



CENTRAL BANK OF JORDAN



ANNUAL REPORT

2017



CENTRAL BANK OF JORDAN

FIFTY FOURTH ANNUAL REPORT

2017

RESEARCH DEPARTMENT

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OUR VISION

To continue maintaining monetary and financial stability and thereby contributing to the achievement of economic and social growth in the kingdom.

OUR MISSION

Maintaining monetary stability represented in maintaining the stability of the Jordanian Dinar exchange rate and the general prices level. And contributing to providing an investment environment that is both attractive and motivating for the economic and social development through providing a convenient interest rate structure and implementing macro and micro prudential supervision policies that maintain financial and banking stability. In addition to providing safe and efficient national payments systems, promoting financial inclusion, and protecting the financial customer. To this end, the Central Bank of Jordan employs optimally its human, material, financial, technical and knowledge resources.

OUR VALUES

Loyalty

Commitment, responsibility, and dedication to the institution, its staff and clients.

Integrity

Dealing with the highest standards of professionalism and credibility to ensure equality and equal opportunities to all partners, clients, and workers.

Excellence

To make a difference in the quality of services provided in accordance with international standards and practices.

Continuous Learning

Aspiring to continuously improve professional and academic levels in accordance with international best practices.

Involvement

Working together, on all levels, in a team spirit to achieve our national and organizational goals with high efficiency.

Transparency

Disclosing information and knowledge, and simplifying and clarifying procedures and regulations in accordance with professional standards and pertinent rules.

BOARD OF DIRECTORS

H.E. DR. ZIAD FARIZ

Governor and Chairman

H.E. DR. MAHER "SHEIKH HASAN"

H.E. DR. ADEL AL SHARKAS

Deputy Governors

H.E. ENG. SAID DARWAZEH

H.E. MRS. NESREEN ZUHDI BARAKAT⁽¹⁾

H.E. ENG. SAMER MAJALI

MR. GHASSAN NUQUL

DR. SHAHM AL-WIR

MR. AYMAN MAZAHREH⁽²⁾

(1) : H.E. Mrs. Nesreen Zuhdi Barakat was appointed a member in the Central Bank Boared of Directors on 24/11/2017.

(2) : Mr. Ayman Mazahreh was appointed a member in the Central Bank Boared of Directors on 7/5/2017.

Other Permanent Committees in the Bank

- Bank's Employees' Suggestions & Complaints Committee
- Real Estate Committee
- Exchanging Damaged & Mutilated Bank Notes
- Procurement Committee
- Procurement Acceptance Committee
- Social Activities Committee
- Currency Destruction Committee
- Projects Management Committee for Enhancing Financial Inclusion
- Security Surveillance Cameras and Associated Committee

Organizational Chart Central Bank of Jordan

(End of 2017)

Permanent Committees

- Consultative Committee
- Open Market Operations Committee
- IT Steering Committee
- Investment Committee
- Financial Stability Committee

Board of Directors

- Risk Management Committee

- Audit Committee

Governor

Governor's Office

Permanent Committees

- Human Resources Committee
- Domestic Tender Committee
- Department Tender Committee
- Business Continuity Plan Management Committee
- Information Security Steering Committee

Deputy Governor

Legal Consultations Office

Deputy Governor

Permanent Committees

- Credit Facilities Committee
- Risk Management Committee

Banking Supervision Dept.

Supervisory Units

- Examination Group
- Information and Related Technology Supervisory Group

Supporting Units

- Banking Studies Div.
- Licensing Div.
- Banking Operations Follow-up Div.
- Data Analysis and Management Div.

Human Resources Dept.

- Planning & Organization Div.
- Training & Development Div.
- Personnel Div.
- Payroll & Personal Expenditures Div.
- Housing, Savings & Compensations Div.
- Medical Services Div.
- Medical Clinic

Money Exchange Supervision Dept.

- Licensing Div.
- Inspection Div.
- Analysis & Supervision Div.
- Studies & Legislations Div.
- Exchange statistics Div.

- Oversight and Supervision on Payment, Clearing and Settlement Systems Div.
- Licensing Div.
- Studies and Policies Div.
- Analysis and Monitoring Div.

Oversight and Supervision on National Payment Systems Dept.

- Monetary Affairs Div.
- National Economy Div.
- International Economics Div.
- Balance of Payments Div.
- Public Finance Div.
- Economic Modeling Div.
- Statistics Div.
- Library
- Knowledge Management Officer

Research Dept.

- Operations Auditing Team
- Information Systems Auditing Team
- Studies & Documentation Div.
- Quality Assurance Officer

Internal Audit Dept.

Microfinance Institutions and Credit bureaus supervision Dept.

Supervisory units

- Microfinance institutions and credit bureaus.

Supporting Units

- Studies and licensing Div.

Payment Systems, Domestic Banking Operations and Financial Inclusion Dept.

- Large Value Payment & Settlement Systems Management Div.
- Retail Payment & Clearing Systems Management & E Payment Services
- Financial Inclusion
- Back-Office & settlements Div.
- Cheques Clearing Management Div.
- Accounts Management Div.
- Public and Customers Front-Office Div.

Information Technology Dept.

- Software Development Groups
- Office Support and computer Services Div.
- Operations Div.
- Infrastructure Div.
- Support Systems Div.
- Network Administration Div.
- IT Security Div.
- Database Administration Div.
- E-Government and Acquired Systems Administration Div.
- Quality Assurance Div.
- Information System Library.

- Accounting & Financial Planning Div.
- Administrative Expenditures & Settlements Div.
- Tenders Management Div.
- Procurement & Warehouses Div.
- Electronic Paying Communication Div.
- Agreements and Contracts management Div.

Financial Dept.

- Domestic Accounts & Payments Div.
- Treasury Div.
- Administrative & Financial Affairs Div.
- Central Accounting Div.
- Technical support & operations Div.

Irbid Branch

- Domestic Accounts & Payments Div.
- Treasury Div.
- Administrative & Financial Affairs Div.
- Central Accounting Div.
- Technical support & operations Div.

Aqaba Branch

- Currency Management Div.
- Strong Rooms & Tellers Management Div.
- Cash Processing Div.
- Currency Settlements & Safe Custody Div.
- Currency Museum

Currency Issue Dept.

- Primary Issues Div.
- Open Market Operations Div.
- Supporting Operations Div.
- Analysis & Development Div.
- Credit Facilities Div.
- Islamic monetary operation and instruments Div.

Open Market Operations & Public Debt Dept.

- Investment Div.
- Settlements Div.
- L/C's & Payment Agreements Div.
- Foreign Transfers Div.
- External Loans & Grants Div.
- Correspondent Banks Div.
- Foreign Accounts Div.
- Middle Office

Investments & Foreign Operations Dept.

- Operational Risk Management Div.
- Financial Risk Management Div.
- Information Security Management Div.

Risk Management Dept.

Financial Stability Dept.

- Systemic Risk and macro prudential analysis Div.
- Financial Stability Analysis Div.

Administrative Dept.

- Buildings, Project Management Div.
- Maintenance Div.
- Public Relations Div.
- Administrative Services Div.
- Correspondence & Documentation Div.
- Interior Security Unit

Central Bank Office at the Royal Hashemite Court

Jordan Banking System (End of 2017)

1964 Central Bank of Jordan **3**

Jordanian Banks

Foreign Banks

Commercial Banks

Commercial Banks

1930	Arab Bank PLC	74	-	122
1956	Jordan Ahli Bank PLC	56	-	9
1960	Bank of Jordan PLC	73	5	14
1960	Cairo Amman Bank	74	15	20
1974	The Housing Bank for Trade and Finance	117	13	16
1977	Jordan Kuwait Bank	63	-	4
1978	Jordan Commercial Bank	28	1	4
1978	Arab Jordan Investment Bank	18	13	1
1989	Arab Banking Corporation (Jordan)	27	-	-
1989	Invest Bank	12	-	-
1991	Bank Al Etihad	44	-	-
1993	Societe Generale De Banque-Jordanie	17	-	-
1996	Capital Bank of Jordan	12	-	-

1951	Egyptian Arab Land Bank	14	1
1957	Rafidain Bank	2	-
1969	Standard Chartered Bank	5	-
1974	Citibank N.A	2	-
2004	National Bank of Kuwait	1	-
2004	Banque Audi SAL	14	1
2004	BLOM Bank	15	1
2010	National Bank of Abu Dhabi	2	-

Islamic Banks

Islamic Banks

1979	Jordan Islamic Bank	74	26
1997	Islamic International Arab Bank PLC	42	-
2010	Safwa Islamic Bank	25	-

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 **140**

Branches **141**

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 (CBJ) is pleased to release its fifty-fourth annual report, which highlights the main economic and financial developments of the national economy during the year 2017.

This publication comes amidst continuing uncertainty prevailing in the region, resulting from the ongoing political and security instability in some neighbouring countries, and the continued impact of its negative repercussions on the Kingdom. However, Jordan's economy remains stable this year. The GDP grew at the same rate recorded in 2016, amounting to 2.0 percent. Some indicators of external sector showed an improvement in their performance, primarily the tourism income, domestic exports, and direct investment. The general price level registered inflation of 3.3 percent, following a limited contraction during the past two years. The overall deficit of the general budget (including grants) declined to 2.6 percent of GDP, compared to 3.2 percent of GDP in 2016. The current account deficit (including grants) registered 10.6 percent of GDP, compared to 9.5 percent of GDP in 2016.

The CBJ's foreign exchange reserves remained at comfortable levels, amounting to USD 12.3 billion. The balance of gross foreign reserves, including gold and Special Drawing Rights (SDRs), stood at USD 14.4 billion at the end of 2017, of which USD 12.3 billion in foreign currencies, USD 2.1 billion in gold, and USD 60.8 million in SDRs, compared to USD 14.5 billion at the end of 2016, which reflects the attractiveness of the Jordanian dinar as a saving tool, and the confidence in the Jordanian economy.

Within the framework of the Kingdom's commitment to economic reforms, the government continued to implement the national economic and structural reform program, in cooperation with the International Monetary Fund, by taking new corrective and fiscal measures to adjust fiscal stance, and enhance domestic revenues, through mitigating distortions in the tax system, and reducing the financial loss, thus, contributing to self-reliance. Furthermore, the monetary and banking policy of the CBJ during 2017 has evolved in line with domestic, regional, and global economic developments in order to maintain monetary and financial stability, including the exchange rate stability, as well as preserve the safety and resilience of the banking system, in addition to protect the rights of depositors and shareholders.

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 and 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 2017

The performance of the national economy has been stable during 2017. Despite the continuing uncertainty prevailing in the region, resulting from continued political and security turmoil in some neighboring countries, some indicators of external sector showed an improvement in their performance, such as travel receipts, domestic exports, and direct investment. Further, the government continued to implement its national economic and structural reform program in cooperation with the International Monetary Fund (IMF), in addition to take a new bundle of corrective fiscal measures to adjust fiscal stance, and enhance domestic revenues, through mitigating distortions in the tax system, caused by the unjustified expansion in tax exemptions, and reducing the financial loss, thus, contributing to self-reliance. Accordingly, the real Gross Domestic Product (GDP) grew at the same rate recorded in 2016, amounting to 2.0 percent, and the general price levels, measured by the Consumer Price Index (CPI), increased by 3.3 percent, following a limited contraction during the past two years. The overall deficit of the general budget, including grants, declined by 0.6 percentage point to reach 2.6 percent of GDP, compared to 3.2 percent of GDP in 2016. Moreover, the

current account, including grants, recorded a deficit of 10.6 percent of GDP in 2017, compared to 9.5 percent of GDP in 2016.

The monetary and banking policy of the Central Bank of Jordan (CBJ) during 2017 has evolved in line with domestic, regional, and global economic developments in order to maintain monetary and financial stability, including price and exchange rate stability, as well as preserve the safety and resilience of the banking system, in addition to protect the rights of depositors and shareholders. The CBJ's foreign exchange reserves remained at comfortable levels, amounting to USD 12.3 billion. The balance of gross foreign reserves, including gold and Special Drawing Rights (SDRs), stood at USD 14.4 billion at the end of 2017, of which USD 12.3 billion in foreign currencies, USD 2.1 billion in gold, and USD 60.8 million in SDRs, compared to USD 14.5 billion at the end of 2016. Moreover, the total credit facilities extended by licensed banks grew by 8.0 percent, and credit facilities extended by licensed banks to the private sector (resident) increased by 9.3 percent, compared to 10.0 percent and 8.5 percent in 2016, respectively.

The Real Sector

The performance of the national economy has been stable during 2017 despite the continuing uncertainty prevailing in the region resulting from continued political and security turmoil in some neighboring countries. The real GDP grew at the same rate recorded in 2016, amounting to 2.0 percent. The economic growth was driven by the growth of the majority of economic sectors, notably “finance and insurance services”, “transport, storage and communications”, “mining and quarrying” and manufacturing, which collectively contributed by 1.2 percentage points (or equivalent 60 percent) to the overall GDP growth rate achieved in 2017. Taking into consideration that the population growth rate of 2.6 percent exceeded the economic growth rate achieved in 2017, the real GDP per capita declined by 0.6 percent to reach JD 1,181.

The unemployment rate amongst Jordanians stood at 18.3 percent during 2017 due to the continued challenges facing the labor market, which are attributed to the low paid foreign labor, particularly Syrian workers, who took over a large portion of newly created job opportunities in the economy.

The general price levels, measured by the CPI, increased by 3.3 percent, following a limited contraction during the past two years. This inflation was attributed to the rise in oil and food prices in the global markets and the corrective government measures

taken in early 2017, which included the elimination of tax exemptions on many goods and services, and the raise of taxes and fees on another group of goods and services.

Regarding the legislative framework, the government endorsed a set of important measures and legislations, aiming at enhancing the investment environment and stimulating the economic growth, in addition to regulating the labor market and raising the economic participation rate.

As for the competitiveness of business environment in Jordan, the Doing Business Report (2017/2018), issued by the World Bank, showed that Jordan gained fifteen spots, ranking 103 out of 190 countries included in the report. This was a result of the improvement in the performance of several indicators, most notably, “getting credit”, “registering property” and “protecting minority investors”. On the other hand, the performance of other indicators has declined, such as “paying taxes”, “resolving insolvency”, and “trading across borders”.

Money, Banking, and Financial Markets

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

Within this context, the CBJ raised the interest rates on all its monetary policy instruments four times during 2017 by a total of 125 basis points. However, it maintained its refinancing programs' interest rates unchanged to ensure the availability of appropriate financing for a number of high added value sectors in the economy, at competitive interest rates, and maturities up to ten years.

Regarding the licensed banks' activity, the main indicators witnessed an improvement in their performance in 2017. The banks' consolidated balance sheet showed a growth of the total assets by 1.5 percent to reach JD 49.1 billion, and the total credit facilities extended by licensed banks grew by 8.0 percent to reach JD 24.7 billion. Further, credit facilities extended by licensed banks to the private sector (resident) increased by JD 1.8 billion (9.3 percent) to reach JD 21.7 billion. Meanwhile, the total deposits at licensed banks reached JD 33.2 billion at the end of 2017, compared to JD 32.9 billion at the end of 2016.

The market interest rates on credit facilities increased at a similar pace to 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", slightly increased by 5 basis points to reach 484 basis points at the end of 2017, compared to 479 basis points at the end of 2016.

With regard to the banking policy in 2017, the CBJ has taken further measures 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-sized enterprises (SMEs) at preferential interest rates and appropriate maturities.

Public Finance Sector

The government continued to implement its national economic and structural reform program in cooperation with the IMF during 2017. The program aims at continuing public finance reforms, and addressing its imbalances and, thus, contributing to self-reliance. Accordingly, the government has taken a new bundle of corrective fiscal measures to adjust fiscal stance, and enhance domestic revenues, through mitigating distortions in the tax system, caused by the unjustified expansion in tax exemptions, and reducing the financial loss, thereby reducing the budget deficit and bringing the ratios of public debt to GDP to safer levels, while taking into consideration that these measures do not adversely affect middle- and low-income segments.

Fiscal reforms implemented by the government during 2017 have resulted in an improvement in the performance of public finance, as the overall deficit of the general budget, including grants, declined by 0.6 percentage point, to reach 2.6 percent of GDP compared to of 3.2 percent of GDP in 2016.

Public revenues (domestic revenues and foreign grants) recorded an increase of 5.0 percent in 2017 compared to its 2016 level, resulted from the increase in domestic revenues (tax and non-tax revenues). Moreover, public expenditures, both current and capital, increased by 2.8 percent compared to its 2016 level.

Gross public debt (domestic and external) went up at the end of 2017 to reach JD 27,269.3 million, or 95.3 percent of GDP, compared to 95.1 percent of GDP at the end of 2016. This increase was a result of financing the general budget deficit as well as guaranteed loans of the National Electric Power Company (NEPCO) and the Water Authority of Jordan (WAJ), in addition to the government's success in issuing unguaranteed sovereign Eurobonds of USD 1.5 billion (JD 1,065.0 million). It is worth mentioning that the indebtedness of NEPCO and WAJ stood at JD 7.2 billion at the end of 2017. Furthermore, net public debt increased to stand at JD 25,435.8 million, or 88.9 percent of GDP, at the end of 2017 compared to 87.7 percent of GDP at the end of 2016.

The External Sector

Despite the improvement in some of external sector indicators such as travel receipts, domestic exports, and direct investment, the current account deficit (including grants) increased to reach JD 3,018.0 million (10.6 percent of GDP) in 2017, compared to JD 2,618.5 million (9.5 percent of GDP) in 2016. This increase was mainly

attributed to the rise in the energy imports. Moreover, the current account deficit (excluding grants) increased to 13.3 percent of GDP compared to 12.8 percent of GDP in 2016. It is worth noting that the non-oil current account balance (including grants) registered a deficit of approximately 2.1 percent of GDP in 2017, compared to a deficit of 2.3 percent of GDP in 2016.

The capital and financial transactions registered a net inflow amounted to JD 2,034.8 million, as the direct investment registered a net inflow amounted to JD 1,177.3 million. In addition, the portfolio investment registered an inflow amounted to JD 676.7 million as a result of the government's issuance of sovereign Eurobonds worth USD 1.5 billion in international markets. Accordingly, the surplus of the overall balance of the balance of payments decreased to reach JD 100.2 million in 2017, compared to a surplus of JD 411.2 million in 2016.

Moreover, the net international investment position (IIP) witnessed an increase in the Kingdom's net obligations to abroad, amounting to JD 29,043.7 million at the end of 2017 compared to JD 26,904.4 million at the end of 2016. This was an outcome of the increase in the stock of external financial assets for all resident sectors in the Kingdom by JD 164.5 million to reach JD 18,694.8 million, and the increase in the stock of external financial liabilities for all resident sectors in the Kingdom by JD 2,303.8 million to reach JD 47,738.5 million at the end of 2017.

Summary of Economic Developments in 2017

Main Economic Indicators
2013 - 2017, JD Million

	2013	2014	2015	2016	2017
Population (In Million)	8,114	8,804	9,532	9,798	10,053
Unemployment Rate (%)	12.6	11.9	13.0	15.3	18.3*
Output and Prices					
Gross National Product (GNP) at Current Market Prices	23,611.2	25,141.2	26,330.3	27,228.8	28,302.8
Gross Domestic Product (GDP) at Current Market Prices	23,851.6	25,437.1	26,637.4	27,444.8	28,448.5
Growth Rate of GDP at Constant Market Prices (%)	2.8	3.1	2.4	2.0	2.0
Gross National Disposable Income (GNDI) at Current Prices	28,424.5	30,302.1	30,319.6	30,598.4	31,532.8
Growth Rate of GNDI at Constant Market Prices (%)	8.6	3.1	-2.2	-0.1	1.4
Change in the Consumer Price Index (%)	4.8	2.9	-0.9	-0.8	3.3
Change in GDP Deflator (%)	5.6	3.4	2.3	1.0	1.7
Money and Banking					
JD Exchange Rate against USD	1.410	1.410	1.410	1.410	1.410
Money Supply (M2)	27,363.4	29,240.4	31,605.5	32,876.2	32,957.6
Net Foreign Assets of the Banking System	6,923.4	7,932.3	8,137.3	8,845.4	9,122.6
Net Domestic Assets of the Banking System	20,440.0	21,308.1	23,468.2	24,030.8	23,835.0
Claims on Government (Net)	10,494.8	10,473.9	11,386.4	10,453.8	9,349.7
Claims on Private Sector (Resident)	17,222.5	17,852.8	18,704.5	20,590.3	22,525.8
Other Items (Net) ⁽¹⁾	-7,277.3	-7,018.6	-6,622.7	-7,013.3	-8,040.5
JD Deposits at Banks	21,003.0	24,013.1	26,014.5	25,968.2	25,642.2
Foreign Currency (F.C.) Deposits at Banks	6,590.2	6,247.9	6,584.0	6,931.8	7,555.5
Re-discount Rate (%)	4.50	4.25	3.75	3.75	5.0
Interest Rate on 6-Month Treasury Bills (%)	-	-	-	2.080	3.101

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

* : The methodology of the labor force survey has been modified since the first quarter of 2017.

Main Economic Indicators (Contd.)

2013 - 2017, JD Million

	2013	2014	2015	2016	2017
Public Finance					
Total Revenues and Grants	5,758.9	7,267.6	6,797.1	7,069.6	7,425.3
Percent of GDP (%)	24.1	28.6	25.5	25.8	26.0
Total Expenditures	7,076.9	7,851.1	7,722.7	7,948.2	8,173.2
Percent of GDP (%)	29.7	30.9	29.0	29.0	28.6
Overall Deficit/ Surplus (on a commitment basis)	-1,318.0	-583.5	-925.6	-878.6	-747.9
Percent of GDP (%)	-5.5	-2.3	-3.5	-3.2	-2.6
Gross Outstanding Domestic Public Debt	13,440.0	14,621.0	15,486.0	15,793.7	15,402.1
Percent of GDP (%)	56.3	57.5	58.1	57.6	53.8
Net Outstanding Domestic Public Debt	11,863.0	12,525.4	13,457.4	13,780.4	13,568.6
Percent of GDP (%)	49.7	49.2	50.5	50.2	47.4
Outstanding External Public Debt ⁽²⁾	7,234.5	8,030.1	9,390.5	10,299.0	11,867.2
Percent of GDP (%)	30.3	31.6	35.3	37.5	41.5
External Trade and Balance of Payments					
Current Account	-2,487.7	-1,851.7	-2,418.1	-2,618.5	-3,018.0
Percent of GDP (%)	-10.4	-7.3	-9.1	-9.5	-10.6
Trade Balance	-8,270.1	-8,495.6	-7,336.2	-6,807.3	-7,565.5
Percent of GDP (%)	-34.7	-33.4	-27.5	-24.8	-26.6
Merchandise Exports (FOB)	5,617.9	5,953.6	5,561.4	5,359.6	5,303.0
Merchandise Imports (FOB) ⁽³⁾	13,888.0	14,449.2	12,897.6	12,166.9	12,868.5
Services Account (Net)	1,209.5	1,778.9	1,235.9	1,035.2	1,463.2
Income Account (Net)	-240.4	-295.9	-307.1	-216.0	-145.7
Current Transfers (Net)	4,813.3	5,160.9	3,989.3	3,369.6	3,230.0
Capital and Financial Account (Net), o/w:	1,956.1	1,084.3	1,945.4	2,375.7	2,034.8
Foreign Direct Investment in Jordan (Net)	1,382.2	1,546.7	1,136.2	1,102.6	1,182.0

Source : 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

The performance of the national economy has been stable during 2017 despite the continuing uncertainty prevailing in the region, resulting from continued political and security turmoil in some neighboring countries. The real GDP grew at the same rate recorded in 2016, amounting to 2.0 percent. The economic growth was driven by the growth of the majority of economic sectors, notably “finance and insurance services”, “transport, storage and communications”, “mining and quarrying” and manufacturing, which collectively contributed by 1.2 percentage points (or equivalent 60 percent) to the overall GDP growth rate achieved in 2017. Taking into consideration that the population growth rate of 2.6 percent exceeded the economic growth rate achieved in 2017, the real GDP per capita declined by 0.6 percent to reach JD 1,181.

The unemployment rate amongst Jordanians stood at 18.3 percent during 2017 due to the continued challenges facing the labor market, which are attributed to the low paid foreign labor, particularly Syrian workers, who took over a large portion of newly created job opportunities in the economy.

The general price levels, measured by the CPI, increased by 3.3 percent, following a limited contraction during the past two years. This inflation was attributed to the rise in oil and food prices in global markets and the corrective government measures taken in early 2017, which included the elimination of tax exemptions on many goods and services, and the raise of taxes and fees on another group of goods and services.

