688,928
Interest paid on foreign financial institutions, banks and independent agencies' accounts		4,103,371	1,869,688
Other interest, commissions, and expenses	32	1,914,853	929,822
Cost of issuance and amortization of currency notes and minted coins	2/K	5,231,297	4,605,261
General and administrative expenses	33	31,488,340	27,654,677
Impairment of financial securities / Jordan Mortgage Refinance Company bond	12	8,000,000	-
Allowance for doubtful debts / Bank of Petra	13	19,000,000	-
Total Expenses		129,463,364	124,990,393
Gains (Losses) from valuation of the Bank's assets and liabilities from gold and foreign currencies	18	48,073,653	(186,059,076)
Gains (Losses) as per International Financial Reporting Standards		89,746,654	(203,227,338)
(Loss) from Valuation of the Bank's assets and liabilities in gold and foreign currencies – Transferred as per the Bank's Law	18	(48,073,653)	186,059,076
Profit (Loss) as per the Bank's law – Statement (C) transferred to special reserve	27	41,673,001	(17,168,262)

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
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
STATEMENT OF OTHER COMPREHENSIVE INCOME**

	For the Year	
	Ended December 31,	
	2016	2015
	JD	JD
Profit (Loss) as per the Bank's Law – Statement (B)	41,673,001	(17,168,262)
Other Comprehensive Income:		
Loss on sale of financial assets at fair value through other comprehensive income	(60,320)	-
Change in fair value reserve through comprehensive income	3,741,510	17,433,186
Total other comprehensive income – Statement (D)	45,354,191	264,924

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
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
STATEMENT OF CHANGES IN CAPITAL AND RESERVES**

	Paid-Up Capital	General Reserve (Note 25)	Financial Assets Revaluation Reserve	Special Reserves (Note 27)	Profit (Loss) as per the Bank's Law	Total
	JD	JD	JD	JD	JD	JD
For the year ended December 31, 2016						
Beginning balance	48,000,000	1,878,264	118,645,346	71,614,533	-	240,138,143
Gain as per the Bank's law – Statement (B)	-	-	-	-	41,673,001	41,673,001
(Loss) on sale of financial assets at fair value through comprehensive income	-	-	(1,463)	(58,857)	-	(60,320)
Change in financial assets' fair value	-	-	3,741,510	-	-	3,741,510
Total Comprehensive Income - Statement (C)	-	-	3,740,047	(58,857)	41,673,001	45,354,191
Transferred to special reserve to meet the shortfall in the banks assets	-	-	-	41,673,001	(41,673,001)	-
Ending Balance	48,000,000	1,878,264	122,385,393	113,228,677	-	285,492,334
For the year ended December 31, 2015						
Beginning balance	48,000,000	1,878,264	101,212,160	2,994,005	-	154,084,429
Change in accounting policies effects	-	-	-	85,788,790	-	85,788,790
Adjusted beginning balance	48,000,000	1,878,264	101,212,160	88,782,795	-	239,873,219
(Loss) as per the Bank's law - Statement (B)	-	-	-	-	(17,168,262)	(17,168,262)
Change in financial assets' fair value	-	-	17,433,186	-	-	17,433,186
Total comprehensive Income - Statement (c)	-	-	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

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
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
STATEMENT OF CASH FLOWS**

	Note	For the Year	
		Ended December 31,	
		2016	2015
		JD	JD
Profit (Loss) as per International Financial Reporting Standards – Statement (B)		89,746,654	(203,227,338)
Adjustments for:			
Depreciations of property and equipment	16	2,125,546	1,901,942
(Loss) from sale of property and equipment		27,701	11,310
(Gains) losses from valuation of the Bank's assets of gold		(47,833,723)	141,099,516
(Gains) losses from the valuation of the Bank's assets and liabilities in foreign currencies		(239,930)	44,959,560
Impairment of Financial Securities / Jordan Mortgage Refinance Company bond		8,000,000	-
Allowance for doubtful debts / Bank of Petra		19,000,000	-
Net (Loss) before changes in working capital items		70,826,248	(15,255,010)
CASH FLOWS FROM OPERATING ACTIVITIES:			
(Increase) in other assets in foreign currency		(5,656,821)	(2,506,665)
(Increase) decrease in other assets in Jordanian Dinar		(4,121,771)	3,074,996
Decrease in financing of financial securities repurchase agreements		50,000,000	25,000,000
Increase (decrease) in bank deposits and local financial institutions in foreign currency		118,426,272	(122,210,745)
(Decrease) increase in foreign currency government deposits		(13,301,364)	21,053,439
Increase (decrease) in government deposits with independent budgets and Public institutions		309,289	(740,631)
(Decrease) Foreign financial institutions, banks and independent agencies' deposits		(194,865,884)	(236,722,397)
(Decrease) of obligations against special drawing rights		(5,666,799)	(7,068,711)
(Decrease) increase in deposits and other liabilities in foreign currencies		(4,340,580)	5,108,369
(Decrease) increase in certificates of deposits		(45,600,000)	817,200,000
(Decrease) increase in deposits of local licensed banks and financial institutions - Jordanian Dinar		(1,270,861,646)	(361,229,499)
Increase (decrease) in government deposits - Jordanian Dinar		169,082,844	(10,002,847)
(Decrease) increase in government deposits with independent budgets and public institutions – Jordanians Dinar		(38,882,355)	(53,889,376)
Increase (Decrease) in International Monetary Fund accounts		52,146,936	(3,021)
(Decrease) increase in Foreign financial institutions, banks and independent agencies' deposits		(818,719)	1,509,046
Decrease (increase) in special drawing rights		29,512,017	29,888,855
Increase (decrease) in other liabilities - Jordanian Dinar		20,583,405	(1,312,150)
Net Cash flow (Used in) from Operating Activities		(1,073,228,928)	91,893,653
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Increase) Decrease in foreign financial securities at fair value through profit or loss		(252,121,639)	56,596,612
Decrease (Increase) in foreign financial securities at amortized cost		1,061,385,985	(1,058,182,135)
Decrease (increase) in financial securities and others - Jordanian Dinar		80,996,701	180,158,000
(Increase) decrease in advances granted to local banks and financial institutions		(22,269,900)	155,625,771
(Increase) decrease in foreign financial assets at fair value through other comprehensive income		(9,547,250)	811,940
(Increase) decrease in local-currency financial assets at fair value through comprehensive income		(10,184,589)	-
(Increase) decrease in gold		(33,100,800)	(610,389,245)
(Acquisition) of property and equipment		(3,641,961)	(2,025,874)
Proceeds from sale of property and equipment		12,602	61,527
Net Cash Flows from (used in) Investing Activities		811,529,149	(1,277,343,404)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in currency issued		284,018,354	158,914,259
Net Cash Flows from Financing Activities		284,018,354	158,914,259
Profit (loss) from valuation of the Bank's assets and liabilities in foreign currencies		239,930	(44,959,560)
Net Increase (Decrease) in Cash		22,558,505	(1,071,495,052)
Cash balances and deposits - beginning of the year		4,806,257,447	5,877,752,499
Cash Balances and Deposits - End of the Year	5	4,828,815,952	4,806,257,447

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
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 Kingdom.
- According to the Law of the Central Bank of Jordan and its adjustments for the year 1971, if the reserves were not enough to cover any loss incurred by the Bank in the profit and loss account for any financial year, then the Government must pay an adequate amount for such coverage within three months following the year-end of the Bank.
- During June 2016, law number (24) for the year 2016 has been formalized, which represent the amended law for the Central Bank of Jordan law number (23) for the year 1971 and its amendments, the Bank had applied this amended law as soon as its formalized.
- The Bank is mainly 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 2016 is (626).
- The accompanying financial statements have been approved by the Board of Directors on March, 26, 2017.

2. Basis of Preparation of the Financial Statements

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 main differences between IFRS as applied and the law of Central Bank of Jordan are as follows:

1- Article (9):

- a) Central Bank maintains a general reserve, where 20% of the net profit of the bank is tied in each financial year and pays the remainder (80%) of the net profit for the government.
- b) All net profits are paid to the government when the general reserve exceeds the double of the amount of capital.
- c) Net profits for the purposes of this article are determined after deducting all payments, administrative expenses, contributions in the private provident fund staff of the Central Bank and its employees, and any other special reserves to meet any expected expenses or any shortfall in the assets of the bank.

2- Article (31):

The Central Bank shall maintain assets the value of which at any time shall not be less than the Value of the notes and coins in circulation. Such assets shall consist of all or any of the following:

- a) Gold and gold coins in any form;
- b) The Kingdom's contribution to any regional or international financial institution paid in Gold or convertible foreign currencies;
- c) The Kingdom's holdings in Special Drawing Rights;
- d) Convertible foreign currencies in the form of cash, demand or time deposits, certificates of deposit, or bank acceptances provided that their maturities do not exceed two years;
- e) Financial papers issued or guaranteed by a foreign government or any of its official Institutions, or by an international financial institution, made in a convertible currency;
- f) Any foreign currency assets including credit balances in favor of the Kingdom under payments and setoff agreements; and
- g) Negotiable government securities.

3- Article (56):

- a) Any loss or profit arising from the re-valuation of the assets and liabilities of the Central Bank in gold or foreign currencies as a result of any change in the par value of any foreign currency, shall be excluded from the statement of profit and loss of the Central Bank and shall be carried in a special account. The Central Bank may allocate in subsequent years the funds required for the amortization of such losses carried in this special account, and may use any part of its general reserve, on the recommendation of the Board and with the approval of the Council of Ministers, to cover such losses carried in the special account or any part thereof.
- b) The Board shall determine, for the purpose of the annual balance sheet, the value of all gold and foreign currency assets corresponding to bank notes in circulation.
- The financial statements have been prepared on the historical cost basis except for the financial assets and liabilities measured 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 presented in Jordanian Dinar, which is the Bank's functional currency.
 - The accounting policies applied by the Bank in these financial statements for the year ended December 31, 2016 are the same as those applied by the Bank in its financial statements for the year ended December 31, 2015, except for the International Financial Reporting Standards amendments and improvements that become effective after January 1, 2016, noting that in the year 2015, the accounting policy for the treatment of foreign currency and gold revaluation items, which were recorded in the special reserves item within the capital and reserves, has been amended as they are included in the assets and liabilities of the Bank so that they appear on the assets side if their balance is debit and on the liabilities side The balance of the credit and this policy is in line with the law of the Central Bank:

<u>New Currently Effective Requirements / Standards</u>	<u>Effective Date</u>
Amendments to IFRS 10, IFRS 12, and IAS 28 Investment Entities: Applying the Consolidation Exception	January 1st, 2016
Amendments to IFRS 11, Accounting for Acquisition of Interests in Joint Operations	January 1st, 2016
Amendments to IAS 1 Disclosures Initiatives	January 1st, 2016
Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization	January 1st, 2016
Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants	January 1st, 2016
Amendments to IAS 27 Separate Financial Statements	January 1st, 2016
Annual Improvements to IFRSs 2012- 2014 Cycle	January 1st, 2016
IFRS 14 Regulatory Deferral Accounts	January 1st, 2016

The application of these amended standards did not have a significant effect on the Banks financial statements.

The following are the most significant accounting policies applied:

a. Financial Instruments:

Non-Derivative financial assets – Loans and accounts receivables

- The Bank recognizes loans and receivables as they occur. All financial assets are initially recognized on the date that they occur when the Bank becomes a party in the contractual provisions.
- The Bank derecognises financial assets when the cash flows' contractual rights are expired or the transfer of rights to obtain the contractual cash flows is transferred so that all the risks related to the financial asset are transferred. Any interest acquired or acquired from the transfer of financial assets is recognized as separate assets or liabilities.
- The financial assets and financial liabilities are offset so that they will be presented in net amount in the statement of financial position only when the Bank has the legal right to settle the amounts or to realize the assets and settle the liabilities that will be realized at the same time.
- Loans and receivables are financial assets with fixed or determinable payments that are not quoted in active financial markets. These assets are initially recognized at fair value when acquired or established, plus all associated transaction costs, measured at amortized cost using effective interest, net of any impairment loss.

Non-Derivative financial liabilities

- Financial liabilities are initially recognized at fair value through the statement of financial position at the date of its occurrence ,so the Bank becomes a party to the contractual provisions.
- The Bank derecognises the financial liabilities when the contractual rights become expired or cancelled .
- Non-derivavtive financial liabilities are classified as other financial liabilities . The initial recognition of such financial liabilities is to be recognized at fair value less any direct transaction costs. After the initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

b. Advances and direct credit facilities

- The advances and direct credit facilities are financial assets with fixed or determinable payments that were initially made by the Bank or acquired and with no market prices in active markets.
- The advances and credit granted are recognized directly at cost and are recognized in the statement of financial position after deducting provisions.
- Provision for doubtful debts and advances is made if it is not possible to collect the amounts due to the Bank and when there is an objective evidence that an event had a negative effect on the future cash flows of the advances and direct credit facilities . When the impairment amount can be estimated , it's recorded in the profit or loss statement.
- Provision for direct credit facilities is based on the Bank's internal policy and is in accordance with International Financial Reporting Standards.

- c. Gold is stated in the statement of financial position on the basis of the prevailing international prices of International Markets when preparing the evaluation bulletin approved by the Central Bank on the last working day of the year amounting to JD 813.865 per ounce as of December 31, 2016 (JD 752.960 per ounce as of December 31, 2015).
- d. Financial assets at amortized cost**
- Financial assets at amortized cost are the financial assets in which the Banks management, according to its business model, intends to hold for the purpose of collecting the contractual cash flows which comprise payments of loan principal and interest on the outstanding principle.
 - Financial assets are recorded at cost plus any acquisition expenses upon purchase. Moreover, the premium /discount is amortized using the effective interest rate method, and debited or credited to interest account. Provisions associated with the decline in value of these investments leading to the inability to recover the investment or parts of them are deducted. Any impairment is recorded in the statement of profit or loss 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).
- e. 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 recognizing gains through the short-term market prices' fluctuations or through 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 profit or loss upon acquisition) and subsequently measured at fair value. Moreover, changes in fair value are recorded in the statement of profit or loss 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 recorded in the statement of profit or loss.
 - Dividends paid and interests recognized from these financial assets are recorded in the statement of profit or loss.
 - Reclassifying any of such financial assets (to / from this category) is prohibited, except for the specific cases mentioned in International Financial Reporting Standards.

f. Financial assets at fair value through other comprehensive income

- These financial assets represent the investments in long-term equity instruments, which represent Banks participations in International and Regional Financial Institutions and its participations in Local Financial Institutions.
- Financial assets at fair value through other comprehensive income are initially recorded at fair value plus acquisition costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value which are 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 in foreign currency and gold valuation differences account 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 not to the statement of profit or loss.
- These assets are not subject to impairment tests.
- Dividends from these investments are recorded in the statement of profit or loss.

g. Fair Value

The fair value of listed financial assets and derivatives is represented by their closing prices (purchase assets /selling liabilities) in active markets at year-end.

The fair value of an unlisted financial asset or derivative that has no quoted market price or active market is estimated by one of the following methods:

- Comparing it to the current market value of a similar financial asset
- Analyzing future cash flows and discounting expected future cash flows at 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 profit or loss.

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

h. Impairment in the Value of Financial Assets

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

i. Repurchase and Resale Agreements

- Recognition of assets sold in which 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 applied accounting policies. The corresponding amounts from these contracts are recorded 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 recorded within deposits at banks and other financial institutions or within financing repurchase agreements depending on the case. 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.

j. Property and Equipment

Fixed assets are recorded at historical cost after deducting accumulated depreciation or any impairment in their value. Property and equipment (except for land) are depreciated, once they are 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
Computers	25
Machinery and equipment	15
Vehicles	15
Softwares	25

- In the event that the recoverable amount of any property and equipment is less than its net book value, the value of the property and equipment is reduced to the recoverable amount, and the impairment loss is charged to the statement of profit or loss.
- At the end of each year, the economic useful lives of property and equipment 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.
- Property and equipment are derecognized upon disposal or when no future benefits are expected from their use or disposal.

- k. The costs of printing new currency notes and minted coins are amortized over three years.
- l. Interest earned is recognized on the accrual basis except for interest from credit facilities and other commercial payment agreements which is recognized as income only when received.
- m. Interest and commissions expenses are recognized on the accrual basis.

n. Financial derivatives and hedge accounting

Financial derivatives to trade:

The fair value of the financial instruments derivatives reserved for trading purposes (such as foreign currency futures, future interest rate contracts, swap contracts, foreign exchange rates options rights) on the statement of financial position. The fair value is determined according to the prevailing prices in market, and the changes in the fair value is recorded in the statement of the profit or loss.

Financial derivatives to hedge:

For the purposes of hedge accounting, financial derivatives are presented at fair value and are classified as follows:

- Fair value Hedging:

Is to hedge the risk of a change in the fair value of the Bank's assets and liabilities.

If effective fair value hedging conditions are applied, gains or losses arising from the valuation of the hedging instrument , and from the change in fair value of the hedged asset or liability will be recognized in the statemnet of profit or loss.

If effective fair value hedging conditions are applied, gains or losses arising from the valuation of the hedging instrument at fair value, and from the change in fair value of the hedged asset or liability's portfolio will be recognized in the statemnet of profit or loss in the same year.

- Cash flow hedging:

Is to hedge the risk of changes in the cash flows of the Bank's current and expected assets and liabilities

If effective cash flow hedging conditions are applied, gains or losses for the hedging instrument are recognized in equity and reserves and are transferred to profit or loss in the period in which the hedged transaction affects the statement of profit or loss.

Hedges that do not qualify for effective hedging conditions , gains or losses arising from changes in the fair value of the hedging instrument are recognized in profit or loss in the same year

o. Date of Recognizing 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).

p. Foreign Currency

- Transactions in foreign currencies occurred during the year are recorded at the prevailing exchange rates at the date of the transaction.
- Financial assets' and financial liabilities' balances denominated in foreign currencies are translated at the prevailing average exchange rates 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 presented at fair value are translated on the date when their fair value is determined.
- The currency differences arising from the revaluation of the Bank's assets in foreign currencies are transferred to the foreign currency and gold valuation account. The accounting policy for the treatment of such differences has been adjusted in the year 2015, in which these differences were included in the special reserve item within the capital and reserves, as they become part of the Bank's assets and liabilities now, appearing on the assets side if its balance was debit and on the liabilities side if its balance was a credit.

q. Under the Law of Central Bank, Article 9 / A, the Central Bank of Jordan has to maintain a general reserve of 20% of the net profit of the Bank in each fiscal year and pay the remaining to the Government.

r. Provisions

A provision is recognized if, as a result of a past event, the Bank has a present legal or constructive obligation, and it is probable that an outflow of economic benefits will be required to settle the obligation in which can be measured reliably.

s. Offset

Financial assets and financial liabilities can be offset with net amount presented in the statement of financial position, only when a legal binding rights are available, and when they are settled under the offset basis, or the realization of the asset is and the settlement of the liability are done at the same time.