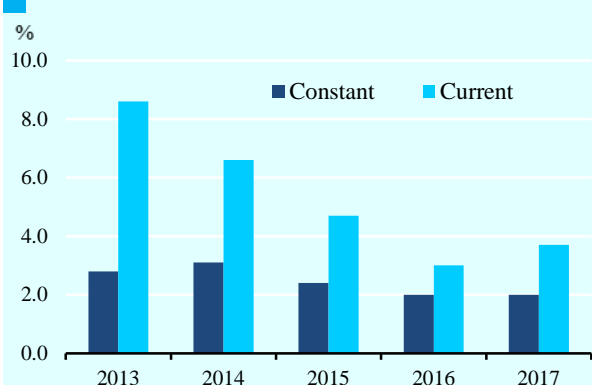
Regarding the legislative framework in 2017, the government endorsed a set of important measures and legislations, aiming at enhancing the investment environment and stimulating the economic growth, in addition to regulating the labor market and raising the economic participation rate.

As for the competitiveness of business environment in Jordan, the Doing Business Report (2017/2018), issued by the World Bank, showed that Jordan gained 15 spots, ranking 103 out of 190 countries included in the report. This was a result of the improvement in the performance of several indicators, most notably, “getting credit”, “registering property” and “protecting minority investors”. On the other hand, the performance of other indicators has declined, such as “paying taxes”, “resolving insolvency”, and “trading across borders”.

Output

The Gross Domestic Product (GDP), at constant market prices, grew by 2.0 percent to reach JD 11,872.3 million, maintaining the same growth rate recorded in 2016. When excluding the “net taxes on products” item, the GDP at constant basic prices grew by 2.1 percent, compared to 2.2 percent in 2016. This growth was an outcome of the uneven performance of various economic sectors. The “mining and quarrying”, agriculture, “wholesale and retail trade”, and “restaurants and hotels” sectors grew at an accelerated pace, meanwhile, other sectors grew at a slower pace, notably “transport and communications”, “financial and insurance services”, manufacturing, and “electricity and water”. In contrast, the performance of construction sector declined.

**Growth Rate of GDP at Market Prices
2013-2017**



The general price levels, measured by the GDP deflator, increased by 1.7 percent, compared to a rise of 1.0 percent in 2016. Accordingly, the GDP at current market prices grew by 3.7 percent to reach JD 28,448.5 million. Taking into consideration the “net factor income from abroad”, which recorded a deficit of JD 145.7 million, the Gross National Product (GNP), at current market prices, grew by 3.9 percent, compared to its level in 2016, to reach JD 28,302.8 million. Despite the decline in the “other net current transfers from abroad” item by 4.1 percent to reach JD 3,230.0 million, the Gross National Disposable Income (GNDI), at current prices, grew by 3.1 percent to reach JD 31,532.8 million.

Economic Growth Rates at Current and Constant Prices ⁽¹⁾

2014-2017, Percent

	2014	2015	2016	2017
At Current Prices				
GDP	6.6	4.7	3.0	3.7
GNP*	6.5	4.7	3.4	3.9
GNDI**	6.6	0.1	0.9	3.1
At Constant Prices (1994=100)				
GDP	3.1	2.4	2.0	2.0
GNP	2.9	2.4	2.4	2.3
GNDI	3.1	-2.2	-0.1	1.4

(1) : Preliminary.

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

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

In light of the above-mentioned developments, the per capita GDP, at current market prices, increased by 1.0 percent in 2017, amounting to JD 2,830 (US\$ 3,992).

Population and Per Capita Income, in Accordance with Various Measures of National Accounts 2014-2017

	2014	2015	2016	2017
Population (million)	8,804	9,532	9,798	10,053
Growth rate (%)	8.2	7.9	2.8	2.6
Per capita GDP at constant prices (JD)	1,266	1,197	1,188	1,181
Growth rate (%)	-5.0	-5.4	-0.8	-0.6
Per capita GDP at current prices (JD)	2,889	2,795	2,801	2,830
Growth rate (%)	-1.7	-3.3	0.2	1.0
Per capita GNP at current prices (JD)	2,856	2,762	2,779	2,815
Growth rate (%)	-1.9	-3.3	0.6	1.3
Per capita GNI at current prices (JD)	3,442	3,181	3,123	3,137
Growth rate (%)	-1.7	-7.6	-1.8	0.4

Sources : - Department of Statistics.

- Monthly Statistical Bulletin / Central Bank of Jordan.

□ Sectoral Developments

The majority of the main economic sectors of the GDP, at constant market prices, recorded positive growth rates in 2017, ranging from 13.0 percent for the “mining and quarrying” to 0.1 percent for the “domestic services of households”. On the other hand, the construction sector contracted by 1.1 percent. As for the “net taxes on products”, it registered a growth of 1.2 percent.

The commodity-producing sectors experienced improvement in their performance in 2017, growing by 1.8 percent compared to 1.3 percent in 2016. Meanwhile, the service-producing sectors displayed a

slowdown in their performance, growing by 2.3 percent compared to 2.6 percent in 2016. Notwithstanding, the commodity- and service- producing sectors maintained their relative importance to GDP, at constant basic prices, recorded in 2016, amounting to 33.4 percent for the commodity-producing sectors, and 66.6 percent for the service-producing sectors. Thus, the service-producing sectors continued to account for the largest contribution to the GDP growth rate, at constant basic prices, standing at 1.5 percentage points (out of 2.1 percent growth rate), while commodity-producing sectors contributed by 0.6 percentage point.

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

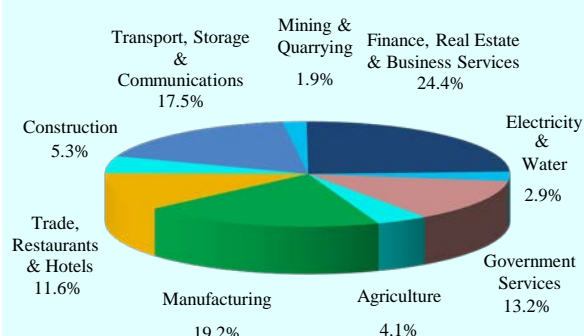
2014-2017, Percent

	2014	2015	2016	2017
Agriculture, hunting, forestry and fishing	7.6	5.0	3.8	4.8
Mining and quarrying	27.6	11.0	-12.1	13.0
Manufacturing	1.5	1.3	1.1	1.0
Electricity and water	3.3	10.9	8.9	2.5
Construction	6.8	-1.3	1.1	-1.1
Total commodity- producing sectors	4.3	2.5	1.3	1.8
Trade, restaurants and hotels	3.7	0.7	1.3	1.5
Transport, storage and communications	1.6	3.1	3.1	2.7
Finance, real estate and business services	2.5	3.4	3.7	3.0
Social and personal services	4.7	4.0	3.8	3.8
Producers of government services	2.3	2.3	1.2	0.9
Producers of private non-profit services to households	7.0	5.7	4.1	3.8
Domestic services of households	0.1	0.1	0.1	0.1
Total service-producing sectors	2.7	2.6	2.6	2.3
GDP at constant basic prices	3.2	2.6	2.2	2.1

Source : Department of Statistics.

(1) : Preliminary.

The Relative Importance of Economic Sectors to GDP at Constant Basic Prices, 2017



The Relative Importance of Economic Sectors to GDP at Constant Basic Prices⁽¹⁾
2014-2017, Percent

	2014	2015	2016	2017
Agriculture, hunting, forestry and fishing	3.9	4.0	4.0	4.1
Mining and quarrying	1.8	2.0	1.7	1.9
Manufacturing	19.8	19.6	19.4	19.2
Electricity and water	2.5	2.7	2.9	2.9
Construction	5.8	5.5	5.5	5.3
Total commodity-producing sectors	33.8	33.7	33.5	33.4
Trade, restaurants and hotels	12.0	11.8	11.7	11.6
Transport, storage and communications	17.1	17.2	17.4	17.5
Finance, real estate and business services	23.7	23.9	24.2	24.4
Producers of government services	13.5	13.4	13.3	13.2
Other services	-	-	-	-
Total service-producing sectors	66.2	66.3	66.5	66.6
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 percent.

• Developments in Commodity-Producing Sectors:

- **Industry:** The industrial sector, including manufacturing and “mining, and quarrying” sectors, grew by 2.0

percent in 2017, compared to a slight decline of 0.1 percent in 2016. This growth was an outcome of the recovery in “mining and quarrying” sector performance, on the one hand, and the slowdown in the manufacturing sector, on the other. However, the industrial sector maintained its relative importance to GDP, at constant basic prices, registered in 2016 at 21.1 percent. Meanwhile, the sector’s contribution to the overall GDP growth rate, at constant basic prices, increased to 0.4 percentage point compared to a contribution close to zero in 2016.

The following is a breakdown of developments in the industrial sector during 2017:

- “Mining and quarrying sector”:

This sector witnessed a remarkable improvement in its performance during 2017, growing by 13.0 percent compared to a decline of 12.1 percent in 2016. Accordingly, this sector contributed in raising the overall GDP growth rate, at constant basic prices, by 0.2 percentage point, compared to a negative contribution of 0.2 percentage point in 2016. The improvement in the performance of the “mining and quarrying” sector was due to the increase in the quantities produced of phosphate by

8.5 percent and potash by 15.8 percent, compared to a decline of 3.3 percent and 14.9 percent, respectively, in 2016.

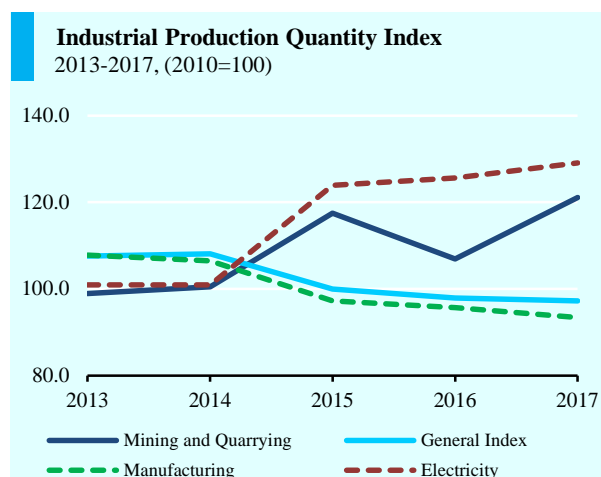
- **Manufacturing sector:** This sector witnessed a slight slowdown in its performance during 2017, growing by 1.0 percent compared to growth of 1.1 percent in 2016. Accordingly, this sector has maintained the same contribution to the overall growth rate of GDP, at constant basic prices, recorded in 2016, which was 0.2 percentage point. The performance of this sector continues to be affected by the political and security instability in some neighboring countries, resulting from almost complete closure of the borders, thus, exports to and through these countries declined.

Further, the industrial production quantity index declined by 0.7 percent during 2017, compared to a decline of 2.1 percent in 2016. This decline was an outcome of the followings:

- A contraction in the manufacturing production quantity index by 2.4 percent, compared to a contraction of 1.5 percent in 2016, due to the decline in the indices of the quantities of production of several items, primarily; “food products”,

“refined petroleum products”, and “tobacco products”. (Statistical Appendix / Table 3).

- The growth of the “mining and quarrying” production quantity index by 13.4 percent, compared to a decline of 9.1 percent in 2016. This growth was mainly attributed to the growth of the index of the other activities of mining and quarrying (including phosphate and potash production) by 13.6 percent.



As for the industrial investments in the Amman Stock Exchange (ASE), none of the industrial public shareholding companies and newly established ones made any public shareholding offering in 2017. In contrast, four existing industrial companies raised their capital (through capitalization and public offering) by a total amount of JD 6.4 million, compared to eight industrial companies raised their capital by JD 55.3 million in 2016.

Main Indicators of the Industrial Sector

2014-2017

	2014	2015	2016	2017
Value added at current prices (JD million)	4,931.3	5,113.1	5,045.7	5,232.8
Growth rate at constant prices (%)	3.3	2.1	-0.1	2.0
The deflator of the industrial sector (1994= 100)	242.8	246.4	243.3	247.5
Industrial exports (JD million)*	4,196.2	3,877.5	3,600.4	3,747.1
Industrial production quantity index (2010=100)	108.1	100.0	97.9	97.2
Number of registered industrial companies	2,179	1,891	2,455	2,189
Capital of registered industrial companies (JD million)	58.2	49.1	42.1	67.0
Outstanding credit facilities extended by licensed banks (JD million)	2,727.3	2,316.0	2,491.8	2,979.4

Source : Monthly Statistical Bulletin / Central Bank of Jordan.

* : Domestic exports excluding agricultural exports.

- **Agriculture:** This sector witnessed an improvement in its performance, growing by 4.8 percent in 2017 against 3.8 percent in 2016. Nevertheless, the sector maintained its contribution to the overall GDP growth rate, at constant basic prices, recorded in 2016 of 0.2 percentage point, and its relative importance to GDP, which stood at 4.1 percent.

Main Indicators of the Agricultural Sector

2014-2017

	2014	2015	2016	2017
Value added at current prices (JD million)	845.4	979.9	1,039.3	1,140.2
Growth rate at constant prices (%)	7.6	5.0	3.8	4.8
The deflator of the agricultural sector (1994= 100)	232.9	257.2	262.8	275.1
Quantity index of agricultural exports (1994= 100)	303.4	296.7	249.9	251.1
Price index of agricultural exports (1994= 100)	344.5	341.7	322.7	322.3
Number of registered agricultural companies	751	720	810	816
Capital of registered agricultural companies (JD million)	30.4	12.5	15.5	120.8
Outstanding credit facilities extended by licensed banks (JD million)	243.4	217.1	304.5	337.4

Source: Monthly Statistical Bulletin / Central Bank of Jordan.

The growth in this sector reflects the increase in the external demand for agricultural products; the agricultural exports index increased by 0.5 percent, compared to a significant decline of 15.8 percent in 2016. Further, the volume of agricultural investments witnessed an increase, reflected by the significant increase in the volume of capital of agricultural companies, registered with the Ministry of Industry and Trade, which reached JD 120.8 million compared to JD 15.5 million in 2016. In addition to the increase in the volume of credit facilities extended to

this sector, and the value of loans extended by the Agricultural Credit Corporation by 10.8 percent and 20.9 percent, respectively.

- **Construction:** This sector displayed a contraction in its performance by 1.1 percent, compared to a growth of 1.1 percent in 2016, lowering the overall GDP growth rate, at constant basic prices, by 0.1 percentage point, against a positive contribution of 0.1 percentage point during 2016. In addition, the sector's relative importance to GDP decreased by 0.2 percentage point, from its 2016 level, to reach 5.3 percent. However, several microeconomic indicators of the construction sector improved in 2017, which are expected to positively influence the performance of this sector later. These indicators include the increase in the licensed areas for building by 4.5 percent and the growth of the volume of credit facilities extended to this sector by 13.3 percent. It is worth noting that the government has extended its decision to exempt the first 150 square meters of apartments

and single houses of no more than 180 square meters from the registration fees, until the end of November 2018, in order to stimulate this sector.

Main Indicators of Construction Sector
2014-2017

	2014	2015	2016	2017
Value added at current prices (JD million)	1,140.0	1,159.6	1,195.8	1,202.8
Growth rate at constant prices (%)	6.8	-1.3	1.1	-1.1
The deflator of the construction sector (1994= 100)	210.8	217.2	221.6	225.5
Outstanding credit facilities extended by licensed banks (JD million)	4,552.8	4,904.5	5,827.7	6,601.0
Number of registered construction companies	224	148	121	147
Capital of registered construction companies (JD million)	11.1	7.7	5.2	4.9
Number of permits (permit)	39,578	35,775	39,410	43,277
Licensed areas for building (thousands of sq.m.)	14,992	13,123	13,310	13,908

Source : Monthly Statistical Bulletin / Central Bank of Jordan.

Regarding the activities of the Housing and Urban Development Corporation (HUDC) in 2017, the Corporation implemented five land development projects (serviced land units) with a total cost estimated at JD 3.3 million, three of them were accomplished with a total cost of JD 2.1 million.

- **Electricity and Water:** This sector witnessed a slowdown in its performance as it grew by 2.5 percent, compared to 8.9 percent in 2016. Accordingly, the sector's contribution to the overall GDP growth rate, at constant basic prices, decreased by 0.1 percentage point, reaching 0.1 percentage point. Meanwhile, its relative importance to GDP has stabilized at 2.9 percent. The slowdown of this sector was attributed to the decrease in the demand for electricity by major economic sectors that experienced slowdown in their performance, such as the manufacturing sector, on the one hand, and the switch to renewable energy in electricity production by several factories and big companies, on the other.

- **Development in Service-Producing Sectors:**

- **Transport, Storage and Communications:** This sector recorded a slowdown in its performance, growing at 2.7 percent in 2017 compared to 3.1 percent in 2016. Thus, it maintained its contribution to the overall GDP growth rate and its relative

importance to GDP, at constant basic prices, at their levels in 2016, standing at 0.5 percentage point and 17.5 percent, respectively. The slowdown in this sector was attributed to the continued negative effects on the land transport sub-sector because of the political and security instability in some countries in the region resulted in the closure of the borders and the almost complete suspension of transportation with Syria and Iraq. Nevertheless, other indicators of this sub-sector have improved, notably, the number of passengers through Royal Jordanian Airlines, which grew by 6.9 percent, and the aggregate number of departures (7.3 percent). The performance of the communications sub-sector was influenced by the government's decisions taken in February 2017, which include raising the general sales tax on internet services from 8 percent to 16 percent, raising the special tax on mobile phones and radio subscription services from 24 percent to 26 percent, and imposing a special tax of JD 2.6 on mobile phone subscription service for each new SIM card sold (paid only one time).

- **Finance, Insurance, Real Estate and Business Services:** The performance of this sector slowed down, as it grew by 3.0 percent compared to 3.7 percent in 2016. Thus, the contribution of this sector to the overall GDP growth rate, at constant basic prices, decreased by 0.2 percentage point, compared to its level in 2016, to reach 0.7 percentage point. However, its relative importance to GDP increased by 0.2 percentage point, compared to its level in 2016, to reach 24.4 percent. The developments of its sub-sectors revealed that the “finance and insurance services” sub-sector grew by 3.8 percent, compared to a growth of 5.2 percent in 2016. This led to a slight decrease in its contribution to the overall GDP growth rate (0.1 percentage point) to reach 0.5 percentage point. Meanwhile, its relative importance to GDP increased by 0.2 percentage point to reach 12.3 percent. The slowdown of this sub-sector was attributed, partially, to the decline in the after-tax profits of the insurance companies, which reached JD 3.9 million compared to JD 26.7 million in 2016. On the other hand, the performance of the real estate sub-sector was relatively stable, compared

to 2016, registering a growth of 2.2 percent, thus it preserved its contribution to the overall GDP growth rate as well as its relative importance to GDP at their levels in 2016, standing at 0.3 percentage point and 12.2 percent, respectively. The microeconomic indicators of this sub-sector showed a decline the in demand for real estate. The volume of trading in the real estate market decreased by 14.1 percent, compared to a decline of 7.2 percent in 2016. The number of sold apartments in the Kingdom decreased by 10.3 percent, compared to a decline of 6.8 percent in 2016. Accordingly, the Real Estate Price Index declined by 0.9 percent during 2017 to reach 120.1 points, compared to a growth of 1.8 percent in 2016.

Real Estate Price Index in Jordan
2013-2017

		2012=100				
	Weight	2013	2014	2015	2016	2017
Residential	43.6	103.6	108.6	110.4	111.9	110.5
Non-Residential	2.1	99.3	102.0	103.2	103.5	102.0
Lands	54.3	107.2	120.9	126.5	129.3	128.6
Real Estate Price Index	100	105.5	115.1	119.0	121.2	120.1

Source: Department of Lands and Survey & Central Bank of Jordan.

At the governorate level, the real estate price index decreased in several governorates, most notably, in Amman (1.2 percent), Balqa (1.1 percent), Irbid (0.7 percent). On the other hand, the index witnessed an increase in other governorates, predominantly, in Madaba (7.0 percent), Aqaba (1.3 percent), and Zarqa (0.5 percent) (Statistical Appendix/Table 7).

○ **Producers of Government Services:**

This sector witnessed a slowdown in its performance, growing by 0.9 percent compared to a growth rate of 1.2 percent in 2016. Accordingly, its contribution to the overall GDP growth rate, at constant basic prices, decreased by 0.1 percentage point to reach 0.1 percentage point, whereas it preserved almost the same relative importance to GDP recorded in 2016 amounting to 13.2 percent. This sluggish in performance was attributed to the slower pace growth in the “compensation of government’s employees” item in the general budget due to the fiscal consolidation measures. This item is one of the main indicators of the sector’s performance, which grew by 1.2 percent, compared to a growth of 1.9 percent in 2016.

○ **Trade, Restaurants and Hotels:** This sector grew by 1.5 percent compared to 1.3 percent in 2016. Accordingly, its contribution in the overall growth rate of GDP, at constant basic prices, increased by 0.1 percentage point to reach 0.2 percentage point, meanwhile it maintained, almost, the same relative importance to GDP that it had recorded in 2016, standing at 11.6 percent. The sub-components developments of this sector showed that the “wholesale and retail trade” sub-sector grew by 1.6 percent, compared to 1.5 percent in 2016, maintaining its relative importance to GDP registered in 2016 at 10.5 percent. The microeconomic indicators of this sub-sector revealed a growth of the credit facilities extended to this sub-sector by 3.8 percent. In addition, the general sales tax proceeds rose by 3.8 percent, and wholesale trade price index increased by 0.6 percent.

The performance of “restaurants and hotels” sub-sector improved in 2017; it grew by 0.6 percent compared to a contraction of 1.0 percent in 2016. This growth was a result of 7.8 percent increase in the number of tourists arriving to the Kingdom, which led to an

increase in tourism income by 14.7 percent compared to a decline of 0.5 percent in 2016. In addition, the credit facilities extended to this sub-sector were up by 3.7 percent compared to a growth of 0.8 percent in 2016.

Main Indicators of Tourism Sector
2014-2017

	2014	2015	2016	2017
Number of tourists (thousand)	5,326.4	4,811.3	4,236.0	4,565.2
Gross tourism income/GDP (%)*	12.2	10.8	10.5	11.6
Value added at current prices (JD million)**	1,553.3	1,443.1	1,435.5	1,646.8
Growth rate at constant prices (%)**	3.6	-8.7	-1.7	13.2
Outstanding credit facilities extended by licensed banks (JD million)	571.5	593.1	597.7	619.7
Number of hotels	536	558	573	601
Number of rooms (thousand)	27.1	27.7	28.2	30.4
Employees in hotels (thousand)	18.6	19.1	19.3	20.7
Employees in tourism sector (thousand)	48.6	49.1	50.4	51.3

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.

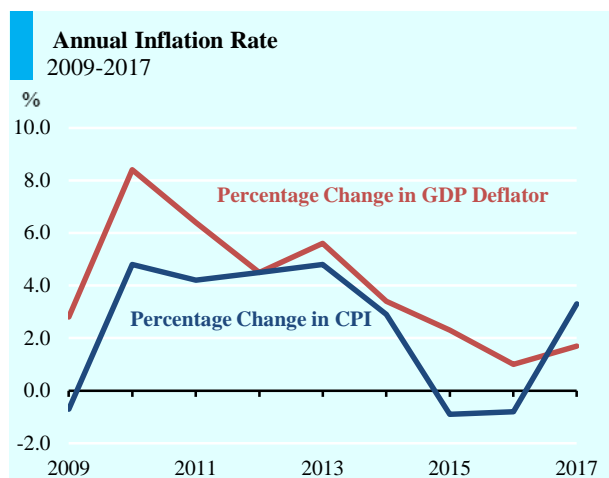
Prices

The general price level increased during 2017, in the wake of the limited contraction recorded over the past two years, due to the increase in oil and food prices in the global markets, in addition to the bundle of tax

measures adopted in early 2017. Nevertheless, inflation rates (according to various measures) remained within the appropriate limits of economic activity, and this stimulates saving and investment environment in the national economy. The following is an analysis of the most prominent inflation measures:

□ The GDP Deflator

Inflation rate, measured by the percentage change in the GDP deflator, increased by 1.7 percent, compared to 1.0 percent in 2016. This increase was a result of the rise in oil prices in the global markets, in addition to the government's decision to raise the minimum wage of Jordanian workers by JD 30 to reach JD 220 as of March 1st, 2017. This decision reflected in an increase in production costs in various economic sectors. Consequently, the prices of many economic sectors went up compared to 2016, among these sectors were agriculture, manufacturing, and “transport and communications”, which prices rose by 4.7 percent, 3.0 percent, and 2.7 percent, compared to 2.2 percent, 0.2 percent, and 1.6 percent, respectively, in 2016. In contrast, the prices of the “mining and quarrying” sector declined by 10.3 percent, partially due to the sharp decline in the global prices of phosphate during 2017.



□ Consumer Price Index (CPI)

The consumer prices increased in 2017 following the limited contraction recorded during the past two years. The inflation rate, measured by the percentage change in the CPI, stood at 3.3 percent compared to a contraction of 0.9 percent and 0.8 percent in 2015 and 2016, respectively. The increase in the consumer prices in 2017 was an outcome of the rise in oil and food prices in the global markets, as well as the bundle of corrective government measures taken in early 2017, which included abolishing tax exemptions on many goods and services and raising taxes and fees on another group of goods and services. Despite the increase in prices in 2017, the inflation rate remained below the average inflation rate of the Middle East and North Africa (MENA), which was 6.6 percent, and it is close to the global inflation rate of 3.0 percent in 2017.

The increase in the general price level during 2017 was an outcome of the following:

- An increase in the prices of some groups and items, most notably the transportation group, which rose by 12.9 percent. This increase was an outcome of the increase in oil prices in the global markets; the decision of the Land Transport Regulatory Commission to raise public transport fares by 10 percent, as of January 2017; imposing an excise tax of 5 piasters per liter on octane gasoline, and 7 piasters per liter on octane 95 gasoline, as of February 1st, 2017. It is worth mentioning that the cost of fuel constitutes approximately (30-35 percent) of the operational costs of the transportation sector. The rise in prices of oil resulted in an increase of 2.9 percent in the “fuel and lighting” item, within the housing group. “tobacco and cigarettes” item increased by 7.9 percent due to the government’s decision to impose a special tax, by varying rates, on cigarettes used for domestic consumption. Also health, communication, “culture and recreation”, education, and “other goods and services” groups rose at varying rates, ranging from 1.8 percent to 8.5 percent.

The above-mentioned items, collectively, contributed to pushing up the inflation rate by 3.0 percentage points, compared to a negative contribution of 0.2 percentage point in 2016.

- A slowdown in the prices of a number of groups and items, such as “restaurants and hotels” group and the rents item, which prices grew by 0.2 and 2.5 percent compared to a rise of 1.2 percent and 2.6 percent, respectively, in 2016. However, the two items maintained the same contribution in the inflation rate recorded in 2016 at 0.4 percentage point.

Inflation Rate during the years 2016-2017

Groups	Relative Imp.	Inflation Rate %		Contribution (percentage point)	
		2016	2017	2016	2017
All Items	100	-0.8	3.3	-0.8	3.3
1. Food and non-Alcoholic Beverages, of which:	33.365	-3.5	-0.4	-1.1	-0.1
Meat and Poultry	8.244	-10.2	-5.0	-0.9	-0.4
Vegetables and Legumes Dry and Canned	3.886	-4.5	5.0	-0.2	0.2
2. Alcohol and Tobacco and Cigarettes, of which:	4.431	3.2	7.9	0.1	0.4
Tobacco and Cigarettes	4.403	3.2	7.9	0.1	0.3
3. Clothing and Footwear, of which:	3.549	1.5	-2.4	0.1	-0.1
Clothing	2.789	1.4	-2.9	0.0	-0.1
4. Housing, of which:	21.920	1.2	2.8	0.3	0.6
Rents	15.570	2.6	2.5	0.4	0.4
Fuels and Lighting	4.847	-4.5	2.9	-0.2	0.1
5. Household Furnishings and Equipment	4.186	1.0	1.6	0.0	0.1
6. Health	2.212	3.8	8.5	0.1	0.2
7. Transportation	13.575	-3.9	12.9	-0.5	1.7
8. Communication	3.504	-0.2	1.8	0.0	0.1
9. Culture and Recreation	2.274	4.6	7.4	0.1	0.2
10. Education	5.407	1.9	2.9	0.1	0.2
11. Restaurants and Hotels	1.834	1.2	0.2	0.0	0.0
12. Other Goods and Services	3.746	2.2	6.3	0.1	0.2

Source: Department of Statistics.

- The contraction in the prices of other groups and items helped to mitigate the effect of the rise in the prices on the recorded inflation rate, most notably “clothing and footwear” and “food and non-alcoholic beverages” groups, which prices declined by 2.4 percent and 0.4 percent, respectively. This led to a negative contribution of 0.2 percentage point to the inflation rate, compared to a positive contribution of 1.0 percentage point in 2016.

Labor Market

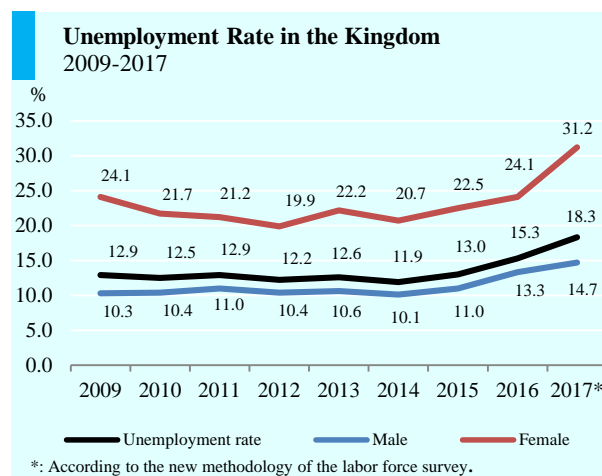
Despite the government's efforts to contain the unemployment problem in the Kingdom, the challenges facing the labor market continue to generate high rates of unemployment among Jordanians. On top of these challenges is the inability of the national economy to create sufficient jobs for job seekers and the crowding out of foreign labor (formal and informal), who compete the Jordanian labor in filling up new vacancies, in addition to the incompatibility between the education outputs and the labor market needs. Moreover, the participation in the labor market by Jordanian is still low, especially among females. This was reflected by the low refined economic participation rate, which did not exceed 40 percent of the total working-age population.

It is worth noting that, in line with the recommendations of the International Labor Organization, the Department of Statistics has developed a new methodology for the labor force survey as of the first quarter of 2017. The new methodology include the exclusion of unpaid workers from the definition of employed (according to the previous methodology they were classified “employed”) and raising the sample size to 16 thousand families, instead of 13 thousand families, based on the results of the General Population and Housing Census for the year 2015. The change in methodology has led to rise the unemployment rate in 2017 to 18.3 percent. It should be noted that the unemployment rate among non-Jordanians stood at 17.7 percent during 2017, while the total unemployment rate (among Jordanians and non-Jordanians) reached 18.1 percent.

Hereby, an analysis of the prominent indicators of the labor market in the Kingdom during 2017:

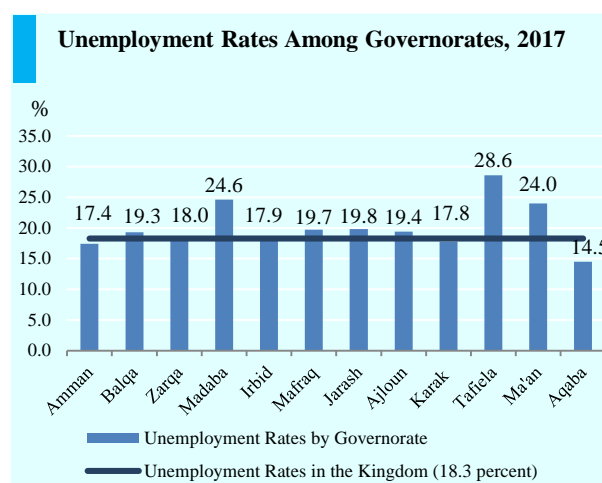
□ Unemployment

The number of unemployed Jordanians stood at 333.3 thousand (62.6 percent for males and 37.4 percent for females) in 2017. Accordingly, the unemployment rate (the ratio of unemployed to the labor force) went up by 18.3 percent.

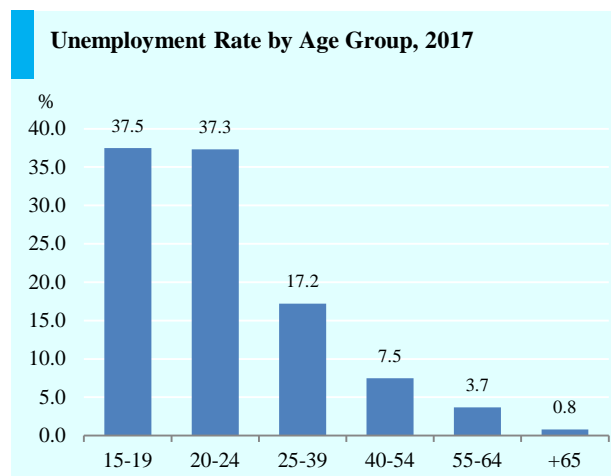


The distribution of unemployment according to gender showed that the unemployment rate among males stood at 14.7 percent and among females stood at 31.2 percent.

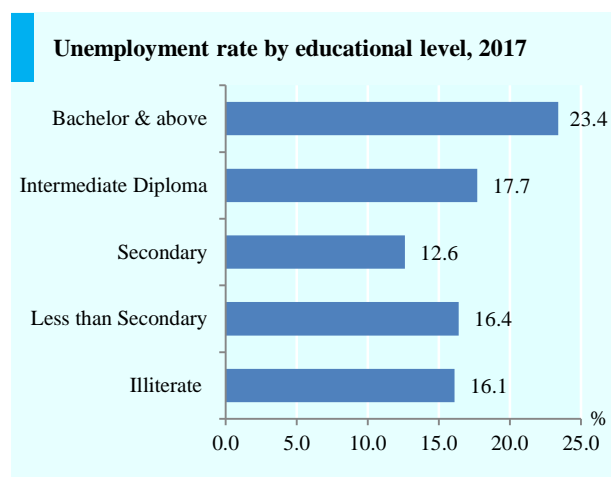
On the governorate level, the governorate of Aqaba recorded the lowest rate of unemployment, standing at 14.5 percent, while the governorate of Tafila recorded the highest unemployment rate, standing at 28.6 percent.



According to age categories, the highest unemployment rate was recorded for the age category of 15-19 years, standing at 37.5 percent, while the unemployment rate among the older age groups decreased.

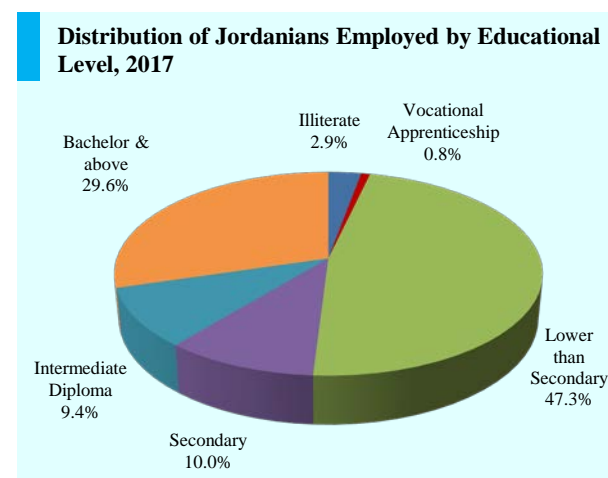


As for the educational level, the highest unemployment rate was recorded among academic degree holders (bachelor degree and above) at 23.4 percent, which reflects, partially, the mismatch between the educational system outputs and the labor market needs.

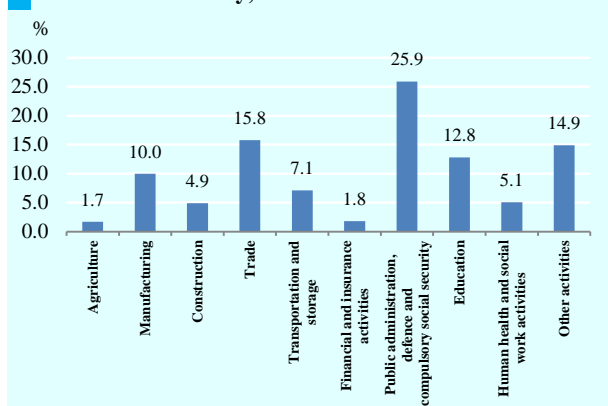


□ Employment

The number of employed Jordanians was about 1,484.5 thousand workers (81.5 percent for males and 18.5 percent for females). Thus, the ratio of employed to the total population aged 15 years and above reached 32.0 percent. According to the educational level, workers with high school degree or lower accounted for 61.0 percent of the total number of employed, while workers with bachelor degree or higher accounted for 29.6 percent.

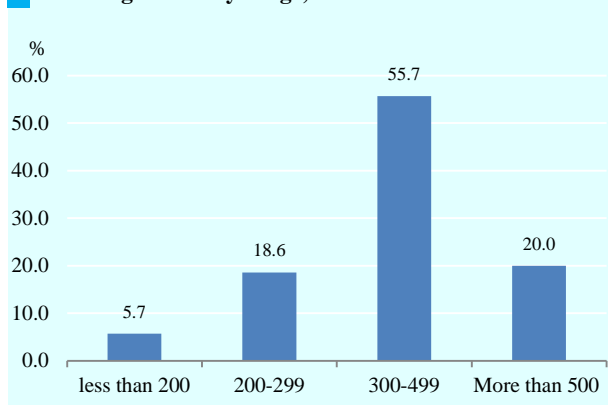


At the sectoral level, the service-producing sectors are considered the most prominent sector in employing Jordanian labor, especially the sectors of “public administration, defense and social security”, “wholesale and retail trade” and education, which collectively captured approximately 54.5 percent of the total number of the employed.

Distribution of Jordanians employed by Economic Activity, 2017

The private sector employs about 60.0 percent of the total number of employed, while the public sector is still considered the main employer, capturing about 39.0 percent of the total number of employed, especially when comparing with the developed countries, where the public sector does not employ more than 10 percent of the total number of employed.

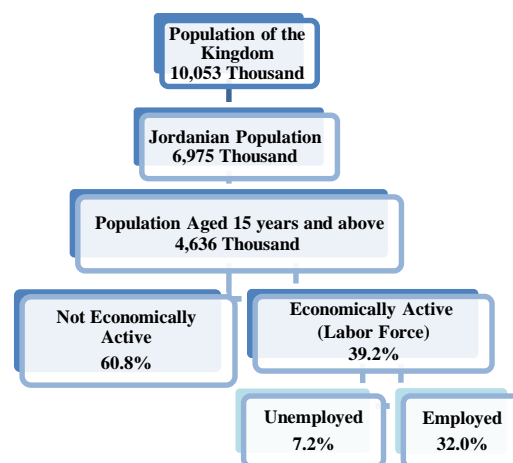
Regarding the average monthly wage for employed, it reveals that 55.7 percent of the employees receive wages ranging from JD 300 to JD 499 per month.

Distribution of Jordanians Employed by the Average Monthly Wage, 2017

❑ Total Labor Force (Employed and Unemployed)

The population of the Kingdom reached 10.1 million in 2017. The number of Jordanians was about 7.0 million, of whom 1.8 million were in the labor force. Thus, the crude economic participation rate (the labor force divided by the total population) stood at 26.1 percent. While the refined economic participation rate (the labor force divided by the total population aged 15 years and above), which reflects the utilization of human resources in the economy, amounted to 39.2 percent (60.8 percent for males and 17.3 percent for females).

The Structure of Labor Market in Jordan, 2017



The previous analysis of the labor market indicates that the unemployment in the Kingdom is a structural problem. Therefore, the government continues its efforts to reform the labor market, through continuing to implement the National Economic Reform

Program (2016-2019). The program includes many reforms in the labor market that aimed at creating more jobs, through enhancing competitiveness as well as boosting business environment in the Kingdom. It also aims at raising the economic participation ratio, especially among females. Besides, the government continues to implement the outcomes of the National Strategy for Human Resources Development (2016-2025), which includes several reforms that promote the educational system in the kingdom in order to provide a well-qualified skilled labor force that matches the labor market needs.

In addition, 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 approximately 26.5 thousand trainees in different programs. Further, King Abdullah II Fund for Development (KAJD) held about 1117 training courses during 2017, benefiting about 25.4 thousand trainees.

Taking into consideration the importance of small-and medium-sized enterprises (SMEs) in creating jobs, the National Microfinance Bank (NMB) extended loans worth JD 43.9 million. In addition, the Development and Employment Fund (DEF) extended loans worth JD 23.8 million in 2017.

Output, Employment, and Price Policies

The government has adopted several measures and legislation in 2017, 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. The following is a summary of what has been accomplished in this regard:

- **In terms of stimulating economic growth**, the government approved the Jordan Economic Growth Plan (JEGP) 2018-2022 issued by the Economic Policies Council. It aims at improving the economic condition and supporting efficient investments, thus contributing to create more job opportunities, reducing the public debt to GDP ratio, and raising income levels. The JEGP includes the implementation of 95 policy actions, 89 government projects with a cost of JD 6.2 billion, and 23 private sector investments with a total cost of JD 9.5 billion.
- **In terms of investments**, the government approved a number of legislations aimed at enhancing the investment environment in the Kingdom, notably:

- Monitoring and Inspection of the Economic Activities Law no. 33 of 2017, which aims at unifying the terms of reference of inspections, and reducing the overlapping and duplication in the power and functions of the officials institutions concerned with the supervision and inspection of economic activities. Thus contributing to the development of the business environment in the Kingdom.
- Amended Corporate Law no. 34 of 2017, in which the venture capital company was added as a new type of companies that can be established in the Kingdom, in addition to regulating the provisions of these companies. This amendment is expected to encourage the establishment of such companies.
- **In terms of labor market policies,** many measures were taken during 2017 to regulate the labor market, and encourage the participation of Jordanians in the labor market, of which:
 - Approving the licensing instructions for practicing the professions from home within the municipal areas. These instructions have been issued in accordance with the provisions of the article no. 5 of the Buildings and Planning Regulation for the Towns and Villages no. 136 and its amendments for the year 2016. They aim to regulate the practice of occupations from home, thus enabling informal workers, who practice occupations from home to work formally, reducing the size of the informal economy, and increasing economic participation rates, especially among females.
 - Approving Flexible Employment Regulation no. 22 of 2017, which allows employees in coordination with the employer to set flexible working hours, in a manner that suits the worker's needs and circumstances and considers the work requirements. Thus, helping to promote the economic participation of many groups in society, especially women, and create a more open working environment for new and pioneer opportunities. This benefits a worker who spent three consecutive years in his/ her job, a worker with family responsibilities, a regular university-student worker, and a disabled worker.

- Approving amendments to Work Permit Fees for Non-Jordanian Workers By-law, which include unifying and raising fees for work permits in most economic sectors and activities, with the aim of reducing disparities in labor fees and the illegal movement of workers between sectors. The details are as follow:
 - Collect JD 400 for each new work permit or renewal in most economic sectors.
 - Collect JD 500 for each work permit in the household services sector.
 - Collect JD 175 for each work permit in clothing industry and knitting sector that are registered at the Investment Commission.
 - Collect an additional fee of JD 100 from the employer for each new work permit or renewal in all economic sectors and activities. The fee is devoted to the Employment-Technical and Vocational Education and Training Fund (E-TVET Fund) in order to conduct training programs and initiatives for young people, thereby contributing to increase employment opportunities.
- In November 2017, the Cabinet decided to set JD 300 for each work permit for non-Jordanian workers in the agriculture sector, of which JD 100 is devoted to support the E-TVET Fund.
- **In terms of prices and wages**, the government has taken a bundle of corrective measures at the beginning of 2017, which include the following:
 - Abolish tax exemptions on many goods and services and raise taxes and fees on another group of goods and services.
 - Raise the minimum wage for Jordanian workers in all sectors from JD 190 to JD 220, in line with the government's efforts to encourage Jordanian job seekers and improve the standard of living of Jordanian workers.

Box (1)

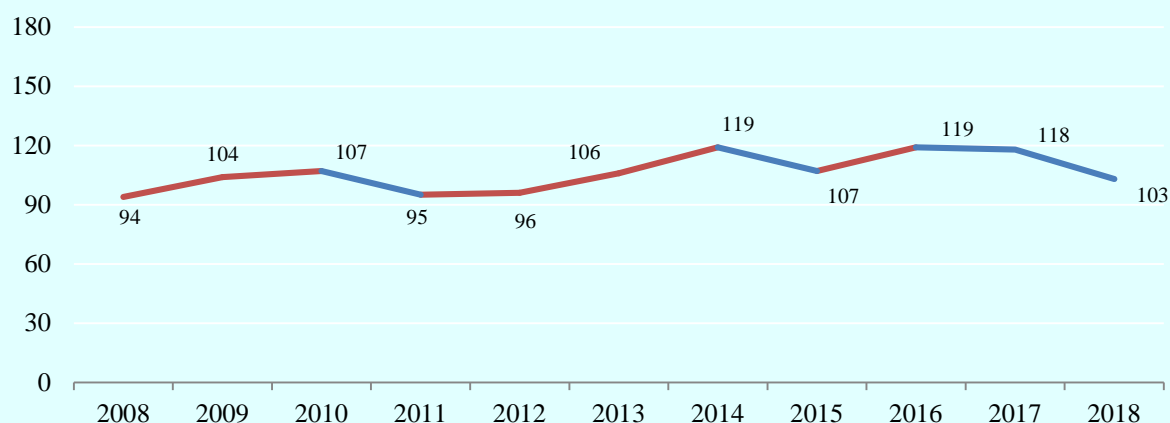
Jordan's Results in the Doing Business Report (2017/2018)*

The Doing Business Report (DBR) has been issued annually by the World Bank since 2003. It explores legislations and regulations that encourage business, in addition to the obstacles of creating an appropriate environment for doing business in 190 countries, including 17 Arab countries. The DBR is prepared based on standardized criteria for collecting data that are transparent and easy to compare, thus, providing a clear picture of the business environment in the countries listed in the report, in addition to helping decision makers to identify and address difficulties of doing business.

Jordan's results in the report

The report showed an improvement of the Jordan's overall ranking, as it gained 15 spots, ranking 103 out of the 190 countries covered by the report, compared to a rank of 118 in the previous report.

The Development of Jordan's Ranking in the Doing Business Report



The improvement in the Kingdom's ranking came as a result of the progress made in a number of indicators, notably "getting credit", "registering property", and "protecting minority investors". On the other hand, the performance of other indicators, such as "paying taxes", "resolving insolvency", and "trading across borders", has declined.

*: Reflects Business Environment in 2017.

Box (1) continued

The following table shows Jordan's ranking according to doing business indicators for 2017/2018

Indicator		2017*	2018*	Change in Ranking
		Ranking out of 190	Ranking out of 190	
Overall Ranking		118	103	+15
1	Starting a business	106	105	+1
2	Dealing with construction permits	109	110	-1
3	Getting electricity	48	40	+8
4	Registering property	96	72	+24
5	Getting credit	185	159	+26
6	Protecting minority investors	165	146	+19
7	Paying taxes	79	97	-18
8	Trading across borders	50	53	-3
9	Enforcing contracts	124	118	+6
10	Resolving insolvency	142	146	-4

*: Reflects last year's scores.

On the Arab country level, Jordan ranked 9th out of 17 Arab countries covered by the report, while the United Arab Emirates (UAE) ranked the first, followed by Bahrain, Morocco, and Oman. However, Yemen occupied the last ranking among the Arab countries. Globally, New Zealand continued to lead the global ranking, followed by Singapore, and then Denmark.

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 in order to maintain monetary and financial stability, including price and exchange rate stability, as well as preserve the safety and resilience of the banking system, in addition to protect the rights of depositors and shareholders.

Within this context, the CBJ raised the interest rates on all its monetary policy instruments four times, by a total of 125 basis points. However, it maintained its refinancing programs' interest rates unchanged to ensure the availability of appropriate financing for a number of high added value sectors in the economy, at competitive interest rates, and maturities up to ten years.

Regarding the licensed banks' activity, the main indicators witnessed an improvement in their performance in 2017. The banks' consolidated balance sheet showed a growth of the total assets by 1.5 percent to reach JD 49.1 billion, and the total credit facilities extended by licensed banks

grew by 8.0 percent to reach JD 24.7 billion. Further, credit facilities extended by licensed banks to the private sector (resident) increased by JD 1.8 billion (9.3 percent) to reach JD 21.7 billion. Meanwhile, the total deposits at licensed banks reached JD 33.2 billion at the end of 2017, compared to JD 32.9 billion at the end of 2016.

The market interest rates on credit facilities increased at a similar pace to 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", slightly increased by 5 basis points to reach 484 basis points at the end of 2017, compared to 479 basis points at the end of 2016.

With regard to the banking policy in 2017, the CBJ has taken further measures 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-sized enterprises (SMEs) at preferential interest rates and appropriate maturities.

Central Bank of Jordan and Monetary Policy

In 2017, the CBJ continued to conduct its monetary policy that aims at supporting monetary stability, maintaining appropriate inflation rates, and enhancing confidence in the Jordanian dinar, through creating an interest rates structure that is compatible with local, regional and global developments. In order to foster financial stability and enhance the soundness of the banking system, the CBJ implemented a considerable set of measures to organize the operations of licensed banks and strengthen their financial positions.

□ Interest Rates on Key Monetary Policy Instruments:

In light of the domestic, regional, and global economic and monetary developments, and in order to maintain the competitiveness and attractiveness of the Jordanian dinar as a saving instrument, as well as to preserve monetary and financial stability, the CBJ increased interest rates on all its monetary policy instruments four times in 2017 by a total of 125 basis points. Consequently, the CBJ's key interest rates structure at the end of 2017 was as follows:

- The CBJ main rate was raised to 4.00 percent, compared to 2.75 percent at the end of 2016.
- The interest rates on one week repurchase (Repo) agreements and one

month Repo agreements were raised to 4.00 percent each, compared to 2.75 percent each at the end of 2016.