3. Accounting Estimates

The 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 financial assets' fair value appeared within paid-up capital and reserves. Particularly, this requires the Bank's management to issue significant judgments and assumptions to assess the future cash flows amounts and their timing. Moreover, the beformentioned assessments are necessarily based on assumptions and factors with varying degrees of valuation 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.

The Bank's management believes that the assumptions and estimates used in preparing the financial statements are sufficient and reasonable and is detailed as follows:

- The management periodically recalculates the economic useful lives of the tangible assets for the purpose of calculating the annual depreciation based on the general condition of those assets and estimated future useful lives. The loss of impairment is recorded in the profit or loss statement.
- The management periodically reviews financial assets that are recorded at cost for the purpose of estimating any impairment in its value and are taken to the profit or loss statement.
- The management periodically reviews the legal issues held against the Bank and takes the necessary provisions for such obligations based on the opinion of the bank's legal advisor.
- The Bank is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety, segregating fair value measurements in accordance with the levels defined in the IFRS. Differentiating between Level 2 and Level 3 fair value measurements, i.e., assessing whether inputs are observable and whether the unobservable inputs are significant, may require judgment and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

4. The Application of New International Financial Reporting Standards and its Amendments

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

New Standards

- International Financial Reporting Standards (9): Financial Instruments (effective on January 1st, 2018 except for Insurance Companies which will be effective on January 1st, 2021 with earlier application permitted).
- International Financial Reporting Standards (15): Revenue from Contracts with Customers (effective on January 1st, 2018 with earlier application permitted).
- International Financial Reporting Standards (16): Leases (effective on January 1st, 2019 with earlier application permitted).

Amendments to Standards:

- IFRS (2): Classification and Measurements of Share-Based Payments (effective on January 1st, 2018 with earlier application permitted).
- IFRS (10) and IAS (28): Sale or Contribution of Assets between and Investor and its Associate or Joint Venture. (Date to be determined).
- IAS (7): Disclosure Initiative (effective on January 1st, 2017 with earlier application permitted).

- IAS (12): Recognition of Deferred Tax Assets for Unrealized Losses (effective on January 1st, 2017 with earlier application permitted).
- IAS (40): Clarify Transfers or Property to, or from, Investment Property (effective on January 1st, 2018)
- Annual Improvements to IFRSs 2014 –2016 Cycle – Amendments to IFRS 12 disclosure of interest of other entities (effective on January 1st, 2017).
- Annual Improvements to IFRSs 2014 –2016 Cycle – Amendments to IFRS 1 First-Time Adoption of IFRSs and IAS 28 Investments in Associates and Joint Ventures (effective on January 1st, 2018)

Management anticipates that these new standards, interpretations and amendments will be adopted in the Bank's financial statements as and when they are applicable and the 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 period beginning January 1, 2018 and that IFRS 16 will be adopted in the Bank's financial statements for the annual period beginning January 1, 2019.

The application of IFRS 15 and IFRS 9 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 and the application of IFRS 16 may have significant impact on amounts reported and disclosures made in the Bank's financial statements in respect of its leases, though it is not practical to present a reasonable report for the consequences of applying those standards until the Bank reviews the impact.

5. Cash, Balances and Deposits

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Cash at bank	214,477,335	199,711,407
Current accounts	742,461,550	773,054,052
Demand accounts and deposits *	3,871,877,067	3,833,491,988
	<u>4,828,815,952</u>	<u>4,806,257,447</u>

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

	Due within	Due within a	Due within a	
	3 Months	Period from	Period from	
	3 Months	3 to 6 Months	6 Months to 1 Year	Total
<u>2016</u>	JD	JD	JD	
Demand accounts and deposits	2,653,106,067	410,511,000	808,260,000	3,871,877,067
<u>2015</u>				
Demand accounts and deposits	2,202,791,988	738,778,000	891,922,000	3,833,491,988

During the year 2016, interest rates on currencies (US Dollar) ranged from 0.37 % to 1.90% depending on maturity date.

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

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Foreign bonds with fixed interest rates	112,631,773	91,478,583
Foreign bonds with floating interest rates	230,968,449	-
Special issue bonds	141,800,000	141,800,000
	<u>485,400,222</u>	<u>233,278,583</u>

7. Foreign Financial Securities at Amortized Cost

This item consists of the following:

	December 31,	
	2016	2015
a. Foreign Bonds	JD	JD
Foreign bonds with fixed interest rates	1,870,662,425	2,008,597,559
Foreign bonds with floating interest rates	2,381,514,150	2,601,095,470
	<u>4,252,176,575</u>	<u>4,609,693,029</u>
b. Foreign Commercial Papers	282,713,458	986,582,989
	<u>4,534,890,033</u>	<u>5,596,276,018</u>

- a. The maturities of foreign bonds range from three weeks to nine years with interest rates ranging from 0% to 6.75%.
- b. The maturities of foreign commercial papers range from fifty nine days to eighty days at a discount rate ranging from 1.02% to 1.075%.

8. Past Due Direct Credit 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:

	December 31, 2016	
	Equivalent	Amount
	JD	USD
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>
	December 31, 2015	
	Equivalent	Amount
	JD	USD
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 337,033,040 as of December 31, 2016 (JD 325,225,830 as of December 31, 2015) and recorded by the Central Bank in private records within the off- financial position items.

9. Special Drawing Rights

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Special Drawing Rights	67,796,055	97,308,072
	<u>67,796,055</u>	<u>97,308,072</u>

This item represents Jordan's share from the allocations of Special Drawing Rights at the International Monetary Fund in the amount of SDRs 71,490,694 unit as of December 31, 2016 (SDRs 98,962,226 unit as of December 31, 2015). According to the average exchange rate of the Jordanian Dinar against SDRs, this liability amounted to JD 67,796,055 as of December 31, 2016 (JD 97,308,072 as of December 31, 2015).

10. Foreign Financial Assets at Fair Value Through Other Comprehensive Income

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

	December 31,	
	2016	2015
	JD	JD
Arab Fund for Economic and Social Development	203,739,695	195,384,753
Arab Monetary Fund/Arabic Dinar	55,625,958	54,626,247
Islamic Development Bank/Islamic Dinar	35,062,470	34,251,838
Arab Bank for Economic Development in Africa	6,416,505	6,215,950
Arab Investment Guarantee Corporation	2,530,963	2,403,631
IBRD (World Bank) – US Dollar	3,893,474	4,434,571
IBRD (World Bank) – Jordanian Dinar	14,194,918	15,182,869
Islamic Corporation for trade financing	527,997	510,912
Islamic Corporation for Investment and Export Credit	305,724	313,568
Contribution to Arab Monetary Fund / Arabic Dinar	367,191	371,151
Islamic Corporation for the Private Sector Development	1,264,998	1,306,860
Contribution in Asian Development Bank to invest in infrastructure	6,749,680	0
	<u>330,679,573</u>	<u>315,002,350</u>

- The contributions in international and regional financial institutions were measured at fair value through other comprehensive income. The international financial contribution assessment reserve has a profit of JD 122,645,473 as of December 31, 2016 (profit of JD 117,273,981 as at 31 December 2015).
- The latest audited and issued financial statements were obtained to measure the fair value of these contributions using the equity method.
- The effect of changes in foreign currencies exchange rate amounted to JD 5,204,500 (loss) for the year ended December 31, 2016, and this amount was transferred to gold and foreign currencies valuation differences (JD 11,078,437 (loss) for the year ended December 31, 2015).

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 and other

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
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)	160,000,000	240,000,000
Bond of the Jordan Mortgage Refinance Company (c)	32,275,412	40,275,412
General institution bonds (d)	118,711,000	133,855,000
Jordanian treasury bonds (d)	36,000,000	22,610,000
Saving bonds to individuals (d)	757,300	0
Credit granted to Jordanian government (e)	20,563,120	20,563,120
	<u>640,011,864</u>	<u>729,008,564</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 exceptional advances granted to the Treasury in accordance with the previous resolutions of the Economic Security Committee. Furthermore, the same resolution stipulates that these exceptional advances are non-interest bearing as of the resolution date and considering these assets to cover the currency issued based on article (31) of Central Bank of Jordan law. The amount stated as of the end of the year 2016 represents the unsettled balance and there is no impairment in its fair value due to the non-existence of maturity date for the bond, where the Bank is entitled to request a repayment at any time.
- b. According to the Prime Minister's letter number DEA/21784 dated December 9, 2007 that includes an 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 154,443,369 as of December 31, 2016 calculated on the basis of an annual discount rate of 3.75%.
- 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 mentioned Company pays the nominal value of JD 40,275,412 of the bond after 30 years in a single payment. Moreover, the present value of the bond amounts to JD 15,593,364 as of December 31, 2016 (JD 15,262,770 as of December 31, 2015).
 - 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.