- The re-discount rate was raised to 5.00 percent, compared to 3.75 percent at the end of 2016.
- The overnight Repo agreements rate was raised to 4.75 percent, compared to 3.50 percent at the end of 2016.
- The overnight deposit window rate was raised to 3.00 percent, compared to 1.75 percent at the end of 2016.
- The interest rate on one week certificates of deposit was raised to 4.00 percent compared to an interest rate margin of 2.5 - 2.75 percent at the end of 2016.

To stimulate economic growth and create more new job opportunities, especially for youth, the CBJ decided to keep the refinancing programs' interest rates, which target vital economic sectors, unchanged at 1.75 percent for projects inside Amman, and 1.0 percent for projects located in other governorates.

□ Exchange Rate and Foreign Reserves

• Jordanian Dinar Exchange Rate

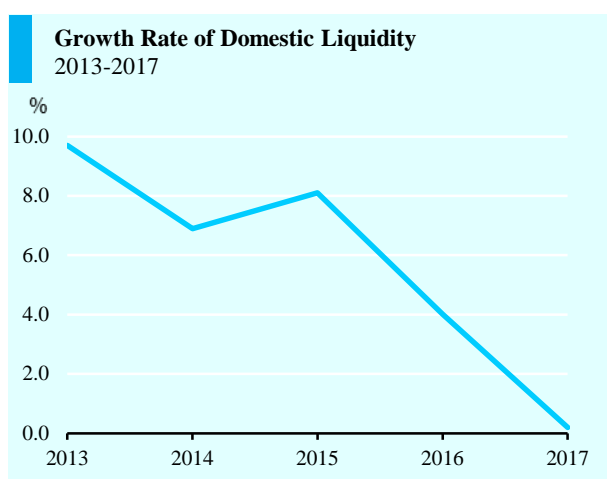
The CBJ has operated a pegged exchange rate to the US dollar since 1995, at an average exchange rate of 709 fils per dollar. In 2017, the exchange rate of the Jordanian dinar depreciated by 10.8 percent against the euro, by 6.6 percent against the pound sterling, and by 2.6 percent against the Japanese yen, compared to the exchange rates registered at the end of 2016.

• The CBJ's Foreign Exchange Reserves

The balance of gross foreign reserves at the CBJ, including gold and Special Drawing Rights (SDRs), stood at USD 14.4 billion at the end of 2017, of which USD 12.3 billion in foreign currencies, USD 2.1 billion in gold, and USD 60.8 million in SDRs. This level of reserve is equivalent to cover more than eight months of Kingdom's imports of goods and services, and considered comfortable and booster to the monetary stability in the Kingdom, according to the international standards of foreign reserves adequacy.

□ Domestic Liquidity

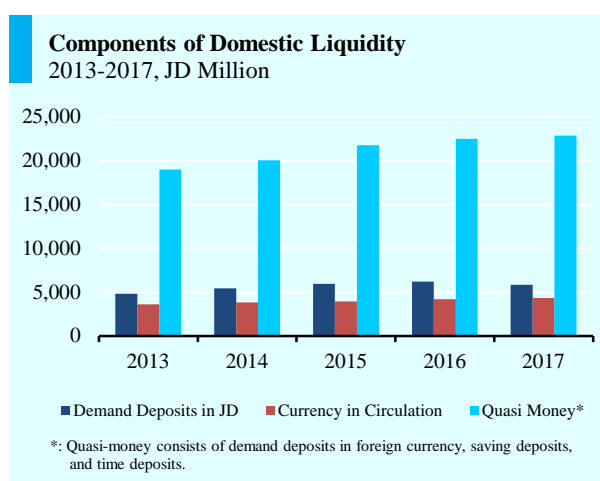
Broad money supply (M2) reached JD 33.0 billion at the end of 2017, compared to JD 32.9 billion at the end of 2016.



The components and the factors that influenced domestic liquidity in 2017 are detailed as follows:

• Components of Domestic Liquidity

- The currency in circulation amounted to JD 4.3 billion at the end of 2017, compared to JD 4.2 billion at the end of 2016.
- Deposits, according to liquidity definition amounted to JD 28.6 billion at the end of 2017, compared to JD 28.7 billion at the end of 2016.



• Factors Affecting Domestic Liquidity

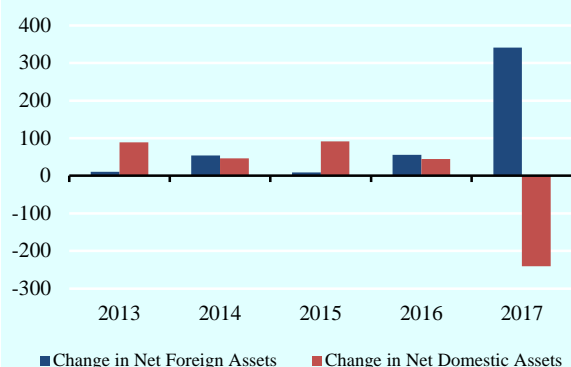
○ Net Domestic Assets

The net domestic assets at the banking system stood at JD 23.8 billion at the end of 2017, compared to JD 24.0 billion at the end of 2016.

○ Net Foreign Assets

The net foreign assets at the banking system stood at JD 9.1 billion at the end of 2017, compared to JD 8.8 billion at the end of 2016. Meanwhile the net foreign assets of the CBJ reached JD 10.3 billion at the end of 2017.

Factors Affecting Domestic Liquidity
2013-2017, As a percent of the change in M2



Factors Affecting Domestic Liquidity
2013-2017, Percent

	2013	2014	2015	2016	2017
Growth rates					
Foreign assets (net)	3.9	14.6	2.6	8.7	3.1
Domestic assets (net)	11.8	4.2	10.1	2.4	-0.8
Net claims on public sector	10.2	-1.0	8.2	-6.3	-9.2
Claims on private sector (resident)	8.0	3.7	4.8	10.1	9.4
Claims on financial institutions	-18.4	0.5	-1.0	68.9	77.7
Other items (net)	1.1	-4.3	-5.6	9.8	17.2
Domestic liquidity	9.7	6.9	8.1	4.0	0.2
Percentage changes of the beginning stock of M2					
Foreign assets (net)	1.0	3.7	0.7	2.2	0.8
Domestic assets (net)	8.7	3.2	7.4	1.8	-0.6
Net claims on public sector	4.1	-0.4	3.0	-2.3	-3.1
Claims on private sector (resident)	5.1	2.3	2.9	6.0	5.9
Claims on financial institutions	-0.2	0.0	0.0	0.4	0.7
Other items (net)	-0.3	1.2	1.5	-2.2	-4.1

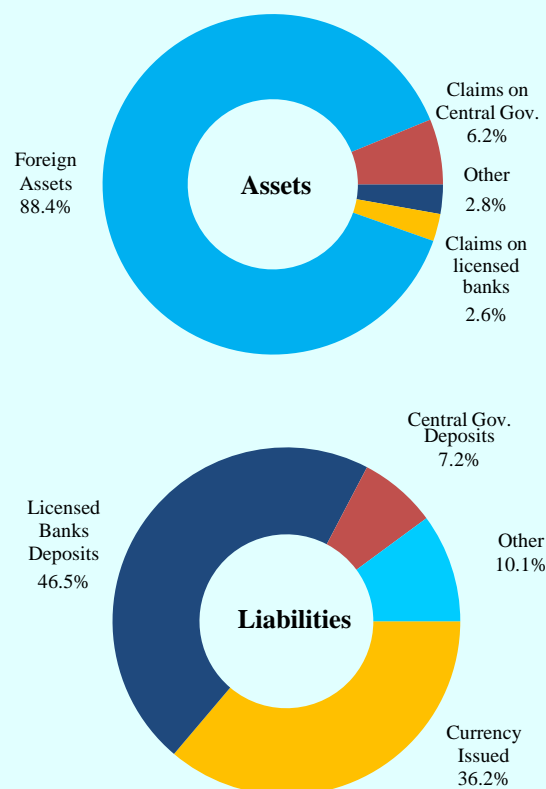
□ The CBJ's Balance Sheet

The CBJ's balance sheet contracted by JD 85.4 million (0.6 percent) in 2017 to reach JD 13.4 billion, compared to a contraction of JD 876.4 million (6.1 percent) in 2016 (Statistical Annex/Table 12).

- On the assets side, the domestic assets declined by JD 114.4 million (6.9 percent) to reach JD 1,553.8 million, compared to a decrease of JD 146.5 million (8.1 percent) in 2016. The contraction in domestic assets was an outcome of the decline in the claims on the central government by JD 113.6 million (12.1 percent), the decline in other assets by JD 109.7 million (40.4 percent), and the increase in the claims on financial institutions by JD 97.3 million due to extending a loan of JD 100 million to the Jordan Loan Guarantee Corporation (JLGC) for supporting Export Credit Guarantee Program. Further, the claims on licensed banks increased by JD 11.6 million (3.4 percent).

- Meanwhile, the foreign assets increased by JD 29.0 million (0.2 percent) to stand at JD 11,813.8 million, compared to a decrease of JD 729.9 million (5.8 percent) in 2016. This increase was a result of the increase of gold by JD 395.2 million (36.6 percent), the increase of “cash, balances & deposits” by JD 38.4 million (0.8 percent), the decrease of “bonds and treasury bills” by JD 379.9 million (7.6 percent), and the decrease of the SDRs by JD 24.7 million (36.4 percent).
- On the liabilities side, the foreign liabilities decreased by JD 52.0 million (6.4 percent). This decrease resulted, mainly, from the contraction of reserve deposits by JD 99.6 million (13.1 percent), and the increase in the international institutions’ deposits by JD 47.6 million (87.2 percent). In addition, the domestic liabilities decreased by JD 33.4 million (0.3 percent). This decrease was driven by the decrease of licensed banks’ deposits by JD 189.6 million (3.0 percent), the central government deposits by JD 71.3 million (6.9 percent), and other liabilities by JD 28.2 million (10.5 percent). On the other hand, the currency issued increased by JD 215.7 million (4.7 percent), capital reserves and provisions by JD 31.5 million (10.7 percent), and demand deposits by JD 8.5 million (51.5 percent).

Relative Importance of the CBJ’s Balance Sheet Components, 2017



**Components of the CBJ’s Balance Sheet
2013-2017, JD Billion**

	2013	2014	2015	2016	2017
Foreign assets	10.6	12.1	12.5	11.8	11.8
Domestic assets	2.6	1.9	1.8	1.7	1.6
Claims on central government	1.6	1.2	1.0	0.9	0.8
Claims on licensed banks	0.5	0.5	0.3	0.3	0.3
Other	0.5	0.2	0.5	0.5	0.5
Assets = Liabilities	13.2	14.0	14.3	13.5	13.4
Currency issued	3.9	4.2	4.3	4.6	4.8
Licensed banks’ deposits, of which:	6.2	7.3	7.6	6.4	6.2
Certificates of deposit in JD	0.2	0.3	1.1	1.0	0.6
Central government deposits	1.1	1.0	0.9	1.0	1.0
Other	2.0	1.5	1.5	1.5	1.4

□ Banking Legislations and Measures

The CBJ continued to take further actions during 2017 that aimed at supervising banks through in sight inspection and of sight surveillance, managing their operations, strengthening their financial positions, and enhancing their role in financing economic activities. The following is a summary of the main legislations and measures:

- In light of recent banking developments, and in the interest of the CBJ to develop the performance of the institutions of the banking system and to organize their work, it issued a number of instructions and circulars to the licensed banks operating in the Kingdom during 2017, which can be summarized as follow:
 - Issuing regulations for licensed banks related to external auditing, in line with global developments and principles issued by Basel Committee on Banking Supervision. This was due to the importance of external auditing for banks to improve auditing practices of their financial statements, thus enhancing the confidence in the financial sector and effectiveness of macro-prudential supervision of this sector.
 - Issuing circular for licensed banks to cancel external auditing reports related to anti-money laundering and anti-terrorist finance in order to start using the Risk-Based Approach system (RBA).
 - Issuing regulations to Domestic Systemically Important Banks “D-SIBs” to enhance their abilities to maintain safety and soundness of their financial positions, and alleviate negative effects that might result from serious problems that threaten the stability of the financial system, in particular, and the macroeconomic stability, in general. These regulations are part of the implementation of the resolutions of Basel Committee on Banking Supervision, and in line with the best international practices.
 - Issuing circular for licensed banks to include terrorist finance indicators in the manual guide for anti-terrorist finance within systems used in banks.
- Within the initiatives of supporting the SMEs, the CBJ continued to provide motivations to licensed banks aiming at supporting these enterprises, as well as sectors with high added value in the economy. On top of that came the CBJ’s refinancing program, which is directed to support industry, tourism, agriculture, renewable energy, and information technology sectors. In September 2017, the number of targeted sectors increased

to six, as the engineering consultancy sector was added to the program due to its vital role in enhancing growth and employment. These sectors, collectively, account for 35 percent of GDP and provide major contribution in job creation.

The total fund available under this program amounting to JD 1.1 billion. The value of approved loans totalled JD 460.7 million (41.9 percent of total available fund) benefited 638 projects, and created 6,750 job opportunities at the end of 2017.

- Under the Royal patronage of His Majesty King Abdullah II Ibn Al Hussein, the CBJ launched the National Strategy for Financial Inclusion 2018-2020 on December 4th, 2017. The launch of strategy represents an important step toward creating a stimulating environment for inclusive and sustainable economic growth, through provision of appropriate financial services to all segments of the society. This strategy includes several major pillars concern medium and small size companies, microfinance, digital financial services, protecting financial consumer, financial capacity, education, and data on performance indicators. The strategy will, also, create and strengthen the link between financial inclusion and the 2030 Agenda for Sustainable Development set by the United Nations.

Licensed Banks' Operations

The number of licensed banks operating in Jordan stood at 25 banks at the end of 2017. Among these banks are 16 Jordanian banks (3 of which are Islamic banks) and 9 branches of foreign banks, including one branch of a foreign Islamic bank. These banks carried out their business through a network of 818 branches and 76 representative offices. Accordingly, the index of population to the total number of branches reached approximately 12.3 thousand citizens per branch at the end of 2017.

The number of Jordanian banks branches operating abroad reached 190 branches, 8 representative offices, 21 offices, and 2 offshore units. Among these are 95 branches and 21 offices operating in the Palestinian territories.

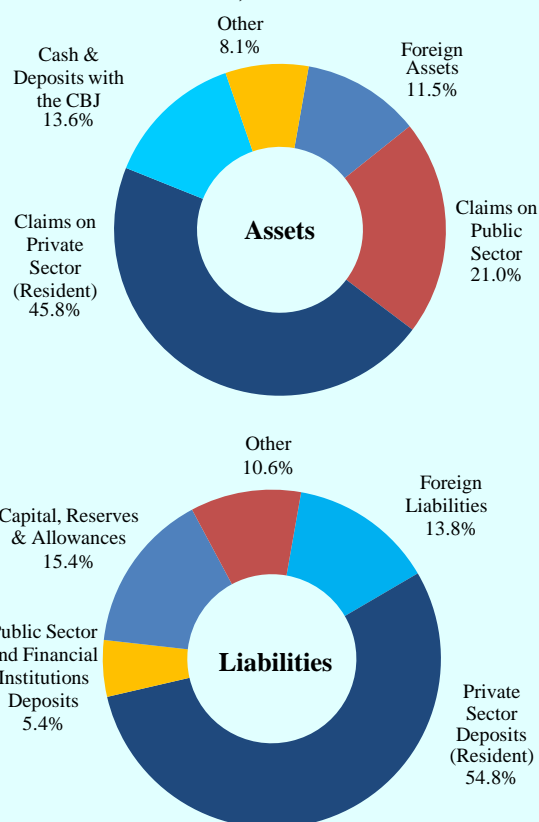
□ Consolidated Balance Sheet of Licensed Banks

The consolidated balance sheet of licensed banks increased by JD 719.0 million (1.5 percent) at the end of 2017 to reach JD 49.1 billion, compared to an increase of JD 1,250.3 million (2.7 percent) at the end of 2016 (Statistical Annex/Table 14).

- The rise in assets side was primarily driven by the increase in domestic assets by JD 501.9 million (1.2 percent), and foreign assets by JD 217.1 million (4.0 percent), compared to an increase in domestic assets by JD 490.2 million (1.2 percent), and in foreign assets by JD 760.1 million (16.2 percent) at the end of 2016. The growth in domestic assets in 2017 was attributed to the increase in the claims on private sector (resident) by JD 1,935.5 million (9.4 percent), the increase in the claims on financial institutions by JD 120.1 million (65.7 percent), and the increase in balances in foreign currencies with the CBJ by JD 108.6 million (14.8 percent). Notwithstanding, the claims on public sector decreased by JD 793.6 million (7.2 percent), the other assets by JD 682.7 million (15.8 percent), and reserves by JD 186.0 million (3.1 percent).

The increase in foreign assets was mainly attributed to the increase in balances with foreign banks by JD 129.9 million (3.3 percent), the portfolio of non-residents by JD 40.3 million (5.6 percent), the cash in vaults (in foreign currencies) by JD 27.1 million (15.5 percent), and credit facilities extended to private sector (non-resident) by JD 20.4 million (4.3 percent).

Relative Importance of the Consolidated Balance Sheet of licensed Banks, 2017



Components of the Consolidated Balance Sheet of Licensed Banks
2013-2017, JD Billion

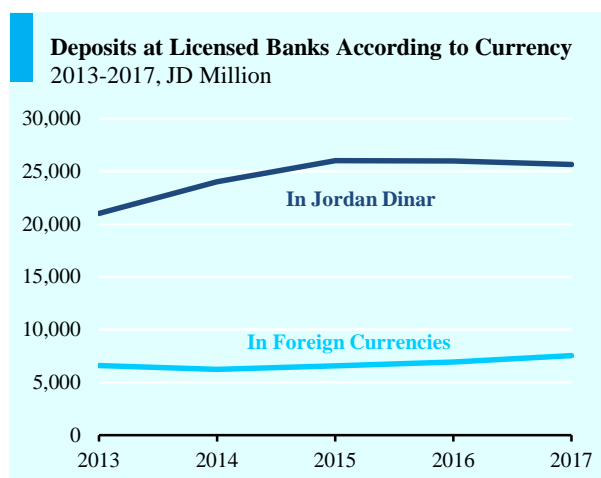
	2013	2014	2015	2016	2017
Foreign assets	5.2	4.7	4.7	5.4	5.7
Claims on public sector	10.5	11.0	11.5	11.1	10.3
Claims on private sector (resident)	17.2	17.8	18.7	20.6	22.5
Cash in vaults and balances with the Central Bank	6.5	7.6	8.0	6.8	6.7
Other	3.4	3.8	4.2	4.5	3.9
Assets = Liabilities	42.8	44.9	47.1	48.4	49.1
Foreign liabilities	6.7	6.7	6.7	6.4	6.8
Private sector (resident) deposits	22.2	24.0	25.8	27.0	26.9
Borrowing from Central Bank	0.8	0.6	0.5	0.5	0.5
Capital, reserves and allowances	6.1	6.8	7.1	7.3	7.6
Other	7.0	6.8	7.0	7.2	7.3

- The increase in liabilities was mainly influenced by the increase in the “saving and time deposits” by JD 449.3 million (2.3 percent), foreign liabilities by JD 368.4 million (5.7 percent), the “capital, reserves and provisions” by JD 303.0 million (4.2 percent), “other liabilities” by JD 266.0 million (6.1 percent), and borrowing from the CBJ by JD 28.1 million (5.6 percent). However, the “demand deposits” and the “central government deposits” declined by JD 521.5 million (5.8 percent) and JD 174.3 million (15.4 percent), respectively.

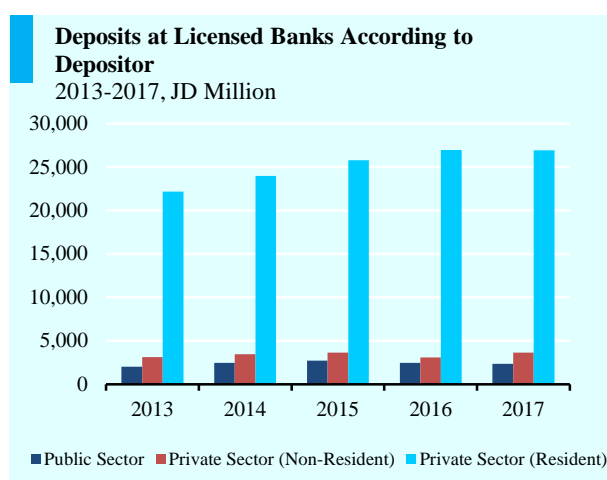
□ Deposits Structure at Licensed Banks

Total deposits at licensed banks stood at JD 33.2 billion the end of 2017, compared to JD 32.9 billion at the end of 2016 (Statistical Annex/Table 15).

- The structure of deposits, according to currency, showed that the JD deposits amounted to JD 25.6 billion at the end of 2017, compared to JD 26.0 billion at the end of 2016. Meanwhile, the foreign currency deposits amounted to JD 7.6 billion, compared to JD 6.9 billion at the end of 2016.

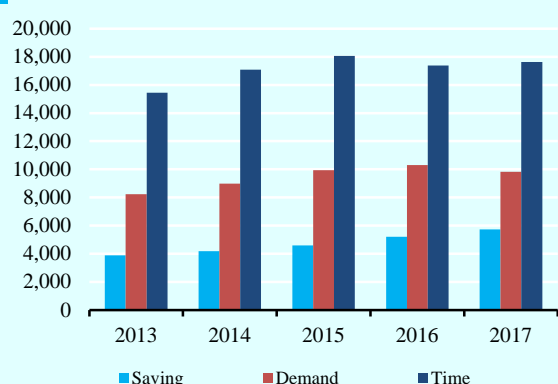


- In terms of deposit holders, the deposits of private sector (resident) reached JD 26.9 billion at the end of 2017 (81.1 percent of total deposits at licensed banks), meanwhile, the deposits of private sector (non-resident) amounted to JD 3.6 billion. Further, the deposits of public sector (central government and public entities) and the non-banking financial institutions amounted to JD 2.3 billion and JD 0.3 billion, respectively.



- According to maturity, time deposits totaled JD 17.6 billion at the end of 2017 compared to JD 17.4 billion at the end of 2016, demand deposits totaled JD 9.8 billion compared to 10.3 billion at the end of 2016, and saving deposits totaled JD 5.7 billion compared to JD 5.2 billion at the end of 2016.

Deposits at Licensed Banks According to Maturity
2013-2017, JD Million



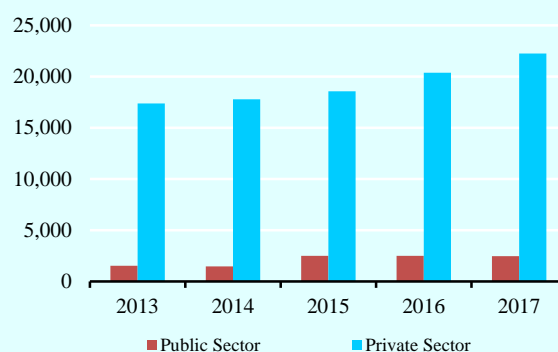
Relative Importance of Deposits at Licensed Banks
2013-2017, Percent

	2013	2014	2015	2016	2017
According to depositor					
Public sector	7.3	8.2	8.3	7.5	7.0
Private sector (resident)	80.4	79.2	79.1	81.9	81.1
Private sector (non-resident)	11.3	11.4	11.2	9.4	11.0
Non-banking financial institutions	1.0	1.2	1.4	1.2	0.9
According to maturity					
Demand deposits	29.9	29.7	30.5	31.3	29.6
Saving deposits	14.1	13.8	14.1	15.9	17.3
Time deposits	56.0	56.5	55.4	52.8	53.1
According to currency					
In Jordanian Dinar	76.1	79.4	79.8	78.9	77.2
In foreign currencies	23.9	20.6	20.2	21.1	22.8

□ Credit Facilities

- The outstanding balance of credit facilities extended by licensed banks increased by JD 1,831.0 million (8.0 percent) to reach JD 24,736.8 million at the end of 2017, compared to an increase of JD 1,802.3 million (8.5 percent) at the end of 2016 (Statistical Annex/Table 16).
- According to borrowers, the credit to private sector captured most of the credit facilities at the end of 2017. The credit facilities extended to the private sector (resident) were up by JD 1,845.7 million (9.3 percent), and to the private sector (non-resident) by JD 20.6 million (4.3 percent). In contrast, the credit to the public sector (central government and public entities) decreased by JD 40.7 million (1.6 percent), compared to their levels at the end of 2016.