- The Central Bank of Jordan recorded an amount of JD 8,000,000 during the year 2016 as an impairment to reflect the amount of the bond to its present value.
- d. According to articles No. (39), (48) and (49) of the Central Bank of Jordan Law, the Bank purchased governmental financial securities during the year 2016 as follows:
 - General institutions bonds matured within four months with interest rate ranging between 7.724% and 7.750%.
 - Jordanian treasury bonds with ranging maturity between a year to six years with interest rate ranging between 2.770% and 5.073%.
 - Savings bonds to individuals purchased during 2016 from individuals want to liquidate their bonds with interest rate 4,25% matured within five years.
- 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:

	December 31,	
	2016	2015
	JD	JD
Advances to commercial banks under liquidation – net (a)	167,171,189	187,433,789
Deposits with local commercial banks (b)	30,900,000	76,500,000
Advances to banks and specialized credit institutions (c)	55,728,688	34,953,969
Advances to local commercial banks (d)	130,632,907	91,824,341
Investment agency with Islamic banks (e)	10,440,423	891,208
	394,873,207	391,603,307

- a. The above item includes advances to commercial banks under liquidation, granted 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 granted in accordance with management's resolutions. The details are as follows:

	December 31,		Resolution No.
	2016	2015	
	JD	JD	
<u>Advances to Banks under Liquidation:</u>			
Petra Bank*	213,943,298	213,976,356	2/90,13/89,20/89
National Islamic Bank **	(151)	(151)	20/88
Amman Investment Bank / under liquidation	(9,480)	(8,241)	
Total Advances to Banks under Liquidation	<u>213,933,667</u>	<u>213,967,964</u>	
<u>Advances to Other Institutions and Banks:</u>			
Credit facilities to Philadelphia Bank Customers – Net ***	30,841,545	32,039,576	1/2005
Jordan Cooperative Society ****	989,938	1,020,210	
Total Advances granted to other Institutions and Banks	<u>31,831,483</u>	<u>33,059,786</u>	
	245,765,150	247,027,750	
<u>Less:</u> Provision for doubtful debts – Petra Bank	<u>(78,593,961)</u>	<u>(59,593,961)</u>	
	<u>167,171,189</u>	<u>187,433,789</u>	

The movement on the provision for doubtful debts / Petra Bank was represented as follows:

	For the year Ended December 31,	
	2016	2015
	JD	JD
Balance at the beginning of the year	59,593,961	59,593,961
Additions	19,000,000	-
Balance at the ending of the year	<u>78,593,961</u>	<u>59,593,961</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 in which the ongoing liquidation process started. In accordance with resolution No. (221/2016) dated on December 29, 2016 of the Board of Directors of the Bank, the liquidation of Petra Bank has been extended to December 31, 2017. 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, 2016.

** 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 provided 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. 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. 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 37,938,593 was transferred to the Central Bank of Jordan up to the year 2016, and offset against the credit facilities balance of Philadelphia Bank customers, however in 2016 some of the treasury bonds that are included in the banks' portfolio has been allocated with the amount of JD 36 million from the balance of those collections.

**** This item represents the advance granted to the Jordan Cooperative Organization amounting to JD 989,938 as of December 31, 2016 and matures on August 2, 2017. 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:

	December 31,	
	2016	2015
	JD	JD
Housing Bank for Trade and Finance*	22,900,000	56,600,000
Arab Jordan Investment Bank*	8,000,000	19,900,000
	<u>30,900,000</u>	<u>76,500,000</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 representing the prevailing price of certificate of deposits issued by the Central Bank of Jordan for these two banks to invest in the above mentioned deposit. Noting that these certificate of deposit will mature on March 23, 2017.

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

	December 31,		Interest Rate	Maturity Date	Payment Method
	2016	2015			
	JD	JD			
Agricultural Credit Corporation	44,489,488	34,953,969	0.05% - 1.5%	November 21, 2021	On the maturity date of the guarantees
Jordan Company for loan guarantee *	11,239,200	-	-	March 8, 2021	Single payment on the maturity date of the guarantees
	<u>55,728,688</u>	<u>34,953,969</u>			

- * In accordance to the loan agreement between the Central Bank and the Jordanian Company for Loan Guarantee dated March 8, 2016 and the recommendation of the credit No. (65/2016) dated March 14, 2016 the Bank decides to grant the Company with a loan of in the amount of JD (15,300,000) fully repaid under a single payment on March 8, 2021. Moreover, this loan will be utilized by an amount of JD (10,300,000) microfinance emerging loans program with the of guarantee Jordanian treasury bonds of the same value in addition to an amount of JD (5,000,000) exclusively to contribute in the funding of small business programs with the guarantee of Islamic sukuk in the same value the utilized of balance of this advance amounted to JD (11,239,200) as of December 31, 2016.

- d. This amount represents advances granted from the Central Bank of Jordan to licensed banks working in Jordan within the program of midum-sized financing to 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:

<u>Licensed Banks</u>	<u>December 31,</u>		<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Payment Method</u>
	<u>2016</u>	<u>2015</u>			
	<u>JD</u>	<u>JD</u>	<u>%</u>		
Cairo Amman Bank	19,389,623	18,208,366	1 – 2.75	Less than 10 years	According to the conditions for granting advances
Societe General Bank - Jordan	6,662,405	9,098,469	1.75 – 2.75	Less than 5 years	According to the conditions for granting advances
Jordan Commercial Bank	8,881,508	2,809,606	1.75 – 2.25	Less than 5 years	According to the conditions for granting advances
Arab Bank	13,459,101	1,203,528	1 – 1.75	Less than 10 years	According to the conditions for granting advances
Bank of Jordan	424,056	500,000	2.25	Less than 3 years	According to the conditions for granting advances
Jordan Kuwait Bank	4,245,598	2,015,900	1 – 2.25	Less than 5 years	According to the conditions for granting advances
Housing Bank	3,562,209	1,529,415	1.75 – 2.75	Less than 6 years	According to the conditions for granting advances
Jordan Ahli Bank	14,344,974	3,961,982	1.75 – 2	Less than 5 years	According to the conditions for granting advances
National Bank of Kuwait – Jordan	577,500	883,500	1.75 – 2.25	Less than 1 years	According to the conditions for granting advances
Bank al Etihad	25,159,745	18,093,823	1.75 – 2.75	Less than 6 years	According to the conditions for granting advances
ABC Bank	5,000,000	5,000,000	2	Less than 2 years	According to the conditions for granting advances
Capital Bank	28,926,188	28,519,752	1– 2.75	Less than 9 years	According to the conditions for granting advances
Total	<u>130,632,907</u>	<u>91,824,341</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 details as shown below:

	December 31, 2016	December 31, 2015	Interest Rate	Expected Return	Maturity Date
<u>Licensed Banks</u>	JD	JD	%		
Investment Agency/ Islamic International Arab Bank	8,280,583	891,208	1.00-1.75	Less than 10 years	According to financing conditions
Investment Agency/ Jordan Islamic Bank	2,159,840	0	1.75	Less than 10 years	According to financing conditions
Total	10,440,423	891,208			

14. Local - Currencies Financial Assets at Fair Value Through other comprehensive Income

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

	December 31,	
	2016	2015
	JD	JD
Agricultural Credit Corporation	1,205,955	1,016,715
Cities and Villages Development Bank	1,866,858	1,777,900
Jordan Loan Guarantee Corporation	12,460,357	4,822,750
Jordan Mortgage Refinance Company	1,179,000	1,179,000
	16,712,170	8,796,365

- The contributions in local financial institutions were measured at fair value through other comprehensive income according to IFRS (9) - Financial Instruments. As a result, the valuation of investment reserve amounted to JD 260,080 (loss) as of December 31, 2016 (JD 1,371,365 (gain) as of December 31, 2015).
- The latest audited and issued financial statements were used to calculate the fair value of the contributions 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, 2016 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 articles No. (39) and (49) of the Central Bank of Jordan Law No. (23) for the year 1971 and its amendments, and according to amended law No (24) for 2016, the Bank has the right to repurchase governmental financial securities guaranteed from the Government, although there weren't any repurchase agreement as of December 31, 2016, whereas the repurchase agreements as of December 31, 2015 represent the repurchase of treasury bonds from local banks in which their maturity extends from five to seven days.

16. Property and Equipment and computer's software - Net

This item consists of the following:

<u>Year 2016</u>	<u>Land</u>	<u>Buildings</u>	<u>Buildings</u>	<u>Furniture,</u>	<u>Vaults</u>	<u>Computer</u>	<u>Machinery</u>	<u>Vehicles</u>	<u>Computer</u>	<u>Total</u>
<u>Cost</u>	<u>JD</u>	<u>JD</u>	<u>Improvements</u>	<u>and</u>	<u>and</u>	<u>Hardware</u>	<u>and</u>	<u>JD</u>	<u>Software</u>	<u>JD</u>
				<u>Decorations</u>	<u>Safe Boxes</u>		<u>Equipment</u>			
Balance - beginning of the year	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
Additions	-	-	153,733	39,783	6,792	462,786	2,525,657	104,852	168,358	3,461,961
Disposals	-	-	-	46,789	447	689,313	726,354	48,200	-	1,511,103
Ending Balance	593,979	13,584,403	3,170,723	986,998	194,640	5,811,529	8,387,520	1,511,008	3,736,066	37,976,866
<u>Accumulated Depreciation:</u>										
Balance - beginning of the year	-	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
Additions	-	373,127	56,396	20,841	8,486	441,795	764,696	64,273	395,932	2,125,546
Disposals	-	-	-	43,949	349	687,192	691,110	48,200	-	1,470,800
Ending Balance	-	9,640,622	1,420,722	844,780	106,806	4,656,377	4,676,578	1,217,878	2,779,783	25,343,546
Net Book Value as of										
December 31, 2016	593,979	3,943,781	1,750,001	142,218	87,834	1,155,152	3,710,942	293,130	956,283	12,633,320
<u>Year 2015</u>										
<u>Cost</u>										
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

The fully depreciated property and equipment amounted to JD 787,846 as of December 31, 2016 (JD 1,350,242 as of December 31, 2015).

17. Other Assets in Jordanian Dinar

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Accrued interest and revenue	4,133,779	4,493,345
Housing loans for employees - net	22,942,065	23,250,145
Gold, silver and metal coins	6,665,535	5,642,917
Deferred expenses-printing of bank notes and metal coins - net*	6,095,362	2,430,461
Other	1,670,383	1,306,209
	<u>41,507,124</u>	<u>37,123,077</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 2/K).