Credit Facilities Extended by Licensed Banks According to Borrower
2013-2017, JD Million



- The structure of credit according to economic activity displayed that the credit facilities extended to the construction sector increased by JD 773.3 million (13.3 percent), the industry by JD 520.8 million (23.6 percent), the “public services and utilities” by JD 411.0 million (12.5 percent), the general trade by JD 155.4 million (3.8 percent), and the financial services by JD 55.3 million (9.6 percent) compared to their levels registered at the end of 2016. On the other hand, the credit facilities that are classified as “other” decreased by JD 104.9 million (2.0 percent). This item mainly includes credit facilities extended to households for consumption purposes. In addition, the credit extended to the mining sector decreased by JD 33.2 million (11.5 percent).

- It is worth mentioning that the credit facilities in foreign currency accounted for 10.5 percent of total credit facilities extended at the end of 2017, compared to 11.9 percent in 2016.

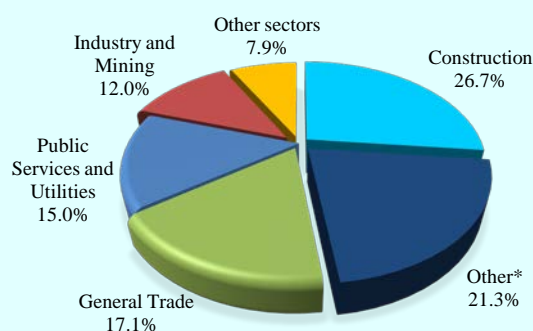
□ Licensed Banks' Interest Rates

The interest rates have increased on all deposits during 2017 except on saving deposits, which witnessed a decline. Moreover, the interest rates on all credit facilities have increased except on discounted bills and bonds, which showed a decrease compared to their levels in the previous year. Detailed developments of the interest rates in 2017 are explained as follows:

• Interest Rates on Credit Facilities:

- The interest rate on overdraft accounts was up by 117 basis points to reach 8.77 percent, compared to 7.60 percent at the end of 2016.
- The interest rate on loans and advances increased by 81 basis points to stand at 8.64 percent, compared to 7.83 percent at the end of 2016.
- The interest rate on discounted bills and bonds declined by 19 basis points to reach 10.23 percent, compared to 10.42 percent at the end of 2016.
- The prime lending rate increased by 46 basis points to reach 8.83 percent at the end of 2017, compared to 8.37 percent at the end of 2016.

Relative Importance of Credit Facilities According to Economic Activity, 2017



* Represents the credit facilities extended to individuals for consumption purposes.

• Interest Rates on Deposits

- The interest rate on demand deposits increased by 8 basis points to stand at 0.34 percent, compared to 0.26 percent at the end of 2016.
- The interest rate on saving deposits fell by 1 basis point to reach 0.55 percent, compared to 0.56 percent at the end of 2016.
- The interest rate on time deposits increased by 76 basis points to reach 3.80 percent, compared to 3.04 percent at the end of 2016.
- Accordingly, the interest rate margin, measured by the difference between the rate on “loans and advances” and the rate on time deposits, increased by 5 basis points to reach 484 basis points, compared to its level at the end of 2016.

Banks' Weighted Average Interest Rates on Deposits and Credit Facilities *
2013-2017, Percent

	2013	2014	2015	2016	2017
Deposits					
Demand	0.38	0.43	0.32	0.26	0.34
Saving	0.87	0.79	0.62	0.56	0.55
Time	4.97	4.11	3.06	3.04	3.80
Credit facilities					
Overdrafts	9.20	9.15	8.01	7.60	8.77
Loans and advances	9.03	8.84	8.24	7.83	8.64
Discounted bills & bonds	10.13	9.95	8.70	10.42	10.23

* : 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 exhibited an expansion in total assets/liabilities of JD 185.9 million (4.1 percent) to reach JD 4,752.7 million at the end of 2017, compared to a growth of JD 397.5 million (9.5 percent) at the end of 2016 (Statistical Annex/Table 17).

On the assets side, credit facilities increased by JD 348.8 million (18.2 percent), cash in vaults increased by JD 72.6 million (35.9 percent), and “other assets” increased by JD 33.0 million (21.4 percent). In contrast, the balances with banking system decreased by JD 258.7 million (14.5 percent), and the portfolio decreased by JD 9.8 million (1.9 percent), compared to their levels registered in 2016.

On the liabilities side, customers' deposits increased by JD 172.4 million (5.0 percent). The deposits held in other foreign currencies accounted for 36.3 percent of total deposits, followed by deposits held in USD and JD, which accounted for 35.3 and 28.5 percent respectively. Further, capital and reserves increased by JD 47.7 million (8.0 percent), and “other liabilities” increased by JD 35.0 million (13.8 percent), meanwhile, deposits of banking system, decreased by JD 69.2 million (24.6 percent).

Insurance Companies

The number of operating insurance companies in Jordan stood at 24 companies at the end of 2017; one of which specializes in life insurance, 8 others are general insurance companies, and the remaining 15 companies practice both types of insurance.

The consolidated balance sheet of insurance companies for 2016 displayed that total assets/ liabilities increased by JD 45.9 million (5.3 percent), compared to its level at the end of 2015, to reach JD 915.6 million (Statistical Annex/Table 18).

On the assets side, accounts receivable increased by JD 28.9 million (17.7 percent), investments and other assets also increased by JD 20.3 million (4.7 percent). In contrast, cash balances and deposits decreased by JD 3.3 million (1.2 percent), compared to their levels at the end of 2015.

On the liabilities side, it was noted that the expansion in liabilities was driven by the increase in accounts payable by JD 18.8 million (18.7 percent), technical reserves by JD 18.3 million (4.7 percent), “other liabilities” by JD 8.2 million (13.9 percent), and “paid-up capital and reserves” by JD 0.8 million (0.3 percent), compared to their levels registered at the end of 2015.

Regarding the activity of the insurance companies in 2017, it revealed that the collected premiums rose by JD 10.4 million

(1.8 percent) to reach JD 593.5 million. This rise was mainly attributed to the increase of life insurance collected premiums by JD 9.0 million (12.7 percent), and motor insurance by JD 8.0 million (3.6 percent). The collected premiums of motor vehicle insurance accounted for 39.3 percent of the total collected premiums, followed by medical insurance (28.3 percent). Other insurance types, namely; life, fire, general accidents, and maritime accounted for 13.4 percent, 12.3 percent, 3.6 percent, and 3.0 percent of the total collected premiums, respectively (Statistical Annex/Table 19).

Relative Importance of Insurance Written Premiums
2013-2017, Percent

	2013	2014	2015	2016	2017*
Motor vehicle insurance	40.8	40.4	40.3	38.6	39.3
Medical insurance	26.1	27.1	28.1	29.4	28.3
Life insurance	9.7	10.1	11.1	12.1	13.4
Accident insurance	4.5	4.6	3.8	3.5	3.6
Maritime insurance	5.0	4.8	4.1	3.5	3.0
Fire insurance	13.9	13.0	12.6	12.8	12.4

Source : Ministry of Industry Trade and Supply.

* : Preliminary.

Further, the compensations paid by insurance companies grew by JD 2.0 million (0.4 percent) to reach JD 449.0 million at the end of 2017. The compensations paid for motor vehicle insurance and medical insurance increased by JD 17.1 million (8.2 percent) and JD 13.9 million (9.5 percent), and accounted for 50.0 percent and 35.6 percent of total compensations, respectively (Statistical Annex/Table 20).

Relative Importance of Paid Claims by Insurance Companies 2013-2017, Percent

	2013	2014	2015	2016	2017*
Motor vehicle insurance	51.7	48.1	51.9	46.4	50.0
Medical insurance	35.4	30.8	33.7	32.6	35.6
Life insurance	5.9	5.9	5.6	8.2	7.4
Accident insurance	0.9	1.8	1.5	1.4	1.3
Maritime insurance	2.1	1.9	2.0	0.9	1.0
Fire insurance	4.0	11.5	5.3	10.5	4.7

Source : Ministry of Industry Trade and Supply.

* : Preliminary.

Amman Stock Exchange

The performance of Amman Stock Exchange (ASE) indicators in 2017 showed mixed outcomes, compared to 2016. The trading volume increased by 25.6 percent, whereas the share price index, weighted by the free floating shares, decreased by 2.0 percent, and the market capitalization fell by 2.2 percent to reach JD 17.0 billion (59.6 percent of GDP). On the other hand, the non-Jordanian net investments at ASE recorded an outflow of JD 334.3 million. The following is a summary of the performance of the main indicators of ASE in 2017:

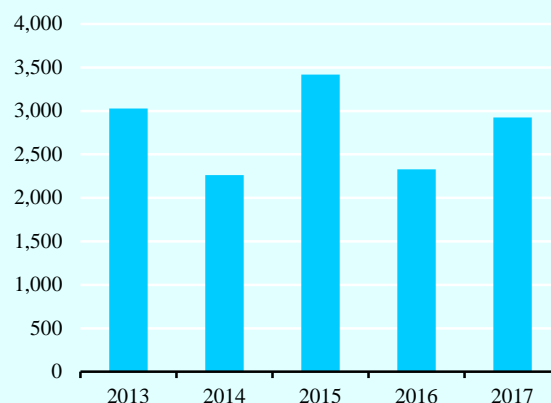
- The trading volume increased by JD 596.8 million (25.6 percent) to reach JD 2,926.2 million, against a decline of JD 1,087.6 million (31.8 percent) in 2016. This increase came as an outcome of the increase in the trading volume in the financial sector by JD 693.4 million (57.7 percent), and the decrease in the trading volume in both the industrial sector by JD 48.0 million (6.8 percent) and the services sector by JD 48.6 million (11.5 percent) (Statistical Annex/Table 21).

Relative Importance of Shares Traded by Sectors 2013-2017, Percent

	2013	2014	2015	2016	2017
Industry	13.1	16.7	10.1	30.2	22.4
Services	13.5	16.5	21.4	18.2	12.8
Financial	73.4	66.8	68.5	51.6	64.8

Source: Amman Stock Exchange.

Trading Volume at Amman Stock Exchange 2013-2017, JD Million



- Market capitalization declined by JD 376.8 million (2.2 percent) to stand at JD 17.0 billion (59.6 percent of GDP), compared to a decrease of JD 645.3 million (3.6 percent). The market capitalization in 2016 accounted for 63.2 percent of GDP.
- The number of traded shares decreased by 120.0 million share (6.5 percent) to reach 1,716.7 million share, compared to a decrease of 749.1 million share (29.0 percent) in 2016. Further, the number of executed contracts decreased by 68.7 thousand (8.7 percent) to reach 717.5 thousand at the end of 2017. The breakdown of the traded shares indicated that the financial sector accounted for the majority of the traded shares at 61.2 percent, followed by the services and the industrial sectors at 22.4 percent and 16.4 percent, respectively.
- Net non-Jordanian investments at ASE registered an outflow of JD 334.3 million, compared to an inflow of JD 237.1 million in 2016. The purchases of non-Jordanian investors amounted to JD 994.9 million in 2017, while their sales stood at JD 1,329.2 million, which could be attributed to the two deals on Arab Bank and Safwah Islamic Bank shares.

Shares Traded by Non-Jordanians at Amman Stock Exchange

2013-2017, JD million

	2013	2014	2015	2016	2017
Total purchases	939.5	362.7	981.7	666.5	994.9
Arab	818.5	262.1	894.3	520.3	638.6
Foreigners	121.0	100.6	87.4	146.2	356.3
Total sales	792.6	384.8	971.1	429.4	1,329.2
Arab	693.2	247.8	873.5	304.1	1,177.6
Foreigners	99.4	137.0	97.6	125.3	151.6
Net investment	146.9	-22.2	10.6	237.1	-334.3
Arab	125.3	14.3	20.8	216.2	-539.0
Foreigners	21.6	-36.4	-10.2	20.9	204.7

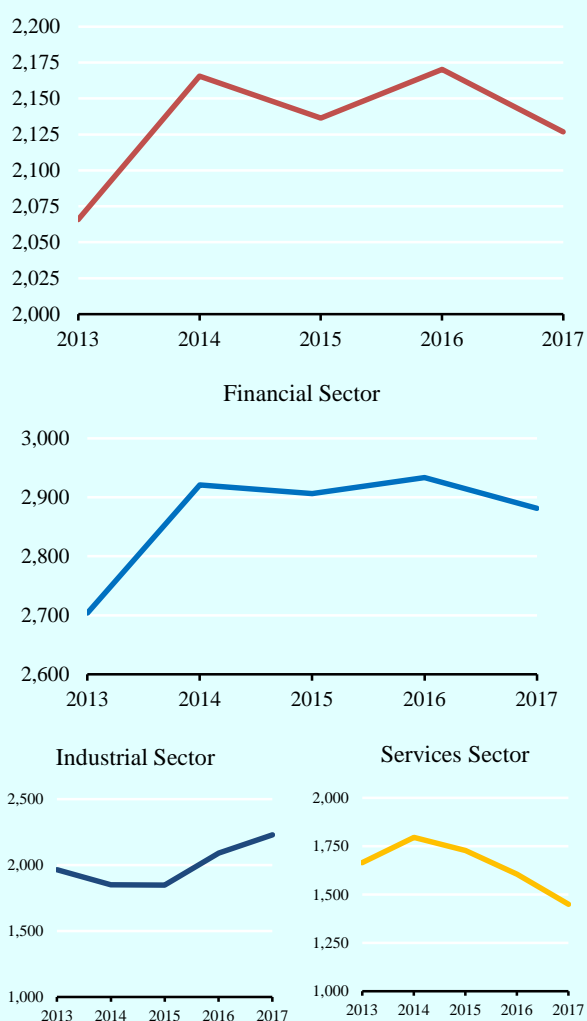
Source: Amman Stock Exchange.

□ General Share Price Index (GSPI)

- The share price index, weighted by the market capitalization, closed at 4,009.4 points at the end of 2017, decreasing by 60.3 points (1.5 percent) compared to its level at the end of the previous year. This decrease was driven by the decline of the indices of insurance sector by 124.2 points (9.0 percent), the financial sector by 109.3 points (1.3 percent), the industrial sector by 32.8 points (1.2 percent), and the services sector by 20.8 points (2.2 percent), (Statistical Annex/Table 22).
- The share price index, weighted by the market value of free floating shares, closed at 2,126.8 points at the end of 2017, down by 43.5 points (2.0 percent) from its 2016

level. This decline was a result of the drop in the indices of the services sector by 155.0 points (9.7 percent), and the financial sector by 51.7 points (1.8 percent). In contrast, the index of industrial sector increased by 136.6 points (6.5 percent), (Statistical Annex/Table 23).

General Share Price Index Weighted by Free Floating Shares, 2013-2017
(Closing December 1999 = 1000), Points



□ Jordan Securities Commission and ASE Legislations

Issuing the Securities Law no. 18 for the year 2017, which aims at protecting investors in securities, organizing and developing capital market to promote equity, efficiency and transparency, in addition to protecting the capital market from the risks it faces.

Issuing the Dealing in Foreign Stock Exchanges Law no.1 for the year 2017. According to this law, dealing in foreign stock exchanges is restricted to banks and financial services companies. The law also sets the required conditions to licensing financial services companies in order to practice dealing or intermediating in foreign stock exchanges.

Other Financial Institutions

In addition to the above-mentioned institutions, the Jordanian financial and banking system has many other non-banking financial institutions that provide supportive 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 2017:

□ Jordan Deposit Insurance Corporation

In 2017, the Deposits Insurance Corporation (DIC) continued its activities to achieve its objectives of protecting depositors with licensed banks by guaranteeing their deposits to encourage savings, as well as strengthening the confidence and stability in the banking system. Within the ongoing efforts of the DIC to expand its plan and activities in protecting depositors, the corporation has continued working on completing the legislative phases to approve its amended law, which includes three pillars:

- 1- The obligatory membership of Islamic banks under the corporation's insurance umbrella, thus providing protection to a larger segment of depositors.
- 2- Giving the corporation a role in creating solutions to troubled banks carried out by the CBJ, in line with the CBJ's proposed amendment on the Banking Law, thereby ensuring the coordination and cooperation within this respect.
- 3- Cancelling the condition of providing a claim by the depositor in order to pay due compensations, hence facilitating and accelerating the process of extending compensations to eligible depositors. Further, the volume of insured deposits in 2017 reached JD 19,094.2 million (74.4 percent of total

JD deposits with the banking system), compared to JD 19,312.8 million (74.3 percent of total JD deposits) in 2016. Fully insured deposits accounted for 25.6 percent of total deposits that are subject to the provisions of the corporation's Law. These fully insured deposits belonged to 1.8 million depositors, or 97.2 percent of the insured depositors.

Moreover, the annual membership fees collected from member banks reached JD 48.9 million in 2017, while net investments income reached JD 30.7 million. Accordingly, the corporation's reserves grew by 12.8 percent to reach JD 690.9 million at the end of 2017, compared to JD 612.4 million at the end of 2016. The reserves coverage ratio reached 3.6 percent of insured deposits in 2017, compared to 3.2 percent in 2016.

The book value of the corporation's investments portfolio increased by 10.7 percent to reach JD 656.7 million, with an average return of 4.9 percent, compared to JD 593.1 million in 2016.

□ Jordan Loan Guarantee Corporation

In 2017, the Jordan Loan Guarantee Corporation (JLGC) signed 9 agreements with participating banks to guarantee financing of renewable energy projects.

Further, the JLGC signed 15 bills of exports credit guarantee with exporters, financing under trading with the Innovative Startups and SMEs Fund, and a memorandum of understanding with Jordan Chamber of Industry.

In 2017, the JLGC continued working towards achieving its objectives of providing loan guarantees needed by the SMEs, contributing to support the national economy, and providing jobs. Accordingly, the corporation guaranteed 1,864 loans (through all its guarantee programs), with a nominal value of JD 99.0 million.

In addition, the JLGC continued providing support to Jordanian exports through its Export Credit Guarantee Program in 2017, as it provided guarantees for 986 shipments at a value of JD 52.0 million, compared to 689 shipments at a value of JD 53.0 million in 2016. It worth mentioning that the CBJ provided a loan to the JLGC of JD 100 million in order to increase the capacity of the corporation to provide guarantees within the Export Credit Guarantee Program. This program helped, partially, to raise credit ceilings approved by the reinsurance companies, and enable the JLGC to provide full coverage for loans financed within this program.

At the financial level, the JLGC's operational revenues stood at JD 1,426.0

thousand in 2017, compared to JD 1,152.0 thousand in 2016. The corporation's investment revenues reached JD 1,508.0 thousand, compared to JD 744.0 thousand in 2016. Further, the net profit stood at JD 731 thousand, compared to JD 270 thousand in 2016.

□ Jordan Mortgage Refinance Company

The Jordan Mortgage Refinance Company (JMRC) continued its effective involvement in the development and activation of the mortgage market and in helping to meet the housing needs for low-income segments of the population. In 2017, the JMRC signed 21 loan agreements, with maturities ranging from one year to less than five years at a total amount of JD 214.0 million. Since the inception of its operations in 1996, the JMRC has signed a total of 247 agreements for refinancing existing and new housing loans in the amount of JD 1,259.6 million, with an outstanding balance of JD 407.8 million at the end of 2017.

These loans have contributed to increasing the demand of Jordanian citizens to own housing and increase the amounts allocated by banks for the purpose of granting housing loans. This has led to increased competition among banks in terms of improving the terms of housing lending and increasing the maturities, which helps to

enhance the ability of a large segment of the population to pay the installments of housing loans.

As for the sources of funding adopted by the JMRC to grant loans, the company relies on the issuance of corporate bonds in the local market as a primary source of financing its business. The company issued JD 209.0 million of bonds in 2017, bringing the accumulated amount of issued bonds (since the establishment) to JD 1,376.2 million, with maturities ranging from one year up to five 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 private sectors. However, the outstanding balance of corporate bonds issued by the JMRC stood at JD 396.5 million at the end of 2017.

□ 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 experience, 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 2017, the balance sheet (total assets/liabilities) increased by JD 913.7 million (11.0 percent) compared to its level in 2016, amounting to JD 9,239.1 million. On the assets side, the increase was driven by the rise of the SSIF's bonds portfolio by JD 723.4 million (18.3 percent). In addition, the financial instruments portfolio increased by JD 107.9 million (12.6 percent), the "other assets" increased by JD 79.5 million (20.8 percent), and the loans portfolio increased by JD 61.6 million (36.7 percent). In contrast, the equity investment portfolio (public and private) decreased by JD 58.7 million (2.8 percent), meanwhile, the "real estate portfolio" and the "tourism investment portfolio" maintained their levels registered at the end of 2016 (Statistical Annex/Table 24).

The relative distribution of the Fund's assets revealed the increased reliance on investment in the bonds portfolio, which accounted for 52.3 percent of the total assets, followed by the "equity investment portfolio" at 23.2 percent, and the financial instruments portfolio at 10.8 percent.

CHAPTER THREE

PUBLIC FINANCE SECTOR

The government continued to implement its national economic and structural reform program in cooperation with the IMF during 2017. The program aims at continuing public finance reforms, and addressing its imbalances and, thus, contributing to self-reliance. Accordingly, the government has taken a new bundle of corrective fiscal measures to adjust fiscal stance and enhance domestic revenues, through mitigating distortions in the tax system caused by the unjustified expansion in tax exemptions, and reducing the financial loss, thereby reducing the budget deficit and bringing the ratios of public debt to GDP to safer levels, while taking into consideration that these measures do not adversely affect middle- and low-income segments.

Fiscal reforms implemented by the government during 2017 have resulted in an improvement in the performance of public finance, as the overall deficit of the general budget, including grants, declined by 0.6 percentage point, to reach 2.6 percent of GDP compared to 3.2 percent of GDP in 2016.

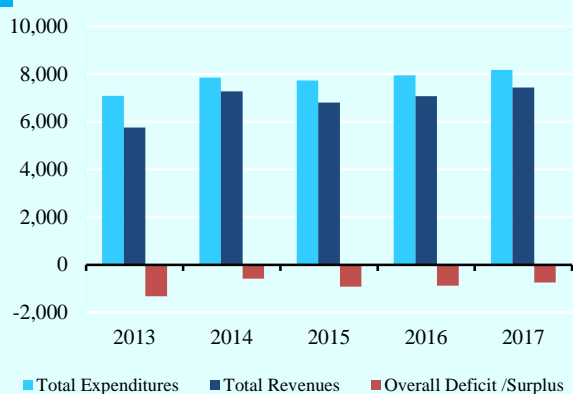
Public revenues (domestic revenues and foreign grants) recorded an increase of 5.0 percent in 2017 compared to its 2016 level, resulted from the increase in domestic revenues (tax and non-tax revenues). Moreover, public expenditures, both current and capital, increased by 2.8 percent compared to its 2016 level.

Gross public debt (domestic and external) went up at the end of 2017 to reach JD 27,269.3 million, or 95.3 percent of GDP, compared to 95.1 percent of GDP at the end of 2016. This increase was a result of financing the general budget deficit as well as guaranteed loans of the National Electric Power Company (NEPCO) and the Water Authority of Jordan (WAJ), in addition to the government's success in issuing unguaranteed sovereign Eurobonds of USD 1.5 billion (JD 1,065.0 million). It is worth mentioning that the indebtedness of NEPCO and WAJ stood at JD 7.2 billion at the end of 2017. Furthermore, net public debt increased to stand at JD 25,435.8 million, or 88.9 percent of GDP, at the end of 2017 compared to 87.7 percent of GDP at the end of 2016.

General Budget

The general budget witnessed an improvement in its performance during 2017, due to the government continued the implementation of more fiscal reforms, which focused particularly on boosting domestic revenues. The overall deficit of the general budget (including grants) declined by JD 130.7 million to reach JD 747.9 million (2.6 percent of GDP) in 2017, compared to a deficit of JD 878.6 million (3.2 percent of GDP) in 2016. When foreign grants were excluded (JD 707.7 million), the overall deficit of the general budget went up to JD 1,455.6 million, or 5.1 percent of GDP, compared to 6.2 percent in 2016. As a result of the increase in domestic revenues exceeded the increase in current expenditures, the self-reliance indicator, measured by the coverage ratio of domestic revenues to current expenditures, increased to 94.4 percent, compared to 90.1 percent in 2016.

Summary of Central Government Budget
2013-2017, JD Million



Developments in Public Revenues and Public Expenditures, 2014-2017, JD Million

	2014	2015	2016	2017
Total revenues and grants	7,267.6	6,797.1	7,069.6	7,425.3
Growth rate (%)	26.2	-6.5	4.0	5.0
Total expenditures	7,851.1	7,722.7	7,948.2	8,173.2
Growth rate (%)	10.9	-1.6	2.9	2.8
Overall deficit/surplus	-583.5	-925.6	-878.6	-747.9
Ratio to GDP (%)	-2.3	-3.5	-3.2	-2.6

Public Revenues

Public revenues (domestic revenues and foreign grants) increased by JD 355.7 million (5.0 percent) in 2017, compared to its 2016 level, to reach JD 7,425.3 million. This increase was an outcome of the upsurge in domestic revenues by JD 484.0 million, and the decline in foreign grants by JD 128.3 million.