18. Gold and Foreign Currencies Valuation Differences

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Beginning balance of gold and foreign currencies valuation differences	(271,847,866)	-
Effect of accounting policies changes	-	(85,788,790)
Adjusted beginning balance of gold and foreign currencies valuation differences	(271,847,866)	(85,788,790)
Gains (Loss) from valuation of gold and foreign currencies transferred according to the Central Bank's Law *	48,073,653	(186,059,076)
Ending balance of gold and foreign currencies valuation differences	<u>(223,774,213)</u>	<u>(271,847,866)</u>

- * According to Article (56/a) of the Bank's Law No.(23) for the Year 1971 and its amendments and the amended law No(24) 2016 any gains or losses raised from the revaluation of the Bank's gold or foreign currencies (Assets and Liabilities) are excluded from the profit and loss account and are recorded to a special account, as a result of a change in the equivalent price in any foreign currency. The differences in the valuation of gold and foreign currencies as of year-end are transferred to gold and foreign currencies valuation differences account as follows:

	2016	2015
	JD	JD
(Debit) differences resulting from valuation of Bank's contributions in the international and regional financial institutions in foreign currencies (a)	(5,204,500)	(11,078,437)
Credit (Debit) differences resulting from the valuation of Bank's assets and liabilities in foreign currencies (a)	5,444,430	(33,881,123)
Credit (Debit) differences resulting from gold valuation (b)	47,571,447	(140,507,237)
Credit (Debit) differences resulting from gold coins valuation (b)	262,276	(592,279)
Total Valuation Differences of Gold and Foreign Currencies During the Year	<u>48,073,653</u>	<u>(186,059,076)</u>

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

	2016	2015
	JD	JD
Beginning balance of the valuation differences of foreign currencies	(384,400,967)	-
Effect of accounting policies changes*	-	(339,441,407)
Adjusted beginning balance of differences of foreign currencies	(384,400,967)	(339,441,407)
(Debit) differences resulting from valuation of Bank's contributions in the international and regional financial institutions in foreign currencies	(5,204,500)	(11,078,437)
Credit (Debit) differences resulting from the valuation of Bank's asset and liabilities in foreign currencies	5,444,430	(33,881,123)
Ending balance of the Valuation Differences of Foreign Currencies	<u>(384,161,037)</u>	<u>(384,400,967)</u>

* 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, where during the year ended December 31, 2015, the accounting policy related to the accounting treatments of the exchange differences 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 its balance was debit, or under the liabilities if its balance was credit in line with the Central Bank of Jordan Law.

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

	2016	2015
	JD	JD
Beginning balance of valuation differences of gold	112,553,101	-
Effect of accounting policies changes *	-	253,652,617
Adjusted beginning balance of valuation differences of gold	112,553,101	253,652,617
Credit (Debit) Gold valuation difference	47,571,447	(140,507,237)
Credit (Debit) Gold coins valuation difference **	262,276	(592,279)
Valuation Differences of Gold – Ending Balance	<u>160,386,824</u>	<u>112,553,101</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 where during the year ended December 31, 2015, the accounting policy 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 its balance was debit, or under the liabilities if its balance 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 Dinar- Note (17) and the reliance of the international prices in the market are done when the Central Bank of Jordan valuation bulletin is made at the last working day of the year.

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 shall maintain assets the value of which at any time shall not be less than the value of the notes and coins in circulation. Such assets shall consist of all or any of the following:
 - a) Gold and gold coins in any form;
 - b) The Kingdom's contribution to any regional or international financial institution paid in Gold or convertible foreign currencies;
 - c) The Kingdom's holdings in Special Drawing Rights;
 - d) Convertible foreign currencies in the form of cash, demand or time deposits, certificates Of deposit, or bank acceptances provided that their maturities do not exceed two years;
 - e) Financial papers issued or guaranteed by a foreign government or any of its official Institutions, or by an international financial institution, made in a convertible currency;
 - f) Any foreign currency assets including credit balances in favor of the Kingdom under Payments and setoff agreements; and
 - g) Negotiable Government securities.
- 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, 2016 and 2015. According to the average exchange rate of the Jordanian Dinar against SDRs, this liability amounted to JD 153,694,826 as of December 31, 2016 (JD 159,361,625 as of December 31, 2015). 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 2016 at an interest rate of 5% it also includes ordinary certificate of deposits that were issued in the year 2016 and their interest rates was 2.25% for the period from January 1, 2016 to December 19, 2016, and 2.5% for the period from December 20, 2016 until the date of the statement of financial position.

22. Governments Deposits

This item represents government accounts within budgets, with interest rate ranging from 1.313 % to 1.75 %. Most of the balances in foreign currency do not receive any interest while 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 and do not receive any interest.

24. Other Liabilities in Jordanian Currency

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Unpaid accrued interest	2,827,996	3,899,465
Deposits on documentary credits	19,861,346	35,588,040
Other deposit accounts	87,928,972	50,576,859
Other liabilities	211,541	182,086
	<u>110,829,855</u>	<u>90,246,450</u>

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, according to the provisions of Article (9/c) the net profit of the Bank decides, after deducting all payments and administrative expenses and contributions to private provident fund staff of Central Bank and its users, and any special provisions for other unexpected expenses or to meet any shortage of Bank assets.

26. Financial Assets Valuation Reserve

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Special reserves balance for valuation of the financial assets at the beginning of the year	118,645,346	101,212,160
Gains from valuation of the contributions in the regional and foreign financial institutions	5,371,492	15,038,990
(Losses) Gains from valuation of the contributions in the local financial institutions	(1,629,982)	2,394,196
Sale of financial assets at fair value through comprehensive income losses	(1,463)	-
Balance at Year-End	<u>122,385,393</u>	<u>118,645,346</u>

27. Special Reserves

This item consists of the following:

	December 31,	
	2016	2015
	JD	JD
Beginning balance for the special reserve	71,614,533	88,782,795
Transferred from Gains (Loss) for the year as per the bank's law to the special reserves *	41,673,001	(17,168,262)
(Loss) from sale of financial assets at fair value through comprehensive income	(58,857)	-
Ending Balance for the Special Reserve	<u>113,228,677</u>	<u>71,614,533</u>

* According to the Bank's Law, article (9/c) of the Central Bank of Jordan's Law No. (23) for the year 1971 Realized gains are transferred to the special reserves.

28. Revenue from Foreign Investments

This item consists of the following:

	2016	2015
	JD	JD
Interest received on time deposits, current and call accounts with correspondents	35,343,145	19,498,461
Interest on foreign bonds	48,582,437	38,160,140
Income on foreign bonds realization	2,502,198	3,838,971
Income from dealing with gold	56,971,298	17,142,548
Income realized on foreign currency trading	852,917	69,876
Income on commercial papers	6,450,261	4,441,445
Fees of accounts management of our correspondents abroad	188,385	9,244
	<u>150,890,641</u>	<u>83,160,685</u>

29. Revenues from Local Investments

This item consists of the following:

	2016	2015
	JD	JD
Interest on advances granted to specialized credit institutions and licensed banks	2,770,879	2,248,146
Income from swap contracts	1,936,406	2,237,968
Income from forward contracts	-	16,115
Interest on Jordanian treasury bonds	106,508	923,991
Interest on general institutions' bonds	9,527,311	12,379,592
Interest on individuals savings bonds	5,456	-
Income from contribution in local institutions	278,250	299,000
Income from repurchase of financial securities	112,685	1,210,636
Income from investment agency contracts in Islamic banks	21,519	1,505
	14,759,014	19,316,953

30. Other Revenues

This item consists of the following:

	2016	2015
	JD	JD
Annual fees from banks, and license fees from banks, financial corporations and representative offices	4,143,371	3,968,133
Exchange dealers annual license fees	447,023	425,657
Income from sale of available for sale issuances	151,631	68,088
Net interest on housing loans	160,746	203,510
Commissions collected from customers	93,062	92,675
Revenue from the finance of housing	342,893	307,990
Other revenue	147,984	278,440
	5,486,710	5,344,493

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

This item consists of the following:

	2016	2015
	JD	JD
Interest paid on certificates of deposits – JD	23,994,439	28,508,753
Interest paid on overnight deposits	29,828,346	51,733,264
	<u>53,822,785</u>	<u>80,242,017</u>

32. Other Interest, Commissions, and Expenses

This item consists of the following:

	2016	2015
	JD	JD
Bank accounts expenses at I.M.F.	805,943	25,490
Commissions and expenses for managing the Bank's accounts with correspondents	1,068,994	846,890
Government transfers expenses	4,355	5,827
Other paid commissions and expenses	1,098	2,738
Interest paid on other accounts	34,463	48,877
	<u>1,914,853</u>	<u>929,822</u>

33. General and Administrative Expenses

This item consists of the following:

	2016	2015
	JD	JD
Salaries, Bonuses, Wages and Allowances:		
Salaries, bonuses, wages and allowances	11,591,081	10,583,003
Overtime	719,055	599,416
	<u>12,310,136</u>	<u>11,182,419</u>
Travel, Training and Educational Expenses:		
Travel expenses and allowances	272,465	189,780
Training and educational expenses	507,738	406,709
	<u>780,203</u>	<u>596,489</u>
Other Employees' and Laborer's Benefits:		
Staff and users' insurance premiums	90,792	125,556
Medical treatment expenses	3,969,678	3,569,976
Customer service and users' uniforms	45,290	31,934
Social activities expenses	333,200	218,440
Canteen expenses	6,000	6,000
	<u>4,444,960</u>	<u>3,951,906</u>
Contribution to Employees Saving Fund, Social Security and Staff Indemnity:		
Bank's contribution to employees saving fund	859,036	810,131
Bank's social security contribution	1,225,393	1,096,735
Staff indemnity benefits and leave payments	3,018,394	2,516,389
	<u>5,102,823</u>	<u>4,423,255</u>
Board of Directors' Remuneration	<u>12,780</u>	<u>11,800</u>
Stationery and Printing:		
Stationery and printing	89,595	64,893
Books and subscriptions in newspapers and magazines	117,714	115,641
Subscriptions in scientific and intellectual Institutions	86,671	114,695
	<u>293,980</u>	<u>295,229</u>
Institute of Banking Studies Expenses	<u>144,000</u>	<u>136,175</u>
Anti-Money Laundry and Counter Terrorist Financing Unit Expenses	<u>613,850</u>	<u>338,281</u>
Telecommunication Expenses:		
Postage and telephone	174,097	83,951
Subscriptions to Reuter's Agency, SWIFT and internet services	1,110,349	440,262
	<u>1,284,446</u>	<u>524,213</u>
Aqaba and Irbid Branches Expenses	<u>813,238</u>	<u>660,040</u>
Maintenance and Repair Banks assets:		
Fuel and vehicles maintenance	97,420	97,530
Furniture, equipment, and computer maintenance	799,140	725,450
	<u>896,560</u>	<u>822,980</u>
Bank Buildings Expenses:		
Electricity , water and fuel	1,067,527	1,118,611
Security, maintenance and cleaning of the Bank's building	493,562	431,218
Rent and rented buildings expenses	14,355	12,680
Insurance of building and Bank's assets	61,792	89,451
	<u>1,637,236</u>	<u>1,651,960</u>
Depreciation of fixed assets	<u>2,125,546</u>	<u>1,901,942</u>
Other expenses	<u>1,028,582</u>	<u>1,157,988</u>
	<u>31,488,340</u>	<u>27,654,677</u>

- The salaries and bonuses of the executive management amounted to JD 420,000 for the year 2016 (JD 367,500 for the year 2015).

34. Bank Deposits/Compulsory Cash Reserves

Deposits by banks in foreign currencies and Jordanian Dinar stated under liabilities in the Statement of Financial Position as of December 31, 2016 include compulsory cash reserves as follows:

	December 31,	
	2016	2015
	JD	JD
Jordanian Dinar	1,628,341,878	1,605,366,338
Foreign currencies	478,341,899	449,094,121
	2,106,683,777	2,054,460,459
	2,106,683,777	2,054,460,459

35. Financial Instruments Derivatives

- 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 93,949,004 as of December 31, 2016. Moreover, they are represented by two contracts with Citibank - Jordan amounted to of JD 61,174,921 against the capital and the related reserves, and four contracts with the European Bank for Reconstruction and Development for the amount of JD 32,774,083 against the facilities granted by it for the licensed banks within the agreement of supporting small and medium projects and for local institutions outside the same 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, 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 leads to limit 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, 2016 and 2015:

	December 31,	
	2016	2015
	JD	JD
On-statement of financial position items:		
Gold	1,078,547,534	997,875,287
Cash balances and deposits	4,828,815,952	4,806,257,447
Foreign Financial securities at fair value through profit or loss	485,400,222	233,278,583
Foreign Financial securities at amortized cost	4,534,890,033	5,596,276,018
Past due Direct Credit facilities and commercial exchange Agreements	766,882,210	766,882,210
Special drawing rights	67,796,055	97,308,072
Foreign Financial assets at fair value through comprehensive income	330,679,573	315,002,350
Other assets - foreign currencies	22,501,633	16,844,812
Financial securities and others	640,011,864	729,008,564
Advances granted to local banks and financial Institutions	394,873,207	391,603,307
Local-currencies Financial assets at fair value through other comprehensive income .	16,712,170	8,796,365
Financing of financial securities repurchase agreements	-	50,000,000
Other assets in Jordanian Dinar	35,411,762	34,692,616
Total	13,202,522,215	14,043,825,631
Off-statement of financial position items:		
Guarantees:		
Payment	854,930	1,027,324
Performance	1,286,983	1,132,223
Other	1,924,675	1,846,594
Total	4,066,588	4,006,141
Grand Total	13,206,588,803	14,047,831,772

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

a. Foreign Financial securities at amortized cost as of December 31, 2016:

- Foreign Commercial Papers:

<u>Classification</u>	<u>Rating Institution</u>	<u>Issuing Institution</u>	<u>Balance</u>
			JD
P - 1	MOODY'S	ACOSL	176,640,416
P - 1	MOODY'S	CAIDEP	35,360,969
P - 1	MOODY'S	MDCBV	70,712,073
			282,713,458

- Foreign Bonds

<u>Classification</u>	<u>Rating Institution</u>	<u>Issuing Institution</u>	<u>Balance</u>
			JD
Aa1	MOODY'S	OKB	148,496,003
Aaa	MOODY'S	EDC	226,850,245
Aaa	MOODY'S	KFW	113,472,575
Aaa	MOODY'S	RENTEN	400,206,684
B1	MOODY'S	DIP/JORDAN	2,322,622
B1	MOODY'S	JORDAN	33,798,354
Aa2	MOODY'S	RABOBK	70,900,000
Aa2	MOODY'S	QATAR	55,732,037
Aaa	MOODY'S	AFDB	46,063,412
Aaa	MOODY'S	ASIA	212,680,746
Aaa	MOODY'S	EBRD	95,797,671
Aa1	MOODY'S	EUROF	35,450,000
Aaa	MOODY'S	EIB	630,845,145
Aaa	MOODY'S	IADB	531,334,263
Aaa	MOODY'S	IBRD	595,461,712
Aaa	MOODY'S	IFC	333,125,060
Aa1	MOODY'S	IFFIM	70,900,000
Aaa	MOODY'S	ISDB	202,589,418
Aa2	MOODY'S	ADGB	28,990,402
Aa1	MOODY'S	UKRAIL	106,126,917
Aaa	MOODY'S	UST	311,033,309
Total Foreign Bonds at Amortized Cost			4,252,176,575
Total Foreign Financial Securities at Amortized Cost			4,534,890,033

b. Foreign Financial securities currencies at fair value through profit or loss as of December 31, 2016:

- Foreign Bonds

Classification	Rating Institution	Issuing Institution	Financial securities at fair value
			JD
Aaa	MOODY'S	KFW	35,511,151
Aaa	MOODY'S	RENTEN	53,399,399
Aaa	MOODY'S	AFDB	35,463,471
Aaa	MOODY'S	ASIA	71,001,387
Aaa	MOODY'S	IBRD	35,593,041
Aaa	MOODY'S	EBRD/BRAINUS ZUURKER KANTONAL	70,900,000
Aaa	MOODY'S	BANK/BRAINKUS	70,900,000
Aaa	MOODY'S	UST	112,631,773
Total Foreign Bond at fair Value Through Profit or Loss			<u>485,400,222</u>

3. Distribution of the collaterals fair value against credit facilities

Credit Facilities Type	Distribution of collaterals against credit facilities during the year 2016		
	Credit Amount	Guarantees amount	Guarantee Type
	JD	JD	
Advances Granted to Specialized Credit Institutions and Banks	187,351,533	294,040,068	Governmental financial securities and bills

Credit Facilities Type	Distribution of collaterals against credit facilities during the year 2015		
	Credit Amount	Guarantees amount	Guarantee Type
	JD	JD	
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

4. 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	-	-	-	1,078,547,534	-	-	-	1,078,547,534
Cash balances and deposits	214,477,336	1,925,802,222	692,736	1,703,124,883	131,648,984	852,819,272	250,519	4,828,815,952
Foreign financial securities at fair value through profit or loss	-	-	-	230,710,550	106,464,858	148,224,814	-	485,400,222
Foreign Financial securities at amortized cost	36,120,976	358,023,930	-	1,884,196,380	258,744,157	1,770,954,345	226,850,245	4,534,890,033
Past due facilities and commercial exchange agreements	-	-	766,882,210	-	-	-	-	766,882,210
Special drawing rights	-	-	-	-	-	67,796,055	-	67,796,055
Foreign financial assets at fair value through other comprehensive income	-	305,841,502	-	-	6,749,680	18,088,391	-	330,679,573
Other assets - foreign currencies	875,223	8,777,631	208	6,631,728	490,661	5,415,776	310,406	22,501,633
Financial securities and others	640,011,864	-	-	-	-	-	-	640,011,864
Advances granted to local banks and financial institutions	394,873,207	-	-	-	-	-	-	394,873,207
Local – currencies financial Assets at fair value through other comprehensive	16,712,170	-	-	-	-	-	-	16,712,170
Other assets in Jordanian currency	35,411,762	-	-	-	-	-	-	35,411,762
Total for the Year 2016	1,338,482,538	2,598,445,285	767,575,154	4,903,211,075	504,098,340	2,863,298,653	227,411,170	13,202,522,215
Total for the Year 2015	1,413,812,259	2,275,701,273	800,429,176	5,693,278,152	730,281,683	2,974,116,353	156,206,735	14,043,825,631

* Except for Middle East Countries.

5. Exposure to credit risk according to economic sector

Item / Economic Sector	Financial	Government and Public Sector	Total
	JD	JD	JD
Gold	1,078,547,534	-	1,078,547,534
Cash balances and deposits	4,077,763,497	751,052,455	4,828,815,952
Foreign financial securities at fair value through profit or loss	70,900,000	414,500,222	485,400,222
Foreign financial securities at amortized cost	70,900,000	4,463,990,033	4,534,890,033
Past due direct credit facilities and commercial exchange agreements	-	766,882,210	766,882,210
Special drawing rights	-	67,796,055	67,796,055
Foreign financial assets at fair value through comprehensive income	-	330,679,573	330,679,573
Other assets - foreign currencies	10,245,193	12,256,440	22,501,633
Financial securities and other	32,275,412	607,736,452	640,011,864
Advances granted to local banks and financial institutions	349,393,781	45,479,426	394,873,207
Local-currencies Financial assets at fair value through other comprehensive income	13,639,357	3,072,813	16,712,170
Other assets in Jordanian Dinar	35,411,762	-	35,411,762
Total for the Year 2016	5,739,076,536	7,463,445,679	13,202,522,215
Total for the Year 2015	5,439,246,242	8,604,579,389	14,043,825,631

6. Concentration of Foreign Currencies Risks

December 31,2016	US Dollar	Sterling Pound	Swiss Franc	Japanese Yen	Canadian Dollar	Euro	Others	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Assets								
Gold	-	-	-	-	-	-	1,078,547,534	1,078,547,534
Cash accounts	190,904,368	1,241,237	23,706	-	-	22,289,822	18,202	214,477,335
Current accounts	637,163,073	16,599,410	343	474,192	250,518	86,284,000	1,690,014	742,461,550
Demand accounts	314,734	-	422,333	-	-	-	-	737,067
Term accounts	3,871,140,000	-	-	-	-	-	-	3,871,140,000
Financial securities at fair value through profit or loss	485,400,222	-	-	-	-	-	-	485,400,222
Commercial papers	282,713,458	-	-	-	-	-	-	282,713,458
Foreign bonds at amortized cost with fixed interest rates	1,870,662,425	-	-	-	-	-	-	1,870,662,425
Foreign bonds at amortized cost with floating interest rates	2,381,514,150	-	-	-	-	-	-	2,381,514,150
Past due Direct Credit facilities and commercial exchange agreements	766,882,210	-	-	-	-	-	-	766,882,210
Special drawing rights	-	-	-	-	-	-	67,796,055	67,796,055
Foreign financial assets at fair value through other comprehensive income	18,852,655	-	-	-	-	-	311,826,918	330,679,573
Assets in foreign currencies	22,433,209	172	-	-	29	33,110	35,113	22,501,633
Total	10,527,980,504	17,840,819	446,382	474,192	250,547	108,606,932	1,459,913,836	12,115,513,212
Liabilities:								
Current and demand accounts	271,752,888	17,777,048	-	-	-	91,412,881	-	380,942,817
Term accounts / reserve	478,341,899	-	-	-	-	-	-	478,341,899
Term accounts	754,238,937	-	-	-	-	-	-	754,238,937
Obligations against special drawing rights allocations	-	-	-	-	-	-	153,694,826	153,694,826
Total	1,504,333,724	17,777,048	-	-	-	91,412,881	153,694,826	1,767,218,479
Net focus	9,023,646,780	63,771	446,382	474,192	250,547	17,194,051	1,306,219,010	10,348,294,733
December 31, 2015								
Assets	11,352,623,062	21,730,652	400,644	770,477	590,245	51,931,133	1,401,678,566	12,829,724,779
Liabilities	1,648,629,010	11,411,427	-	-	-	47,255,482	159,361,625	1,866,657,545
Net focus	9,703,994,052	10,319,225	400,644	770,477	590,245	4,675,651	1,242,316,940	10,963,067,234

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 maximum potential loss is shown at a determined confidence level of 95% and a specified retention period.
- The Bank continues to tie 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 the tie of 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/b 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 1.312%.

- 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 2016 and 2015 are as follows:

Sensitivity analysis for 2016:

Currency	Effect of Raising the Interest Rate by 1% on the Statement of Profit or loss JD	Effect of Reducing the Interest Rate by 1% on the Statement of Profit or loss JD
US Dollar	88,914,303	(88,914,303)
Jordanian Dinar	(29,807,000)	29,807,000

Sensitivity analysis for 2015:

Currency	Effect of Raising the Interest Rate by 1% on the Statement of Profit or loss JD	Effect of Reducing the Interest Rate by 1% on the Statement of Profit or loss JD
US Dollar	96,624,086	(96,624,086)
Jordanian Dinar	(96,624,086)	96,624,086

- Foreign Currency Risk

Sensitivity analysis for 2016:

Currency	Effect of Raising the Exchange Rate by 5% on Assets or Liabilities	Effect of Reducing the Exchange Rate by 5% on Assets or Liabilities
	JD	JD
Euro	5,428,691	(5,428,691)
Sterling pound	892,032	(892,032)
Japanese Yen	23,710	(23,710)
Canadian Dollar	12,527	(12,527)
Swiss Franc	22,319	(22,319)
Other Currencies	85,411	(85,411)

Sensitivity analysis for 2015:

Currency	Effect of Raising the Exchange Rate by 5% on Assets or Liabilities	Effect of Reducing the Exchange Rate by 5% on Assets or Liabilities
	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)

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.

Interest Rate Repricing Gap:

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

Year 2016	Up to 3 Months	More than 3 to 6 Months	More than 6 Months up to 1Year	More than 1 Year to 3 years	More than 3 Years	Without Interest	Total
Assets	JD	JD	JD	JD	JD	JD	JD
Gold and foreign currencies assets:							
Gold	191,258,275	-	-	-	-	887,289,259	1,078,547,534
Cash balances and deposits	3,395,567,616	410,511,000	808,260,000	-	-	214,477,336	4,828,815,952
Foreign financial securities at fair value through profit or loss	-	-	35,463,471	177,022,782	131,113,969	141,800,000	485,400,222
Foreign financial securities at amortized cost	548,653,714	191,703,067	889,261,982	1,727,329,566	1,177,941,704	-	4,534,890,033
Past due direct credit facilities and commercial exchange agreements	-	-	-	-	-	766,882,210	766,882,210
Special drawing rights	-	-	-	-	-	67,796,055	67,796,055
Foreign financial assets at fair value through other comprehensive income	-	-	-	-	-	330,679,573	330,679,573
Other assets in foreign currencies	14,260,492	3,315,728	4,925,413	-	-	-	22,501,633
Assets in Jordanian Currency:							
Financial securities and other	-	118,711,000	-	-	69,032,712	452,268,152	640,011,864
Advances granted to local banks and financial institutions	37,938,593	-	131,622,846	-	54,929,911	170,381,857	394,873,207
Local - currencies financial assets at fair value through other comprehensive income	-	-	-	-	-	16,712,170	16,712,170
Property and equipment – net	-	-	-	-	-	12,633,320	12,633,320
Other assets in Jordanian Dinar	-	-	-	-	22,942,065	18,565,059	41,507,124
Gold and foreign currencies valuation differences	-	-	-	-	-	223,774,213	223,774,213
Total Assets	4,187,678,690	724,240,795	1,869,533,712	1,904,352,348	1,455,960,361	3,303,259,204	13,445,025,110
Liabilities							
Currency issued	-	-	-	-	-	4,620,786,151	4,620,786,151
Liabilities in foreign currencies:							
Local licensed banks and financial institutions deposits	738,127,351	-	-	-	-	-	738,127,351
Government deposits	108,031,014	-	-	-	-	-	108,031,014
Governmental deposits with independent budgets public institutions on	1,425,581	-	-	-	-	-	1,425,581
Foreign financial institutions, banks and independent agencies' deposits	647,888,937	106,350,000	-	-	-	8,863,207	763,102,144
Obligations against special drawing rights	-	-	-	-	-	153,694,826	153,694,826
Deposits and other liabilities in foreign currency	2,837,563	-	-	-	-	-	2,837,563
Liabilities in Jordanian Currency:							
Certificates of deposit	1,030,900,000	-	-	-	-	-	1,030,900,000
Local licensed banks and financial institutions deposits	1,527,000,000	-	-	-	-	3,125,243,193	4,652,243,193
Government deposits	764,290,587	-	-	-	-	-	764,290,587
Governmental deposits with independent budgets on public institutions	158,668,189	-	-	-	-	-	158,668,189
International monetary fund accounts	-	-	-	-	52,658,633	-	52,658,633
Foreign financial institutions, banks and independent agencies' deposits	-	-	-	-	-	1,937,689	1,937,689
Other liabilities in Jordanian currency	22,689,341	-	-	-	-	88,140,514	110,829,855
Total Liabilities	5,001,858,563	106,350,000	-	-	52,658,633	7,998,665,580	13,159,532,776
Interest rate repricing gap	(814,179,873)	617,890,794	1,869,533,712	1,904,352,348	1,403,301,728	(4,695,406,377)	285,492,334
Year 2015							
Total Assets	4,534,451,253	4,534,451,253	1,477,086,587	2,464,839,651	1,343,075,887	3,131,785,142	14,329,441,166
Total Liabilities	5,184,461,824	5,184,461,824	-	-	-	7,721,991,199	14,089,303,023
Interest Rate Repricing Gap	(641,010,571)	(641,010,571)	1,477,086,587	2,464,839,651	1,343,075,887	(4,590,206,057)	240,138,143

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:

	December 31,	
	2016	2015
	JD	JD
Capital	48,000,000	48,000,000
General reserve	1,878,264	1,878,264
Financial assets valuation reserve	122,385,393	118,645,346
Special reserves	113,228,677	71,614,533
Total Capital and Reserves	<u>285,492,334</u>	<u>240,138,143</u>