The improvement in public revenues during 2017 has contributed in narrowing the government revenues-expenditures gap, and hence, enhancing the coverage ratio of public revenues to public expenditures by 1.9 percentage points, compared to its level in 2016, to reach 90.8 percent.

Main Indicators of Public Revenues
2014-2017, JD Million

	2014	2015	2016	2017
Domestic revenues	6,031.1	5,910.9	6,233.6	6,717.6
Ratio to public revenues (%)	83.0	87.0	88.2	90.5
Ratio to current expenditures (%)	89.8	89.2	90.1	94.4
Ratio to GDP (%)	23.7	22.2	22.7	23.5
Foreign grants	1,236.5	886.2	836.0	707.7
Ratio to public revenues (%)	17.0	13.0	11.8	9.5
Ratio to GDP (%)	4.9	3.3	3.0	2.5
Domestic revenues and grants	7,267.6	6,797.1	7,069.6	7,425.3
Ratio to total expenditures (%)	92.6	88.0	88.9	90.8
Ratio to GDP (%)	28.6	25.5	25.8	26.0

• Domestic Revenues

Domestic revenues increased by JD 484.0 million (7.8 percent) to reach JD 6,717.6 million in 2017 compared to its 2016 level. This rise was a result of the increase in non-tax revenues by JD 394.8 million (19.9 percent) to reach JD 2,374.1 million, and the increase in tax revenues by JD 89.2 million (2.1 percent) to reach JD 4,343.5 million. Accordingly, tax revenues accounted for the largest share of domestic revenues, amounting to 64.7 percent.

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

(68.9 percent), grew by JD 109.3 million (3.8 percent), amounting to JD 2,993.1 million in 2017 compared to a growth of 3.7 percent during 2016. This increase was mainly attributed to raising taxes on cigarettes, some oil derivatives, alcoholic beverages, clothing, and other goods and services. As for the sub-items, the proceeds of sales tax on domestic goods and commercial sector went up by 11.1 percent and 7.7 percent, respectively. In contrast, the proceeds of sales tax on services declined by 6.1 percent.

The proceeds of income and profits taxes decreased by JD 6.3 million (0.7 percent) to reach JD 938.4 million during 2017. This decrease was mainly due to a contraction of the proceeds of income tax from companies and projects by JD 8.3 million, reflecting partially the weak performance of companies. Income tax from companies and projects accounted for 79.1 percent of the total income and profits taxes, amounting to JD 742.5 million. In contrast, the proceeds of income tax from individuals increased by JD 2.0 million in 2017 to stand at JD 195.9 million, accounting for the remaining 20.9 percent of the total income and profits taxes.

With respect to the proceeds of taxes on international trade and transactions, they witnessed a reduction of JD 6.7 million (2.2 percent) to reach JD 304.3 million in 2017.

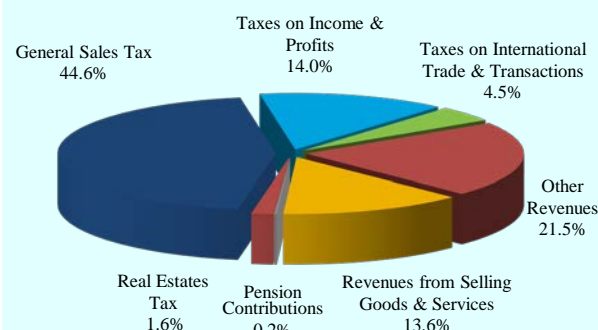
Regarding the non-tax revenues, the proceeds of “other revenues” item (which forms almost one third of total domestic revenues) rose by JD 398.6 million (20.3 percent) to reach JD 2,362.7 million in 2017. This increase was an outcome of the rise in the proceeds of miscellaneous revenues by 29.8 percent, the property income by 20.6 percent, and the selling of goods and services by 10.6 percent.

Components of Domestic Revenues

2014-2017, JD Million

	2014	2015	2016	2017
Tax revenues	4,037.1	4,097.1	4,254.3	4,343.5
Ratio to domestic revenues (%)	66.9	69.3	68.2	64.7
Ratio to GDP (%)	15.9	15.4	15.5	15.2
Other revenues	1,973.0	1,795.2	1,964.1	2,362.6
Ratio to domestic revenues (%)	32.7	30.4	31.5	35.2
Ratio to GDP (%)	7.8	6.7	7.2	8.3
Pension contributions	21.0	18.6	15.2	11.5
Ratio to domestic revenues (%)	0.3	0.3	0.2	0.2
Ratio to GDP (%)	0.1	0.1	0.1	0.04
Total domestic revenues	6,031.1	5,910.9	6,233.6	6,717.6

Structure of Domestic Revenues of the Budgetary Central Government, 2017



On the other hand, the proceeds of pension contributions item were down by JD 3.7 million (24.3 percent) to reach JD 11.5 million.

• Foreign Grants

Foreign grants decreased by JD 128.3 million (15.3 percent) in 2017 compared to its 2016 level, to reach JD 707.7 million. Following are the allocation of these grants:

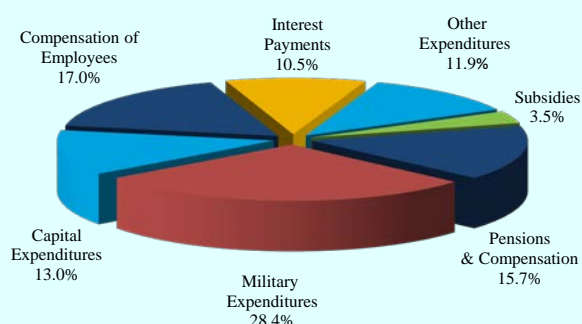
- The USA grant of JD 347.7 million.
- Part of the Gulf Cooperation Council (GCC) grant of JD 254.2 million.
- The European Union grant of JD 66.6 million.
- Other grants worth JD 39.2 million.

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 1.96 billion (around USD 2.76 billion) by the end of 2017. It is worth noting that Qatar has not paid any part of its contribution to the GCC grant.

Public Expenditures

Public expenditures increased by JD 225.0 million (2.8 percent) to reach JD 8,173.2 million in 2017, compared to an increase of 2.9 percent in 2016. This rise was an outcome of the increase in the current expenditures by JD 193.9 million, and the capital expenditures by JD 31.1 million.

Structure of Public Expenditures of the Budgetary Central Government, 2017



Main Indicators of Public Expenditures
2014-2017, JD Million

	2014	2015	2016	2017
Current expenditures	6,713.6	6,624.5	6,919.1	7,113.0
Ratio to total expenditures (%)	85.5	85.8	87.1	87.0
Ratio to GDP (%)	26.4	24.9	25.2	24.9
Capital expenditures	1,137.5	1,098.2	1,029.1	1,060.2
Ratio to total expenditures (%)	14.5	14.2	12.9	13.0
Ratio to GDP (%)	4.5	4.1	3.7	3.7
Total expenditures	7,851.1	7,722.7	7,948.2	8,173.2
Ratio to GDP (%)	30.9	29.0	29.0	28.6

Current Expenditures

Current expenditures increased by 2.8 percent (JD 193.9 million) in 2017, compared to an increase of 4.4 percent in 2016 to stand at JD 7,113.0 million, accounting for the greater portion of the total expenditures with 87.0 percent, and for 24.9 percent of GDP.

The rise in current expenditures was a result of the increase in the values of many of its components, mainly the subsidies item (including goods subsidies) by 19.3 percent, and the military expenditures, which rose by 4.9 percent. In addition, the interest payments of public debt, domestic and external (on commitment basis) went up by 2.5 percent, and the compensation of employees by 1.2 percent. In contrast, the “purchases of goods and services” item were down by 14.3 percent.

Looking at the structure of the current expenditures (Statistical Annex/Table 27), it is noted that non-flexible current expenditures items form the majority of total current expenditures, accounting for 82.2 percent, while flexible current expenditures accounted for the remaining 17.8 percent of total current expenditures.

Military expenditures represented the bulk of non-flexible current expenditures of 32.7 percent, while compensation of employees (salaries, wages, and social security contributions) accounted for 19.5 percent, “pension and compensations” (18.0 percent), and interest payments (12.0 percent). However, the “purchases of goods and services” item constituted the largest portion of the flexible current expenditures, accounting for 5.3 percent of total current expenditures, followed by food subsidies, which accounted for 1.5 percent.

Regarding the functional classification of the current expenditures, it showed that social protection expenses captured the largest share of current expenditures, accounting for 24.1 percent, followed by the expenditures of general public services (18.1 percent), then “public order and safety” (15.6 percent), defense (15.4 percent), education (12.9 percent), health expenditures (9.9 percent), and the remaining 4.0 percent were distributed among other expenses.

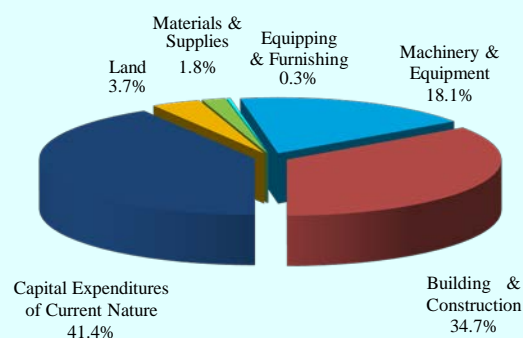
• Capital Expenditures

Capital expenditures increased by 3.0 percent (JD 31.1 million), compared to a

decline of 6.3 percent in 2016 to stand at JD 1,060.2 million, accounting for 13.0 percent of total public expenditures. However, they still constitute a modest percentage of GDP (3.7 percent). On the other hand, the ratio of achievement in 2017, measured by the ratio of actual capital expenditures to planned capital expenditures in the Budget Law, increased to 87.1 percent, compared to 78.5 percent in 2016.

Looking at the components of capital expenditures, it is noted that capital expenditures with current nature (including subsidies for government units, purchases of goods and services, compensation of employees, and “studies and research” accounted for 41.4 percent of total capital expenditures, while “buildings and construction” accounted for 34.7 percent. The remaining 23.9 percent were distributed among other items, particularly, machines, equipment, lands, furniture and supplies.

Economic Classification of Capital Expenditures, 2017



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 34.4 percent. However, the expenditures on housing and community facilities accounted for 21.9 percent, followed by the expenditures on both health and education (18.0 percent), while the remaining share of 25.7 percent distributed among other expenses.

□ Fiscal Deficit / Surplus

The above-mentioned developments, in both public revenues and public expenditures, during 2017 affected the various measures of the general budget deficit as follows:

- The overall deficit of the general budget including foreign grants decreased to JD 747.9 million (2.6 percent of GDP), compared to a deficit of JD 878.6 million (3.2 percent of GDP) in 2016. This level of budget deficit was close to the re-estimated deficit stipulated in the Budget Law for 2018, amounting to JD 751.8 million. When foreign grants were excluded, the overall deficit of the general budget amounted to JD 1,455.6 million (5.1 percent of GDP), against a

deficit of JD 1,714.6 million (6.2 percent of GDP) in 2016.

- The general budget recorded a primary surplus including grants (public revenues *minus* public expenditures after excluding interest payments on public debt) of JD 108.3 million (0.4 percent of GDP), compared to a primary deficit of JD 43.3 million (0.2 percent of GDP) in 2016. When foreign grants were excluded, the general budget recorded a primary deficit of JD 599.4 million (2.1 percent of GDP), compared to a primary deficit of JD 879.3 million (3.2 percent of GDP) in 2016.
- Current deficit (domestic revenues *minus* current expenditures) stood at JD 395.4 million (1.4 percent of GDP), compared to a current deficit of JD 685.5 million (2.5 percent of GDP) in 2016.

Measures of Budget Deficit/ Surplus
2014-2017, As a Percent of GDP

	2014	2015	2016	2017
Primary deficit/ surplus (Including Grants)	1.3	-0.04	-0.2	0.4
Primary deficit/ surplus (Excluding Grants)	-3.5	-3.4	-3.2	-2.1
Current deficit/ surplus	-2.7	-2.7	-2.5	-1.4
Overall deficit/ surplus (Including Grants)	-2.3	-3.5	-3.2	-2.6
Overall deficit/ surplus (Excluding Grants)	-7.2	-6.8	-6.2	-5.1

Own-Budget Agencies

The fiscal deficit of the own-budget agencies, collectively, amounted to JD 114.3 million in 2017, compared to a deficit of JD 17.9 million in 2016. The consolidated budget of own-budget agencies revealed that 9 governmental units (out of 57 government agencies) recorded a fiscal deficit of JD 287.6 million. In contrast, according to the re-estimate figures, NEPCO registered a surplus of JD 3.6 million, which was less than the surplus of JD 108.2 million recorded during 2016. Nonetheless, WAJ recorded a fiscal deficit of JD 261.6 million, compared to a fiscal deficit of JD 244.2 million in 2016.

By analyzing the revenues and the expenditures of own-budget agencies during 2017, it is noted that their revenues went down by JD 119.2 million to reach JD 1,523.0 million. "Total revenues from sales goods and services" topped the list of own-budget agencies revenues with 82.3 percent (JD 1,253.3 million). Meanwhile, government subsidies, both current and capital, for these entities totaled JD 142.5 million, and foreign grants amounted to JD 49.6 million.

The total expenditures of these agencies were down by 1.4 percent to reach JD 1,637.3 million in 2017. This decrease was a result of the drop in their capital expenditures by 4.1 percent. Consequently, capital expenditures accounted for 34.0 percent of total expenditures. In contrast, current expenditures of these agencies rose by 0.1 percent, accounting for 66.0 percent of total expenditures (Statistical Annex/Table 25-B).

Public Debt

Gross public debt (including budget and guaranteed debt) increased by JD 1,176.6 million to reach JD 27,269.3 million (95.3 percent of GDP) at the end of 2017, compared to 95.1 percent of GDP at the end of 2016. This increase was a result of the rise in the outstanding balance of external public debt by JD 1,568.2 million to reach JD 11,867.2 million (41.5 percent of GDP), and the decrease in the gross domestic public debt by JD 391.6 million to reach JD 15,402.1 million (53.8 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

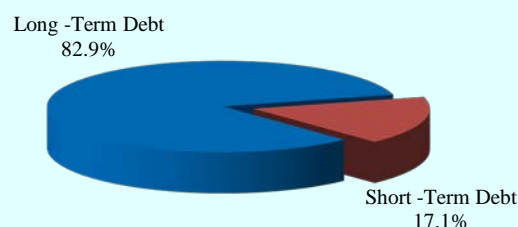
the total debt of NEPCO and WAJ accounted for 26.4 percent the gross public debt (25.2 percent of GDP) at the end of 2017.

On the other hand, government deposits at the banking system were down by JD 179.8 million at the end of 2017, compared to their level at the end of 2016, to reach JD 1,833.5 million. Because the decline in deposits was lower than the decline in the gross domestic public debt, the net domestic public debt decreased by JD 211.8 million to reach JD 13,568.6 million (47.4 percent of GDP). In contrast, the net public debt increased by JD 1,356.4 million to reach JD 25,435.8 million, or 88.9 percent of GDP at the end of 2017, against 87.7 percent of GDP at the end of 2016.

The structure of public debt, based on remaining maturity, at the end of 2017 showed that the share of short-term debt (matures in one year or less) to gross public debt was down to reach 17.1 percent, compared to 19.1 percent at the end of 2016. On the other hand, the share of medium- and long-term debt (matures after one year or more) was up, accounting for 82.9 percent of gross public debt, compared to 80.9 percent at the end of 2016. These developments reflect the government strategy of raising the medium- and long-term borrowing in order to mitigate domestic refinancing and interest rate risks.

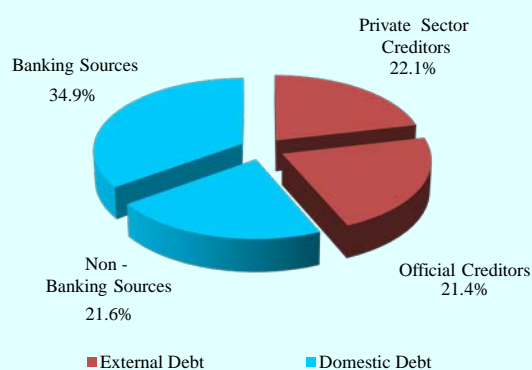
Public Debt Structure According to Maturity, 2017

(Based on Loan's Remaining Life)



Regarding the classification of the public debt according to creditors, it is noted that domestic public debt held by licensed banks accounted for the largest proportion of the gross public debt, standing at 34.9 percent in 2017, whereas debt held by non-bank institutions (mainly Social Security Investment Fund) accounted for 21.6 percent. Moreover, external public debt from private sector creditors made up 22.1 percent of the gross public debt, while external public debt from official creditors (governments, international and regional financial institutions) made up 21.4 percent in 2017.

Public Debt Structure According to Sources, 2017



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

Major Public Debt Indicators
2014-2017, Percent

	2014	2015	2016	2017
First: financial solvency indicators				
Gross public debt/ GDP	89.0	93.4	95.1	95.3
Gross public debt/ Domestic revenues	375.6	420.9	418.6	405.9
External debt/ Domestic revenues	133.1	158.9	165.2	176.7
External debt/ Exports	72.9	93.8	106.8	117.3
Second: Liquidity indicators				
External debt service/ Domestic revenues	15.0	24.7	26.8	17.6
External debt service/ Exports	8.2	14.6	17.3	11.7
Public debt interests / Domestic revenues	15.4	15.5	13.4	12.7
Short-term debt ⁽¹⁾ / Public debt	24.1	26.0	19.1	17.1

Source : Ministry of Finance/ General Government Finance Bulletin, January 2018.

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

□ Gross Domestic Public Debt

Gross domestic public debt (budgetary and own-budget) decreased by JD 391.6 million at the end of 2017, compared to its 2016 level, to stand at JD 15,402.1 million. This decline was a result of the government's efforts of diversifying its financing sources, especially external ones, through accessing to the global financial markets and issuing international debt

securities such as the Eurobonds. Accordingly, the ratio of gross domestic public debt to GDP decreased to reach 53.8 percent, against 57.6 percent of GDP at the end of 2016.

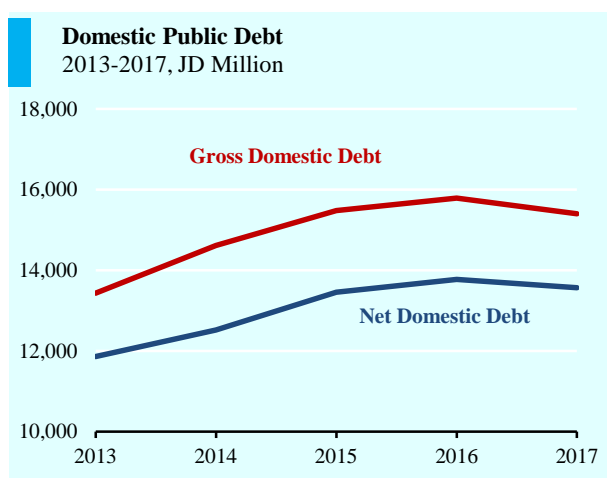
The decline in gross domestic public debt was an outcome of the decrease in gross budgetary debt of the central government by JD 628.0 million to reach JD 12,546.8 million, and the increase in domestic debt of own-budget agencies by JD 236.4 million to reach JD 2,855.3 million. Thus, domestic public debt of central government accounted for 81.5 percent of gross domestic public debt, whereas, the debt of own-budget agencies accounted for the remaining 18.5 percent.

Net domestic public debt totaled JD 13,568.6 million at the end of 2017, a decrease of JD 211.8 million, compared to its level at the end of 2016, and hence, accounting for 47.4 percent of GDP compared to 50.2 percent of GDP in 2016.

Continuing to the government's efforts to diversify financing sources and widening investors base, it issued Islamic Sukuk in favor of NEPCO, for the second time, in March 2017 worth JD 75.0 million, with a rate of return of 4.1 percent and a 5-year

maturity. It is worth mentioning that the first issuance of Sukuk was in 2016 for JD 75.0 million at a rate of return of 3.5 percent.

The structure of gross domestic public debt according to sources indicates that debt provided through banking system decreased by JD 1,282.8 million to reach JD 9,505.1 million at the end of 2017, accounting for 61.7 percent of gross domestic public debt compared to 68.3 percent at the end of 2016. This debt can be decomposed into “treasury bills and bonds” of JD 6,983.1 million (45.3 percent of gross domestic public debt), and direct credit facilities of JD 2,522.0 million (16.4 percent of gross domestic public debt). Debt extended through non-banking institutions amounted to JD 5,897.0 million at the end of 2017, accounting for 38.3 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 3,931.0 million at the end of 2017, a decrease of JD 1,615.0 million compared to their levels in 2016. These securities were distributed as follows:

- Treasury bills for JD 820.0 million.
- Treasury bonds for JD 2,636.0 million.
- Public entities' bonds for JD 475.0 million.

The amortization of these securities decreased by JD 902.0 million during 2017, standing at JD 4,415.0 million. Since the amortization of securities exceeded the issuance, the net amortization amounted to JD 484.0 million, compared to a net issuance of JD 229.0 million in 2016.

Because of the decline in the securities issues during 2017, the interests paid on domestic public debt securities decreased by JD 33.1 million to reach JD 625.0 million, accounting for 9.3 percent of domestic revenues, down by 1.3 percentage points compared to its level in 2016.

The interest rates on government securities (treasury bonds) with a maturity of five, seven, and ten years stood at 5.56

percent, 6.41 percent, and 6.92 percent, respectively, compared to 4.03 percent, 5.07 percent, and 6.50 percent in 2016, respectively. Furthermore, 15-year treasury bonds were issued, for the first time, in 2017 with an interest rate of 8.0 percent.

Selected Domestic Public Debt Indicators

2014-2017, JD Million

	2014	2015	2016	2017
Gross outstanding domestic public debt	14,621.0	15,486.0	15,793.7	15,402.1
Ratio to GDP (%)	57.5	58.1	57.6	53.8
Gross government's deposits with the banking system	2,096.1	2,028.9	2,013.3	1,833.5
Net outstanding domestic public debt	12,525.4	13,457.4	13,780.4	13,568.6
Ratio to GDP (%)	49.2	50.5	50.2	47.4
Transactions in domestic public debt instruments ⁽¹⁾				
Issue	6,017.5	3,620.0	5,546.0	3,931.0
Amortization	4,754.7	3,833.1	5,317.0	4,415.0
Interests	809.7	752.9	658.1	625.0

Source : Ministry of Finance.

(1) : Includes public entities bonds.

External Public Debt

The outstanding balance of external public debt (budget and guaranteed) increased by JD 1,568.2 million at the end of 2017, standing at JD 11,867.2 million (41.5 percent of GDP), compared to JD 10,299.0 million (37.5 percent of GDP) at the end of 2016. This increase is mainly attributed to the government issuing of unguaranteed Eurobonds (re-open) of JD

355 million (USD 500 million), and unguaranteed long-term sovereign Eurobonds in international market for JD 710 million (USD 1.0 billion) with a coupon rate of 7.375 percent and a 30-year maturity. The length of the maturity for these bonds reflects the investors' and global financial funds confidence in the future of the Jordanian economy and its ability to meet its foreign currency obligations, given the government continues to implement fiscal reforms within the framework of the national fiscal and economic reform program. This issuance also reflects the government's strategy to borrow from international financial markets to reduce the risks of domestic borrowing.

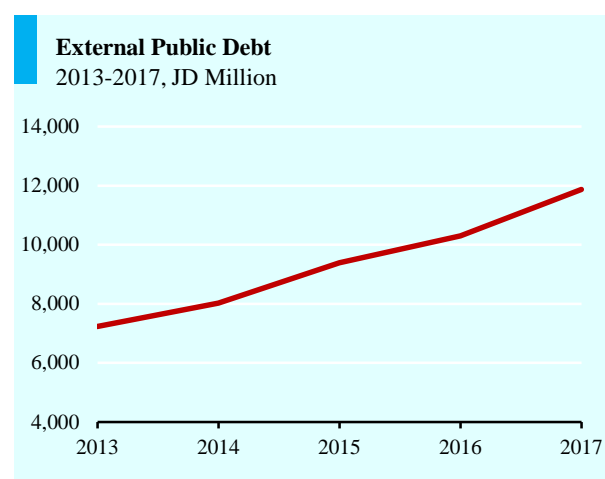
On the other hand, the increase in net external borrowing by JD 1,347.1 million (USD 1,897.3 million) as well as the fluctuations in the exchange rates of major creditors' currencies against the Jordanian dinar contributed in raising the total outstanding balance of external public debt by JD 221.0 million (USD 311.3 million).

External public debt according to sources showed that the stock of bonds (including the Eurobonds and domestic bonds in dollar) captured about 50.4 percent of the

outstanding balance of external public debt at the end of 2017. While regional and international institutions accounted for 28.8 percent, most of it owed to the World Bank (11.2 percent) and the International Monetary Fund (7.6 percent). Meanwhile, the debt owed to Arab and foreign governments (bilateral and export credit guarantees) accounted for 20.3 percent of the outstanding balance of external public debt. The stock of bilateral loans accounted for the highest share of these loans, amounting to JD 2,169.8 million compared to JD1,828.6 million at the end of 2016, whereas, the outstanding balance of export credit guarantees declined to stand at JD 50.6 million, compared to JD 58.7 million in 2016. It is worth mentioning that Japan topped the list of creditor countries, accounting for 6.7 percent of the external indebtedness of Jordan. Moreover, loans from foreign banks and companies accounted for the remaining 0.5 percent of the outstanding balance of external public debt (Statistical Annex/Table 29).

The currency composition of the outstanding balance of external public debt revealed that the largest portion of it denominated in US dollar, accounting for 67.5 percent, followed by debt denominated

in SDRs that accounted for 9.3 percent, then euro (8.5 percent), Japanese yen (6.5 percent), and Kuwaiti dinar (5.8 percent). Debt in other currencies accounted for the remaining 2.4 percent. On the other hand, the total disbursements of external loans declined by JD 132.3 million during 2017, standing at JD 2,232.4 million. Disbursements from several creditors (bonds) accounted for 63.6 percent of total disbursements, amounting to JD 1,420.0 million, whereas disbursements from regional and international institutions accounted for 19.7 percent, standing at JD 438.8 million. Furthermore, disbursements from industrial countries captured 15.3 percent, amounting to JD 342.1 million, and disbursements from other sources made up the remaining 1.4 percent (Statistical Annex/Table 30).



Regarding the external public debt management, the volume of contracted external loans (budget and guaranteed)

reached JD 2,232.7 million (USD 3,144.6 million) during 2017. The largest share of these loans was allocated for financing the general budget deficit in the amount of JD 1,997.0 million. Meanwhile, the remaining amount was allocated to support the water sector (Statistical Annex/Table 31).

The contracted external loans of 2017 are detailed as follows:

- The issuance of Eurobonds (re-open and new issue) in the amount of JD 1,065.0 million.
- The issuance of domestic bonds in US Dollars in the amount of JD 355.0 million.
- A loan from the European Commission in the amount of JD 167.6 million.
- A loan from the World Bank and the International Development Association in the amount of JD 166.0 million.
- A loan from the French government in the amount of JD 127.7 million.
- A loan from the German government in the amount of JD 83.9 million.
- A loan from the Saudi Fund for Development in the amount of JD 74.6 million.
- A loan from the Arab Fund for Economic and Social Development in the amount of JD 67.9 million.
- A loan from the Islamic Development Bank in the amount of JD 56.1 million.

- A loan from the Arab Monetary Fund in the amount of JD 38.8 million.
- A loan from the European Bank for Reconstruction and Development in the amount of JD 21.3 million.
- A loan from the International Fund for Agricultural Development in the amount of JD 6.0 million.
- A loan from Spanish government in the amount of JD 2.8 million.

The external public debt service showed that the cash payments (interests and principals) stood at JD 1,179.7 million (4.1 percent of GDP) in 2017, compared to JD 1,670.5 million in 2016, with a decrease of JD 490.8 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) decreased to 11.7 percent, compared to 17.3 percent in 2016.

Selected External Public Debt Indicators
2014-2017, JD Million

	2014	2015	2016	2017
Outstanding external public debt ⁽¹⁾	8,030.1	9,390.5	10,299.0	11,867.2
Ratio to GDP (%)	31.6	35.3	37.5	41.5
Repayments	906.3	1,462.6	1,670.5	1,179.7
Principal	701.7	1,230.2	1,434.0	888.3
Interest	204.6	232.4	236.5	291.4
Debt service ratio (%) ⁽²⁾	8.2	14.6	17.3	11.7

Source : Ministry of Finance.

(1) : Represents the 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

The government continued to adopt further fiscal measures during 2017, these measures aimed at improving the performance of public finance, and addressing the imbalances, particularly with regard to domestic revenues, which would contribute in controlling the financial loss and deepening the self-reliance. The measures focused on the continuation of reforming and reducing tax exemptions, modifying customs duties on many goods, in addition to implementing some decisions aiming at increasing non-tax revenues, such as licenses, fees and others. Moreover, the government continued to adjust oil derivatives' prices on monthly basis according to the developments in crude oil prices in the international markets.

The government measures taken in 2017 can be detailed as follows:

- **Taxes on Goods and Services:**

- Imposing an excise tax of 5 piasters per liter on gasoline, octane 90 (January 2017).

- Issuing the Amending By-law for the year 2017, for the Special Tax By-law no. (80) for the year 2000. The amendments include the following (February 2017):
 - Raising the special tax on cigarettes for domestic consumption to 482 Fils, plus an additional amounts ranging from 457 Fils to 1,205 Fils based on the retail price.
 - Raising the special tax rate on mobile phones and radio subscription services both postpaid and prepaid to 26 percent.
 - Imposing a special tax of JD 2.6 on mobile phone subscription service for each new SIM card sold.
 - Imposing a special tax of 10 percent on soft drinks.
- Amending the instructions of the special sales tax on tobacco products, alcoholic beverages, spirits and beer in Aqaba Special Economic Zone, as mentioned in the decision of the Aqaba Special Economic Zone Authority's Council of Commissioners (February 2017).

- Revising previous decisions related to the general sales tax on goods and services, which include the following (February 2017):

- Abolish the reduction of the general sales tax on rebar item from 16 percent to 8 percent.
- Abolish the reduction of the general sales tax on internet subscription services at home, whether fixed or other, from 16 percent to 8 percent.
- Abolish the reduction of the general sales tax on internet services and the unification of it on internet services at 8 percent, regardless of the technology used or the beneficiary.

- Imposing a special tax on imported cigarettes, with locally produced alternatives, in the Aqaba Special Economic Zone at a minimum rate exceeds 15 percent of the special tax levied on the local alternatives. The minimum selling price of the imported cigarettes should exceed 15 percent of the selling price of other locally produced alternatives (April 2017).
- Issuing the Amending By-law for the year 2017, for the Special Tax By-law no. (80) for the year 2000,

the amendment contains imposing a special tax at zero rate on non-alcoholic beer, while maintaining the special tax of JD 2.25 per liter on alcoholic beer unchanged (October 2017).

- **Customs Duties:**

- Issuing the Amending By-law for the year 2017 of the Allowance of Customs Duties, for the Imported Exempted Goods By-law no. (47) for the year 2014. The amendments include collecting allowances for any imported good, which is subject to customs duties of 5 percent of its value. The allowance shouldn't be less than JD 100 or exceed JD 10,000 (February 2017).
- Exempting firewood from customs duties that are between 25 percent and 30 percent (October 2018).
- Raising customs duties from 10 percent to 15 percent on a set of equipment and hand tools, as well as to all cameras specially designed for underwater use, aerial survey, and medical or surgical examination of internal organs, in addition to comparison cameras for forensic or criminological purposes, and to photogrammetry surveying instruments and appliances.

- Raising customs duties to 30 percent, instead of 25 percent, on both rebar and high-pressure pipes used to generate electricity. Customs duties were also raised to 15 percent, instead of 10 percent, on imported tubes and pipes by factories as production inputs, and to 15 percent instead of 5 percent on railway tracks and lining tubes and pipes used to extract oil and gas.
- **Non-Tax Revenues:**
 - Issuing the Amending By-law for the By-law of Fees of Driving Licenses as well as Vehicle Registration and licensing for the year 2017. The amendments include imposing an additional fee on the ownership transfer of any vehicle from one person to another for both individuals and corporate (except public, agricultural and construction vehicles), as follows (January 2017):
- Issuing the Amending By-law for the year 2017, for the Work Permit Fees for Non-Jordanian Workers By-law no. (67) for 2014. The amendments include the following (February 2017):
 - Collect JD 400 from the employer for each new work permit or renewal for a full year or any part of the year.
 - Collect JD 175 for each work permit from institutions and companies operating in the clothing industry and knitting sector, which are registered in the Investment Commission.
 - Collect JD 500 from the employer for each permit of the household worker, the gardener, the chef, and the like, in addition to the private farm worker.
 - Collect JD 300 from the employer in all economic sectors and activities for each temporary work permit that expires in less than six months.
 - Collect an additional fee of JD 100 from the employer for each new work permit or renewal in all economic sectors and activities. The fee is devoted to the Employment-Technical and Vocational Education and Training Fund (E-TVET Fund).

Engine Category cc	Vehicles aged 10 years or less (JD)	Vehicles aged more than 10 years (JD)
Less than 1500	50	40
Higher than 1500 to 2000	100	80
Higher than 2000 to 3000	400	120
Higher than 3000 to 4000	550	150
Higher than 4000	700	200

- Issuing the Amending By-law for the year 2017 for the passport fees, as follows (February 2017):
 - Raise the passport issuance fees from JD 20 to JD 50.
 - Raise the fees of issuing or renewing an independent passport for those under the age of 16 years from JD 10 to JD 25.
 - Raise the passport renewal fees, whether expired or the remaining validity is less than 180 days, from JD 20 to JD 50.
 - Raise the renewal fees of a non-expired passport, in justified cases, from JD 40 to JD 100.
 - Raise the renewal fees of a damaged passport from JD 40 to JD 100.
 - Raise the fees for replacing the lost passport, for the first time, from JD 50 to JD 125.
 - Raise the fees for replacing the lost passport, for each time after the first time, from JD 100 to JD 250.
 - Raise the fees for issuing or renewing a passport for citizens living outside the Kingdom, if the non-holder has submitted the application to the Civil Status and Passport Department from JD 40 to JD 100.
 - Raise the fees of adding any child for the passport holder, who is under the age of 16 years, to the holder's passport from JD 5 to JD 15.

● Other Measures:

- Deducting 10 percent of any monthly salaries exceeding JD 2,000 for all employees in the public sector, including the Prime Minister and Ministers, starting from early February, 2017.
- Increasing allocation to the National Aid Fund in the general budget by 10 percent, worth up to JD 10 million.

● Liberalization of Fuel Prices Policy:

- Prices of all oil derivatives have been adjusted at varying rates, ranging from 0.00 percent to 25.7 percent. The details are in the below table:

Developments in the Prices of Oil Derivatives, 2017

Product	Unit	December 2016	December 2017	Change (%)
Unleaded Gasoline 90	Fils/Liter	580.0	720.0	24.1
Unleaded Gasoline 95	Fils/Liter	755.0	945.0	25.2
Gas Oil (Diesel)	Fils/Liter	435.0	540.0	24.1
Kerosene	Fils/Liter	435.0	540.0	24.1
Liquid Gas (12.5kg)	JD/Unit	7.0	7.0	0.0
Fuel Oil for industry	JD/Ton	313.6	385.4	22.9
Fuel for airplanes (local companies)	Fils/Liter	340.0	419.0	23.2
Fuel for airplanes (foreign companies)	Fils/Liter	345.0	424.0	22.9
Fuel for unplanned flights	Fils/Liter	360.0	439.0	21.9
Asphalt	JD/Ton	302.5	380.3	25.7

Source: Jordan Petroleum Refinery Company.

CHAPTER FOUR

THE EXTERNAL SECTOR

Despite the improvement in some of external sector indicators such as travel receipts, domestic exports, and direct investment, the current account deficit (including grants) increased to reach JD 3,018.0 million (10.6 percent of GDP) in 2017, compared to JD 2,618.5 million (9.5 percent of GDP) in 2016. This increase was mainly attributed to the rise in the energy imports. Moreover, the current account deficit (excluding grants) increased to 13.3 percent of GDP in 2017, compared to 12.8 percent of GDP in 2016. It is worth noting that the non-oil current account balance (including grants) registered a deficit of approximately 2.1 percent of GDP in 2017, compared to a deficit of 2.3 percent of GDP in 2016.

The capital and financial transactions registered a net inflow amounted to JD 2,034.8 million, as the direct investment registered a net inflow amounted to JD 1,177.3 million. In addition, the portfolio

investment registered an inflow amounted to JD 676.7 million as a result of the government's issuance of sovereign Eurobonds worth USD 1.5 billion in international markets. Accordingly, the surplus of the overall balance of the balance of payments decreased to reach JD 100.2 million in 2017, compared to a surplus of JD 411.2 million in 2016.

Moreover, the net international investment position (IIP) witnessed an increase in the Kingdom's net obligations to abroad, amounting to JD 29,043.7 million at the end of 2017 compared to JD 26,904.4 million at the end of 2016. This was an outcome of the increase in the stock of external financial assets for all resident sectors in the Kingdom by JD 164.5 million to reach JD 18,694.8 million, and the increase in the stock of external financial liabilities for all resident sectors in the Kingdom by JD 2,303.8 million to reach JD 47,738.5 million at the end of 2017.

External Trade

The volume of external trade (domestic exports *plus* imports) registered an increase of 4.7 percent in 2017 to reach JD 18,962.8 million, compared to a decline of 6.3 percent in 2016. This increase was a result of an increase in domestic exports and imports by 1.8 percent and 5.6 percent, respectively. Consequently, the trade openness ratio (the external trade volume as a percent of GDP) increased to 66.7 percent, compared to 66.0 percent in 2016. Moreover, the coverage ratio of total exports to imports declined by 2.5 percentage points, compared to its level in 2016, amounting to 36.6 percent.

External Trade Indicators

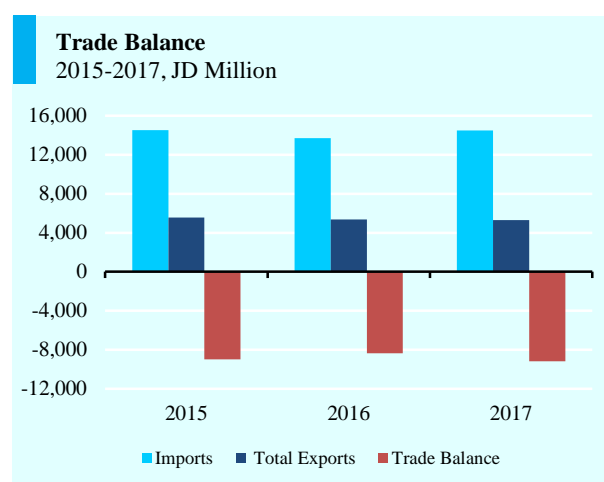
2013-2017, Percent

	2013	2014	2015	2016	2017 ⁽¹⁾
Annual Growth Rate					
External Trade	5.1	4.7	-9.8	-6.3	4.7
Total Exports	0.3	6.0	-6.6	-3.6	-1.1
Domestic Exports	1.2	7.4	-7.1	-8.4	1.8
Re-exports	-4.4	-2.8	-3.3	26.1	-13.9
Imports*	6.3	3.9	-10.7	-5.6	5.6
Trade Balance	10.0	2.8	-13.1	-6.8	9.9
As a Percent of GDP					
External Trade	85.8	84.3	72.6	66.0	66.7
Total Exports	23.6	23.4	20.9	19.5	18.6
Domestic Exports	20.1	20.3	18.0	16.0	15.7
Re-exports	3.4	3.1	2.9	3.5	2.9
Imports*	65.7	64.0	54.6	50.0	50.9
Trade Balance	-42.1	-40.6	-33.7	-30.5	-32.3

* : Including imports of non-residents.

(1) : Preliminary

In light of these developments, the trade balance deficit increased by 9.9 percent to reach JD 9,185.5 million during 2017, compared to its level in 2016. These developments were an outcome of the following:



Total Merchandise Exports

Total exports decreased by 1.1 percent in 2017 to reach JD 5,303.1 million. This decrease was mainly an outcome of the increase in domestic exports by 1.8 percent to reach JD 4,474.2 million, and a decrease of the re-exports by 13.9 percent to reach JD 828.9 million.

Domestic Exports

- The commodity composition of domestic exports in 2017 can be detailed as follows:

- An increase in the exports of clothes by JD 96.0 million (9.5 percent) to reach JD 1,101.5 million, compared to an increase of 2.7 percent during 2016. This was an outcome of the increase in the exported quantities and the decrease in the prices. Accordingly, clothes accounted for 24.6 percent of domestic exports in 2017. Further, the USA was the main destination market, accounting for 87.8 percent of clothes exports.
- An increase in potash exports by JD 30.9 million (10.2 percent) to reach JD 332.9 million, compared to a decrease of 30.5 percent during 2016. This increase was attributed to the increase in the exported quantities and the decrease in the prices. Potash exports accounted for 7.4 percent of domestic exports, and the main destination markets were India, China, Indonesia and Egypt, which collectively accounted for 72.6 percent of potash exports.
- An increase in the exports of “live animals” by JD 17.9 million (18.1 percent) to reach JD 116.7 million compared to a decrease of 32.9 percent in 2016. This increase was an outcome of the increase in the exported quantities and the decline in the prices. Live animals accounted for 2.6 percent of domestic exports. Moreover, Kuwait, Qatar, and Saudi Arabia were the main destination markets, collectively accounting for 93.7 percent of these exports.

Major Domestic Exports by Commodity

2016-2017, JD Million, Percent

	2016	2017 ⁽¹⁾	Growth Rate
Domestic Exports	4,396.5	4,474.2	1.8
Clothes	1,005.5	1,101.5	9.5
United States	895.8	967.3	8.0
Medical & pharmaceutical products	467.7	447.0	-4.4
Saudi Arabia	112.0	115.6	3.2
Iraq	56.5	60.3	6.7
Algeria	63.9	45.0	-29.6
Sudan	33.1	43.9	32.6
Potash	302.0	332.9	10.2
India	83.9	89.3	6.4
China	80.7	83.9	4.0
Indonesia	17.8	37.7	111.8
Egypt	23.7	30.9	30.4
Vegetables	306.0	282.3	-7.7
Saudi Arabia	64.8	72.1	11.3
United Arab Emirates	68.2	60.2	-11.7
Kuwait	58.2	53.5	-8.1
Oman	15.5	21.7	40.0
Phosphates	330.7	266.8	-19.3
India	196.1	168.2	-14.2
Indonesia	85.6	62.4	27.1
Fertilizers	137.9	133.0	-3.6
Iraq	33.0	45.0	36.4
Turkey	51.0	32.1	-37.1
India	30.3	31.1	2.6
Live animals	98.8	116.7	18.1
Kuwait	11.5	69.7	506.1
Qatar	23.6	23.9	1.3
Saudi Arabia	59.5	15.8	-73.4

Source : Department of Statistics

(1) : Preliminary

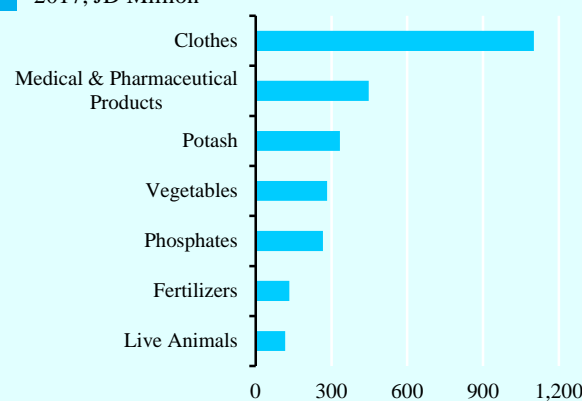
- A decrease in phosphate exports by JD 63.9 million (19.3 percent) to reach JD 266.8 million, compared to a decrease of 11.0 percent in 2016. This was an outcome of the decline in the prices of phosphate in the global markets and the increase in its exported quantities. Phosphate exports accounted for 6.0 percent of domestic exports. India and Indonesia were the main destination markets, accounting for 86.4 percent of phosphate exports
- A decrease in the exports of vegetables by JD 23.7 million (7.7 percent) to reach JD 282.3 million, compared to a decline of 23.5 percent in 2016. This was an outcome of the decrease in the exported quantities and the increase in the prices. Consequently, exports of vegetables accounted for 6.3 percent of domestic exports. Saudi Arabia, the UAE, Kuwait, and Oman, were the main destination markets, accounting for 73.5 percent of vegetables exports.
- A decline in “medical and pharmaceutical products” exports by JD 20.7 million (4.4 percent) to reach JD 447.0 million, compared to an increase of 17.2 percent in 2016. This decline was an outcome of the decrease in the prices and the increase in the exported quantities. These products constituted approximately 10.0 percent of domestic exports.

Saudi Arabia, Iraq, Algeria, and Sudan were the main destination markets, collectively accounting for 59.2 percent of these exports.

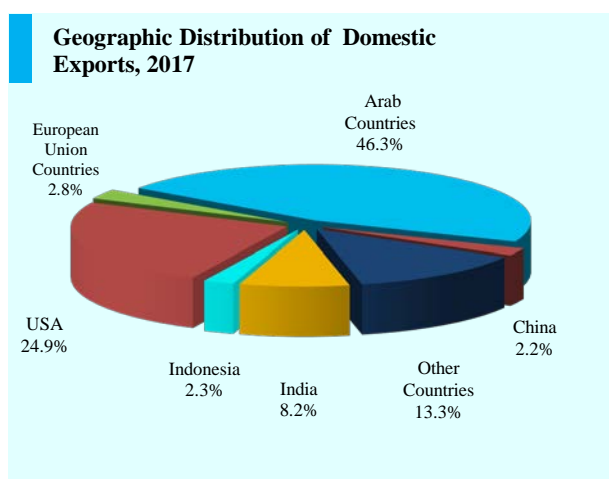
- A decline in the exports of fertilizers by JD 4.9. million (3.6 percent) to reach JD 133.0 million, compared to a decline of 9.0 percent in 2016. This was an outcome of the decrease in the exported quantities and the increase in the prices. Exports of fertilizers accounted for 3.0 percent of domestic exports. Iraq, Turkey, and India were the main destination markets, collectively accounting for 81.4 percent of these exports.

Given the above-mentioned developments, exports of clothes, “medical and pharmaceutical products”, potash, vegetables, phosphates, fertilizers, and live animals topped the list of exported commodities. They, collectively, accounted for 60.0 percent of domestic exports in 2017, compared to 60.2 percent in 2016.

Major Exported Items
2017, JD Million



- The commodity structure of exports according to economic functions showed an increase in both the exports of “consumer goods” by 0.8 percent and the exports of “crude materials and intermediate goods” by 2.6 percent.
- As for the geographical distribution of domestic exports, the markets of the USA, Saudi Arabia, India, Iraq, Kuwait, the UAE, and Qatar, collectively accounted for 66.5 percent of domestic exports in 2017, compared to 67.2 percent in 2016.



• Re-Exports

Re-exported goods decreased by JD 134.1 million (13.9 percent) in 2017 to reach JD 828.9 million, compared to an increase of

26.1 percent in 2016. Thus, they accounted for 15.6 percent of the total exports compared to 18.0 percent in 2016. It is worth mentioning that the markets of the UAE, Brazil, Saudi Arabia, the USA, and Iraq collectively accounted for 18.0 percent of total re-exported goods in 2017.

The commodity structure of the re-exports according to economic functions showed that capital goods accounted for 55.9 percent of the total re-exported goods in 2017, whereas “consumer goods” and “crude materials and intermediate goods” accounted for 22.1 percent and 21.5 percent, respectively.

□ Merchandize Imports

The merchandize imports of the Kingdom increased by JD 768.2 million (5.6 percent) in 2017 to reach JD 14,488.6 million, compared to a decline of 5.6 percent in 2016. The energy imports’ bill increased by 21.6 percent to reach JD 2,418.9 million, accounting for 16.7 percent of total imports. Moreover, merchandize imports (excluding energy) increased by 2.9 percent in 2017 to reach JD 12,069.7 million in 2017. The commodity composition of imports in 2017 can be detailed as follows:

- An increase in the imports of “power generating machinery and equipment” by JD 368.3 million (192.3 percent) to reach JD 559.8 million, compared to a decrease of 43.9 percent in 2016. This increase was a result of the increase in both the prices and the imported quantities. Accordingly, these imports constituted approximately 3.9 percent of total imports. The USA, Spain, and China, were the main source markets, collectively accounting for 76.2 percent of these imports.
- An increase in the imports of crude oil by JD 128.2 million (19.8 percent) to stand at JD 776.8 million, compared to a decrease of 30.3 percent in 2016. This increase was an outcome of the rise in oil prices by 27.6 percent and the decline in the imported quantities by 6.2 percent. The crude oil accounted for 5.4 percent of total imports. Saudi Arabia is considered to be the only source to supply the Kingdom with its needs of crude oil.
- An increase in the imports of “transport equipment and spare parts” by JD 121.2 million (8.0 percent) to reach JD 1,634.8 million, compared to an increase of 12.5 percent in 2016. This was an outcome of the increase in the imported quantities and the decline in the prices. These imports constituted 11.3 percent of total imports. The USA, Japan, and South Korea were the main source markets, collectively accounting for 57.8 percent of these imports.