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, 2016		
	Up to One Year	More than One Year	Total
Assets:	JD	JD	JD
Gold	1,078,547,534	-	1,078,547,534
Cash balances and deposits	4,828,815,952	-	4,828,815,952
Foreign financial securities at fair value through profit and loss	70,974,622	414,425,600	485,400,222
Foreign financial securities at amortized cost	1,629,618,763	2,905,271,270	4,534,890,033
Past due direct credit facilities and commercial exchange agreements	-	766,882,210	766,882,210
Special drawing rights	-	67,796,055	67,796,055
Foreign financial assets at fair value through other comprehensive income	-	330,679,573	330,679,573
Other assets - Foreign currencies	22,501,633	-	22,501,633
Financial securities and others	118,711,000	521,300,864	640,011,864
Advances granted to local banks and financial institutions	169,561,439	225,311,768	394,873,207
Local-currencies Financial assets at fair value through other comprehensive income.	-	16,712,170	16,712,170
Property and Equipment – net	-	12,633,320	12,633,320
Other assets in Jordanian Dinar	18,565,059	22,942,065	41,507,124
Gold and foreign currencies valuation differences	223,774,213	-	223,774,213
Total	8,161,070,215	5,283,954,895	13,445,025,110
Liabilities:			
Currency issued	-	4,620,786,151	4,620,786,151
Local licensed banks and financial institutions deposits	738,127,351	-	738,127,351
Government deposits	108,031,014	-	108,031,014
Government deposits with independent budgets and Public institutions	1,425,581	-	1,425,581
Foreign financial institutions, banks and independent agencies' deposits	763,102,144	-	763,102,144
Obligations against special drawing rights	-	153,694,826	153,694,826
Deposits and other liabilities in foreign currencies	2,837,563	-	2,837,563
Certificates of deposits – JD	1,030,900,000	-	1,030,900,000
Local licensed banks and financial institutions deposits – JD	4,652,243,193	-	4,652,243,193
Government deposits – JD	764,290,587	-	764,290,587
Government deposits with independent budgets and Public institutions – JD	158,668,189	-	158,668,189
International Monetary Fund accounts	-	52,658,633	52,658,633
Foreign financial institutions, banks and independent agencies' deposits– JD	1,937,689	-	1,937,689
Other liabilities – JD	110,829,855	-	110,829,855
Total	8,332,393,166	4,827,139,610	13,159,532,776

	December 31, 2015		
	Up to One Year	More than One Year	Total
	JD	JD	JD
Assets:			
Gold	997,875,287	-	997,875,287
Cash balances and deposits	4,806,257,447	-	4,806,257,447
Foreign financial securities at fair value through profit and loss	-	233,278,583	233,278,583
Foreign financial securities at amortized cost	2,099,219,619	3,497,056,399	5,596,276,018
Past due direct credit facilities and commercial exchange agreements	-	766,882,210	766,882,210
Special drawing rights	-	97,308,072	97,308,072
Foreign financial assets at fair value through other comprehensive income	-	315,002,350	315,002,350
Other assets - 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
Local-currencies Financial assets 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
Property and Equipment – net	-	11,337,208	11,337,208
Other assets in Jordanian Dinar	37,123,077	-	37,123,077
Gold and foreign currencies valuation differences	271,847,866	-	271,847,866
Total	8,448,102,449	5,881,338,717	14,329,441,166
Liabilities:			
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
Government deposits with independent budgets and Public institutions	1,116,292	-	1,116,292
Foreign financial institutions, banks and independent agencies' 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
Government deposits with independent budgets and Public institutions – JD	197,550,544	-	197,550,544
International Monetary Fund accounts	511,697	-	511,697
Foreign financial institutions, banks and independent agencies' deposits– JD	2,756,408	-	2,756,408
Other liabilities – JD	90,246,450	-	90,246,450
Total	9,593,173,601	4,496,129,422	14,089,303,023

39. Accounts Managed on Behalf of Customers

- Open market operations and public debt

The accounts managed on behalf of customers amounted to JD 13,364 million as of the end of the year 2016 compared to JD 12,947 million for the year 2015, The details are as follows:

<u>Account</u>	In JD Million	
	2016	2015
Ministry of Finance / treasury bonds	12,120	12,259
Minsitry of Finance / treasury bills	475	125
Public institutions / public institutions bonds	533	563
Floating of Jordanian treasury bonds	100	-
Saving bonds for individuals	28	-
National electricity company's Skuk	75	-
Deposit / Ijara Sukuk	34	-
	<u>13,365</u>	<u>12,947</u>

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 inputs used).

<u>Financial Assets / Financial Liabilities</u>	<u>Fair value December 31,</u>		<u>Fair value level</u>	<u>Evaluation method and Inputs used</u>	<u>Material intangible inputs</u>	<u>The relation between material intangible inputs and fair value</u>
	<u>2016</u>	<u>2015</u>				
	JD	JD				
<u>Financial Assets at Fair Value</u>						
Gold	1,078,547,534	997,875,287	First level	Fair Market Value	Not Applicable	Not Applicable
<u>Foreign Financial Securities at Fair Value Through Profit or Loss</u>						
Foreign bonds	485,400,222	233,278,583	First and second level	Fair Market Value	Not Applicable	Not Applicable
Total	<u>485,400,222</u>	<u>233,278,583</u>				
Foreign Financial Assets at Fair Value Through Other Comprehensive Income:						
Contributions with no available market values	330,679,573	315,002,350	Second level	Comparing it with the fair value of a similar financial instrument	Not Applicable	Not Applicable
Total	<u>330,679,573</u>	<u>315,002,350</u>				
Special Drawing Rights	<u>67,796,055</u>	<u>97,308,072</u>				
Total Financial Assets at Fair Value	<u>1,962,423,384</u>	<u>1,643,464,292</u>				

There were no transfers between first and second level during the year 2016 and 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, 2016		December 31, 2015		Fair Value Level
	Book Value	Fair Value	Book Value	Fair Value	
	JD	JD	JD	JD	
Financial assets that are not specified at fair value on an ongoing basis					
Balances at central banks	4,821,713	4,822,052	215,181,633	215,183,003	Second level
Balances at Banking institutions and banks	738,376,904	738,755,027	388,410,406	388,574,360	Second level
Deposits at Banking institutions and banks	3,871,140,000	3,883,046,922	3,832,854,000	3,838,662,140	Second level
Other loans and bills	1,034,885,071	1,037,150,883	1,036,582,989	1,037,987,450	Second level
Financial assets at amortized cost	4,534,890,033	4,261,610,944	5,596,276,018	4,618,555,781	First and Second level
Total Financial assets that are not specified at fair value on an ongoing basis	10,184,113,721	9,925,385,828	11,069,305,046	10,098,962,734	
Financial liabilities that are not specified at fair value on an ongoing basis					
Banking institutions and bank's deposits	2,005,341,898	2,005,561,535	3,200,594,121	3,200,707,196	Second level
Clients deposits	754,238,937	754,825,013	942,268,512	943,134,973	Second level
Cash margins	19,861,346	19,861,346	35,588,040	35,588,040	Second level
Total Financial liabilities that are not specified at fair value on an ongoing basis	2,779,442,181	2,780,247,894	4,178,450,673	4,179,430,209	

For the items above, the fair value of the financial assets and liabilities were determined for the first and second 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:

	December 31,	
	2016	2015
	JD	JD
Guarantees:		
Payment	854,930	1,027,324
Performance	1,286,983	1,132,223
Other*	1,924,675	1,846,594
Total	<u>4,066,588</u>	<u>4,006,141</u>

* This items consists of free maintenance guarantee worth 1,336,130 and guaranties entry bids worth 588,545 as in December 31,2016 (free maintenance warranties worth 1,262,059 and guarantees entry bids worth 584,535 as in December 31,2015).

b. Contractual commitments:

	December 31,	
	2016	2015
	JD	JD
Construction projects contracts	647,531	189,790

c. Contra Accounts:

	December 31,	
	2016	2015
	JD	JD
Documentary credit	155,411,700	304,777,001
Swap contracts **	93,949,004	74,811,085
	<u>249,360,704</u>	<u>379,588,086</u>

** This item represents six 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 61,174,921 as of December 31, 2016 the maturity of these contracts are on April and June 2017, and an international financial institution against facilities granted by it for the licensed banks within the agreement of supporting small and medium projects and for local institutions outside the small and medium projects concerning four contracts for the amount of JD 32,774,083 as of December 31, 2016 with their maturity dates on January, February and March 2017, their details are as follows:

December 31, 2016				
Swap contract amount	Assets Fair Value	Liabilities Fair Value	Bank classification long/short term ***	Maturity Date
USD	JD	JD		
14,558,826	2,857	-	A1/P-1	April 4,2017
70,521,862	6,355	-	A1/P-1	June 1,2017
5,000,000	-	1,408	Aaa/P-1	January 23,2017
10,000,000	-	4,385	Aaa/P-1	March 6,2017
10,000,000	-	967	Aaa/P-1	March 23,2017
21,156,560	-	8,850	Aaa/P-1	February 28,2017
<u>131,237,248</u>	<u>9,212</u>	<u>15,610</u>		

December 31, 2015				
Swap contract amount	Assets Fair Value	Liabilities Fair Value	Bank classification long/short term ***	Maturity Date
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 7, 2016
10,000,000	450	-	Aaa/P1	June 23, 2016
<u>104,128,742</u>	<u>30,192</u>	<u>-</u>		

*** Long/Short-term credit rating issued by Moody's global credit rating.

- 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 9,534,924 as of December 31, 2016, JD (2,840,488 as of December 31, 2015), 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.