Major Imports by Commodity

2016-2017, JD Million, Percent

	2016	2017 ⁽¹⁾	Growth Rate
Imports	13,720.4	14,488.6	5.6
Transport equipment & spare parts	1,513.6	1,634.8	8.0
United States	274.1	372.6	35.9
Japan	313.8	297.8	-5.1
South Korea	310.9	274.4	-11.7
Crude Oil	648.6	776.8	19.8
Saudi Arabia	648.6	776.8	19.8
Petroleum products	646.6	763.6	18.1
Saudi Arabia	180.3	276.4	53.3
Italy	118.1	116.4	-1.4
United Arab Emirates	107.0	106.5	-0.5
Textile yarn, fabrics & related products	609.7	655.6	7.5
China	238.6	254.3	6.6
Taiwan	187.8	197.5	5.2
Turkey	60.1	62.3	3.7
Power generating machinery and equipment	191.5	559.8	192.3
United States	94.7	324.8	243.0
Spain	1.5	55.8	-
China	14.2	46.1	224.6
Electrical machinery, apparatus and appliances	459.0	525.4	14.5
China	127.8	222.6	74.2
Turkey	39.3	45.4	15.5
Italy	36.9	34.9	-5.4
Other machinery and equipment	406.0	461.0	13.5
China	118.1	129.0	9.2
Italy	57.7	55.0	-4.7
France	11.9	51.1	329.4

Source : Department of Statistics.

(1) : Preliminary

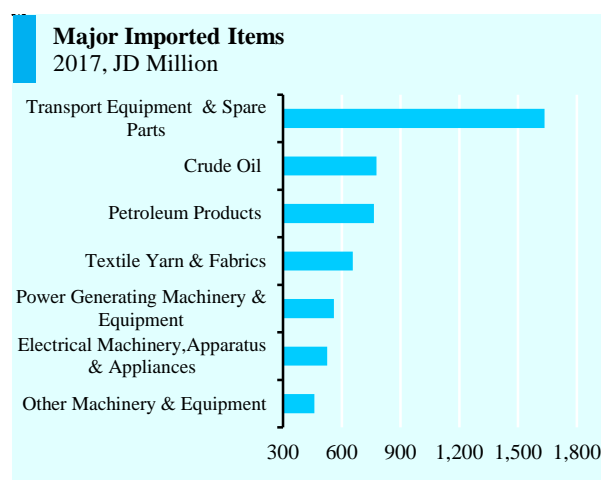
- An increase in the imports of petroleum products by JD 117.0 million (18.1 percent) to reach JD 763.6 million, compared to a decrease of 34.3 percent

in 2016. This increase was an outcome of the increase in the prices and the decrease in the imported quantities due to the decline in the imports of diesel by 18.0 percent. Petroleum products accounted for 5.3 percent of the total imports. The main source markets were Saudi Arabia, Italy, and the UAE, which collectively accounted for 65.4 percent of petroleum products imports.

- An increase in the imports of “electrical machinery, apparatus and appliance” by JD 66.4 million (14.5 percent) to reach JD 525.4 million, compared to an increase of 2.8 percent in 2016. This was an outcome of the increase in the imported quantities and the decline in the prices. These imports constituted 3.6 percent of total imports. China, Turkey, and Italy were the main source markets, collectively accounting for 57.7 percent of these imports.
- An increase in the imports of “other machinery and equipment” by JD 55.0 million (13.5 percent) to stand at JD 461.0 million, compared to an increase of 11.4 percent in 2016. This was due to the increase in both the prices and the imported quantities. These imports constituted 3.2 percent of total imports. The main source markets were China, Italy, and France, which collectively accounted for 51.0 percent of these imports.
- An increase in the imports of “textile yarn, fabrics, and related products” by

JD 45.8 million (7.5 percent) to reach JD 655.6 million, compared to an increase of 1.7 percent in 2016. This was attributed to the rise in both the imported quantities and the prices. These imports constituted 4.5 percent of total imports. China, Taiwan, and Turkey were the main source markets, collectively accounting for 78.4 percent of these imports.

In light of the above developments, imports of “transport equipment and spare parts”, crude oil, petroleum products, “textile yarn, fabrics, and related products”, “power generating machinery and equipment”, “electrical machinery, apparatus and appliance”, and “other machinery and equipment”, accounted for 37.1 percent of the Kingdom’s total imports in 2017 compared to 32.6 percent in 2016.

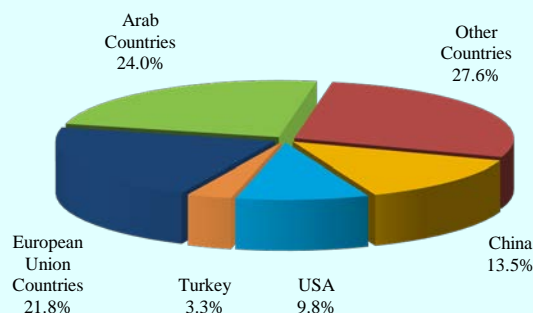


- As for the commodity structure of imports according to economic functions, it revealed an increase of capital goods by 16.9 percent in 2017. Moreover, the “crude materials and intermediate goods” and consumer

goods were up by 5.0 percent and 0.7 percent, respectively.

- The geographical distribution of imports showed that the markets of China, Saudi Arabia, the USA, the UAE, Germany, Italy, and Turkey were the main source markets of imports, accounting for 53.4 percent of total imports in 2017, compared to 50.0 percent in 2016.

Geographic Distribution of Imports, 2017



Commodity Terms of Trade

- The price terms of trade indicator (the ratio of exports price index to imports price index) increased by 2.4 percent in 2017 to reach 65.0 points, compared to 63.5 points in 2016. This increase was an outcome of the decrease in both the exports price index by 1.5 percent and the imports price index by 3.7 percent.
- Moreover, the quantum terms of trade indicator (the ratio of imports quantity index to exports quantity index) registered an increase of 5.6 percent in 2017 to reach 71.4 points. This was an

outcome of an increase in the quantity indices of imports and exports by 9.1 percent and 3.3 percent, respectively.

- The indicator of capacity to import (the price terms of trade multiplied by the exports quantity index) increased by 5.7 percent to reach 164.6 points in 2017. This indicator reflects the purchasing power of exports value measured by the prices of imports.

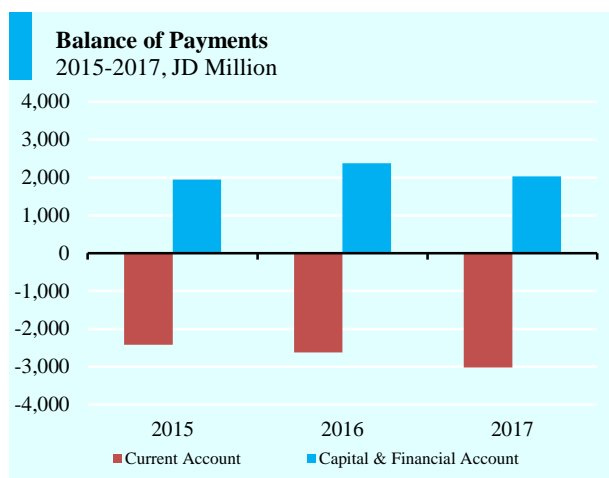
Commodity Terms of Trade
2013-2017, (1994=100)

	2013	2014	2015	2016	2017 ⁽¹⁾
Price terms of trade	68.9	66.2	70.1	63.5	65.0
Quantum terms of trade	73.3	70.1	69.3	67.6	71.4
Capacity to import	170.8	172.9	178.6	155.7	164.6

(1) : Preliminary

Balance of Payments

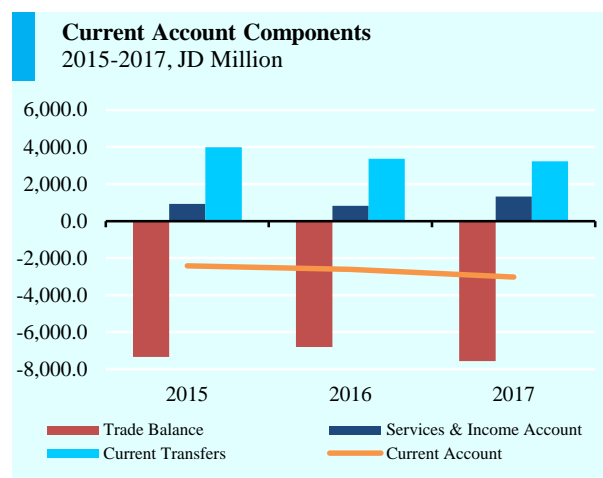
The transactions of the Jordanian economy with the rest of the world during 2017 resulted in a deficit in the current account (including grants) amounted to JD 3,018.0 million (10.6 percent of GDP) in the current account (including grants). Meanwhile, capital and financial transactions resulted in an increase in the Kingdom's obligations to abroad by JD 2,034.8 million. The overall balance of the balance of payments recorded a surplus of JD 100.2 million in 2017, compared to a surplus of JD 411.2 million in 2016.



□ Current Account

The current account deficit (including grants) increased in 2017 to stand at JD 3,018.0 million (10.6 percent of GDP), compared to a deficit of JD 2,618.5 million (9.5 percent of GDP) in 2016. This increase was mainly attributed to the increase in trade balance deficit, and the decrease in the surplus of net current transfers. Furthermore, the current account deficit (excluding grants) increased in 2017 to reach JD 3,795.7 million (13.3 percent of GDP), compared to a deficit of JD 3,510.0 million (12.8 percent of GDP) in 2016. This increase was an outcome of the following developments:

- An increase in the trade balance deficit by JD 758.2 million (11.1 percent) to reach JD 7,565.5 million in 2017.
- An increase in the surplus of the services account by JD 428.0 million due to the increase in both services exports and imports by JD 533.0 million and JD 105.0 million, respectively. The increase in the services account surplus was mainly attributed to the rise in the surplus registered in the travel (net) by JD 331.6 million.



- A decline in the deficit of the income account by JD 70.3 million to reach JD 145.7 million due to the decrease in the deficit of investment income (net) by JD 76.5 million, and the decrease in the surplus of compensation of employees (net) by JD 6.2 million. It is worth noting that the primary current account deficit (current account excluding interest payments) increased to reach 9.6 percent of GDP during 2017, compared to 8.8 percent of GDP in 2016.
- A decline in the surplus of net current transfers by JD 139.6 million to reach JD 3,230.0 million, due to the decline in net public current transfers (foreign grants) by JD 113.5 million, and the decrease in net current transfers for other sectors by JD 26.1 million. It is worth to mention that workers' remittances receipts from abroad increased by 0.3 percent to reach JD 2,371.9 million in 2017.

Because of the current receipts and payments amounted to JD 14,398.1 million and JD 17,416.1 million, respectively, in 2017, the coverage ratio of current receipts to current payments declined to 82.7 percent, compared to 84.2 percent in 2016. It is noteworthy that the non-oil current account (including grants) registered a deficit of 2.1 percent of GDP in 2017, compared to a deficit of 2.3 percent of GDP in 2016.

□ 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 2,034.8 million in 2017, compared to an increase of JD 2,375.7 million in 2016. This increase was driven by the following developments:

- Direct investment registered a net inflow of JD 1,177.3 million in 2017, compared to a net inflow of JD 1,100.3 million in 2016, an increase of 7.0 percent. The foreign direct investment inflows were concentrated in the following:
 - Purchase of land and real estate by non-residents (Arabs and foreigners) for JD 321.8 million.
 - Re-invested earnings of JD 39.4 million.
 - New and added investments (registered at the Ministry of Industry and Trade) for Arabs and foreigners, worth JD 81.1 million.
 - New Investments in energy projects of JD 450.3 million.

- Portfolio investments registered a net inflow of JD 676.7 million, compared to a net inflow of JD 845.9 million in 2016. It is worth mentioning that the government issued sovereign Eurobonds in the international markets worth USD 1.5 billion in 2017, compared to USD 1.0 billion in 2016.
- Other investments displayed a net inflow of JD 58.4 million in 2017, compared to a net outflow of JD 406.6 million in 2016. This came as a result of the increase in non-resident deposits at the Jordanian banking system by JD 487.5 million.
- Reserve assets of the CBJ decreased by JD 92.4 million in 2017, compared to a decrease of JD 783.1 million in 2016. This was an outcome of the decline in the CBJ's portfolio of foreign securities by JD 379.9 million, and the increase in holdings of monetary gold and "currency and deposits" by JD 268.3 million and JD 32.8 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 29,043.7 million at the end of 2017, compared to a net obligation of JD 26,904.4 million at the end of 2016. This was an outcome of the following developments:

□ External Assets

An increase in the stock of external assets (the stock of claims, obligations, and financial assets) for all resident economic sectors by JD 164.5 million at the end of 2017, compared to the end of 2016, to stand at JD 18,694.8 million. This was, mainly, attributed to the increase in the banking system's holdings of currency and deposits abroad by JD 157.0 million.

□ External Liabilities

An increase in the stock of external liabilities (the stock of claims, obligations, and financial assets) for all resident economic sectors by JD 2,303.8 million at the end of 2017, compared to the end of 2016, to stand at JD 47,738.5 million. This was, basically, driven by the following:

- An increase in the deposits of non-residents at the banking system by JD 384.7 million to stand at JD 7,573.1 million (non-residents' deposits with the CBJ decreased by JD 102.8 million, while those with the licensed banks increased by JD 487.5 million).
 - A decline in the outstanding balance of the IMF credit facilities by JD 236.0 million to reach JD 901.4 million.
- An increase in the stock of foreign direct investment by JD 1,223.3 million to stand at JD 24,058.7 million.
 - An increase in the stock of portfolio investments by JD 660.7 million to reach JD 8,209.8 million. This was due to the increase in the debt securities resulting from the issuance of JD 1,065.0 million (USD 1.5 billion) sovereign Eurobonds in the international markets in 2017.
 - An increase in the outstanding balance of general government long-term loans by JD 415.8 million to stand at JD 4,228.9 million.

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STATISTICAL TABLES ANNEX

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Table 1
Gross Domestic Product at Current Prices
by Economic Activity

(JD Million)

	2013 ⁽¹⁾	2014 ⁽¹⁾	2015 ⁽¹⁾	2016 ⁽¹⁾	2017 ⁽¹⁾
Agriculture, Hunting, Forestry and Fishing	713.7	845.4	979.9	1,039.3	1,140.2
Mining and Quarrying	563.9	676.8	777.8	650.2	659.2
Manufacturing	4,074.4	4,254.5	4,335.3	4,395.6	4,573.6
Electricity and Water	531.0	592.5	685.7	758.6	798.8
Construction	1,060.6	1,140.0	1,159.6	1,195.8	1,202.8
Trade, Restaurants, and Hotels	2,279.9	2,428.2	2,479.2	2,543.6	2,608.3
Transport, Storage and Communications	2,889.2	2,975.5	3,122.3	3,270.8	3,449.2
Finance, Insurance, Real Estate and Business Services	4,205.3	4,514.7	4,800.4	5,084.2	5,306.5
Social and Personal Services	866.0	936.7	985.2	1,050.4	1,108.9
Producers of Government Services	4,831.6	5,080.3	5,269.4	5,384.6	5,483.2
Producers of Private Non-Profit Services for Households	117.3	126.3	135.1	142.2	150.1
Domestic Services of Households	61.3	61.4	61.4	61.4	61.5
Less: Imputed Bank Service Charge	-1,212.8	-1,266.4	-1,315.5	-1,388.5	-1,452.7
GDP at Basic Prices	20,981.4	22,365.9	23,475.8	24,188.1	25,089.6
Net Taxes on Products	2,870.2	3,071.2	3,161.6	3,256.7	3,358.9
GDP at Market Prices	23,851.6	25,437.1	26,637.4	27,444.8	28,448.5
Net Factor Income from Abroad	-240.4	-295.9	-307.1	-216.0	-145.7
GNP at Market Prices	23,611.2	25,141.2	26,330.3	27,228.8	28,302.8

Source : Department of Statistics.

(1) : Preliminary.

Table 2
Production of Main Agricultural Crops

	(Thousand Ton)				
	2012	2013	2014	2015 ⁽¹⁾	2016 ⁽¹⁾
Field Crops, of which:					
Wheat	19.2	28.5	27.5	21.9	31.2
Barley	32.1	40.9	38.9	40.5	37.9
Garlic	0.7	0.3	1.3	1.0	2.3
Lentils	0.1	0.2	0.1	0.1	0.1
Maize and Sorghum	32.8	32.7	24.4	32.9	30.1
Clover	148.3	232.4	277.2	244.2	337.3
Vegetables, of which:					
Tomatoes	738.2	869.1	744.6	870.0	837.3
Eggplant	121.2	109.4	80.7	77.0	74.6
Cucumbers	161.7	179.0	279.6	235.6	284.7
Cauliflowers and Cabbages	79.4	95.2	98.9	98.5	149.9
Melons	150.7	136.5	169.7	168.6	149.3
Potatoes	141.6	103.2	204.1	188.3	273.9
Zucchini	69.0	78.7	60.0	64.8	75.9
Fruitful Trees, of which:					
Olives	155.6	128.2	155.8	200.9	115.8
Grapes	35.7	35.2	34.6	62.3	62.3
Citrus Fruits	111.7	98.7	95.2	127.2	125.3
Bananas	38.9	42.0	37.5	46.8	41.0
Apple	36.4	40.6	39.9	56.6	55.2
Peach	28.1	30.7	32.0	37.3	64.8

Source : Department of Statistics.

(1) : Preliminary.

Table 3
Industrial Production Quantity Index

(2010=100)

	Weight	2013	2014	2015	2016 ⁽¹⁾	2017 ⁽¹⁾
Mining Quarrying:	8.224	98.9	100.5	117.5	106.9	121.1
Extraction of petroleum and natural gas	0.077	100.0	100.0	61.7	58.4	50.4
Quarrying of stone, sand and clay	0.370	99.9	99.7	44.3	84.8	82.7
Mining of chemical and fertilizer minerals	7.777	99.0	100.8	123.9	108.8	124.5
Manufacturing:	86.013	107.8	106.5	97.2	95.7	93.4
Food products	13.101	102.5	101.8	101.3	84.8	80.7
Beverages	2.939	100.0	100.2	92.9	90.5	87.5
Tobacco products	5.074	102.0	102.2	149.0	138.2	133.9
Textiles	0.771	100.1	100.1	91.4	108.1	113.5
Wearing apparel	4.760	102.4	102.7	168.3	328.2	307.6
Leather and related	0.146	100.0	100.1	211.9	282.9	288.9
Wood and of products of wood except furniture	0.447	100.0	100.0	107.5	147.5	208.5
Paper and paper products	1.839	100.2	100.2	103.4	97.8	93.4
Printing and reproduction of recorded media	1.607	99.8	99.6	69.0	66.2	63.6
Refined petroleum products	20.430	99.4	98.6	96.9	84.0	77.9
Chemicals and chemical products	7.970	101.8	101.2	90.3	87.7	88.0
Pharmaceuticals, medicinal chemical and botanical products	4.891	99.5	98.9	70.2	78.1	86.8
Rubber and plastic products	2.763	100.2	100.2	99.5	146.3	200.8
Other non-metallic mineral products	5.659	99.3	99.9	103.3	91.3	93.0
Basic metals	3.589	100.1	100.1	102.0	78.0	73.5
Fabricated metal products, except machinery and equipment	3.886	99.5	99.8	60.2	76.3	83.0
Computer, electronic and optical products	0.206	100.0	100.0	72.3	48.4	41.1
Electrical equipment	2.901	99.9	100.0	74.4	100.8	61.4
Machinery and equipment n.e.c.	1.015	99.8	99.7	159.1	64.2	71.5
Motor vehicles, trailers and semi-trailers	0.294	100.1	100.0	85.5	66.1	61.7
Furniture	1.584	101.1	101.1	208.2	226.4	254.0
Other manufacturing	0.143	100.0	100.0	72.8	83.1	81.9
Electricity, Gas, Steam and air conditioning supply	5.763	100.9	100.9	123.9	125.6	129.1
General Index	100.0	107.6	108.1	100.0	97.9	97.2

Source : Department of Statistics.

(1) : Preliminary.

Table 4
Quantities Produced by Major Industries

	Unit	2013	2014	2015	2016	2017 ⁽¹⁾
Mining and Quarrying:						
Phosphate	1000 Ton	5,274.2	7,108.9	8,263.5	7,988.9	8,665.6
Potash	1000 Ton	1,728.4	2,086.2	2,355.0	2,003.5	2,320.0
Manufacturing:						
Fertilizers	1000 Ton	678.1	886.0	619.4	547.4	695.3
Chemical Acids	1000 Ton	1,266.4	1,441.5	1,205.8	1,083.0	1,308.6
Clinker	1000 Ton	906.1	865.0	652.5	574.5	543.0
Petroleum Products	1000 Ton	3,081.9	3,007.1	3,211.9	2,793.3	2,603.8
Electricity	Mill.K.W.H.	7,539.3	8,147.9	6,557.4	4,536.2	4,721.8

Source : Industrial Companies in Jordan.

(1) : Preliminary.

Table 5
Registered Companies According to Economic Activity

(Capital in JD Million)

	2013		2014		2015		2016		2017 ⁽¹⁾	
	Number	Capital	Number	Capital	Number	Capital	Number	Capital	Number	Capital
Agriculture	687	29.3	751	30.4	720	12.5	810	15.5	816	120.8
Industry	2,263	163.3	2,179	58.2	1,891	49.1	2,455	42.1	2,189	67.0
Construction	217	10.3	224	11.1	148	7.7	121	5.2	147	4.9
Trade	1,927	53.8	1,707	43.1	1,356	22.3	1,374	20.5	1,436	23.9
Services	2,760	81.0	2,660	52.9	2,222	67.4	2,301	44.1	2,237	133.2
Total	7,854	337.7	7,521	195.7	6,337	158.9	7,061	127.4	6,825	349.8

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

(1) : Preliminary.

Table 6
Construction Activity in the Kingdom

(Area in Thousands of Sq. M.)

	2013	2014	2015	2016	2017 ⁽¹⁾
(A) Residential					
No. of Permits	33,906	36,642	32,882	36,367	39,792
Amman	8,096	8,904	7,596	7,172	7,164
Irbid	10,063	11,118	10,496	11,293	11,392
Zarqa	3,223	3,103	2,765	3,292	5,010
Other	12,524	13,517	12,025	14,610	16,226
Area	11,817.6	12,578.4	10,879.0	10,799.7	10,987.4
Amman	6,075.6	6,084.1	4,967.3	4,019.7	3,968.1
Irbid	2,243.1	2,611.9	2,378.1	2,599.3	2,353.3
Zarqa	942.9	983.4	888.8	1,076.3	1,374.6
Other	2,556.0	2,899.0	2,644.8	3,104.3	3,291.4
(B) Other Purposes					
No. of Permits	2,695	2,936	2,893	3,043	3,485
Amman	1,176	1,334	1,322	1,373	1,519
Irbid	568	672	657	547	520
Zarqa	423	471	477	600	942
Other	528	459	437	523	504
Area	2,167.5	2,413.9	2,243.8	2,510.5	2,920.7
Amman	1,338.3	1,616.8	1,457.0	1,618.5	1,857.8
Irbid	254.8	233.6	268.9	188.6	194.4
Zarqa	175.6	265.2	217.3	294.4	473.3
Other	398.8	298.3	300.6	409.0	395.2
Total (A+B)					
No. of Permits	36,601	39,578	35,775	39,410	43,277
Area	13,985.1	14,992.3	13,122.8	13,310.1	13,908.1

Source : Department of Statistics.

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

(1) : Preliminary.

Table 7
Jordan Real Estate Price index by Governorates

(2012=100)

	Weight	2013	2014	2015	2016	2017
Amman	74.3	105.1	114.3	118.5	120.5	119.1
Irbid	9.0	108.3	123.4	126.7	131.0	130.1
Zarqa	4.5	105.9	112.0	117.7	123.1	123.7
Balqa	4.5	109.1	120.2	120.7	123.7	122.3
Mafrq	1.5	107.1	120.4	121.6	121.6	122.0
Karak	0.8	109.2	122.8	124.4	129.1	128.0
Tafiela	0.2	100.2	105.7	110.5	114.2	116.0
Ma'an	0.3	108.5	120.7	123.5	125.1	116.3
Madaba	1.8	100.2	106.3	108.0	98.5	107.4
Jarash	1.4	105.1	109.7	109.7	108.2	105.0
Ajloun	0.7	101.9	111.2	110.4	111.5	111.7
Aqaba	1.1	99.8	106.7	114.0	119.4	121.0
General Index	100.0	105.5	115.1	119.0	121.2	120.1

Sources : Department of Lands and Survey & Central Bank of Jordan.

Table 8
Consumer Price Index

(2010=100)

	Weight	2013	2014	2015	2016	2017
Food and non-Alcoholic Beverages	33.365	113.6	114.0	115.2	111.2	110.8
Food Item, of which:	30.505	113.4	113.7	115.1	110.7	110.1
Cereal and its Products	4.993	97.2	97.9	98.1	98.6	98.4
Meat and Poultry	8.224	118.8	118.4	118.8	106.7	101.4
Dairy Products and Eggs	4.233	123.2	122.7	123.4	120.2	120.2
Oils and Fats	1.915	102.3	102.3	106.1	108.7	112.5
Fruits and Nuts	2.735	119.1	122.1	128.0	124.1	120.0
Vegetables and Legumes Dry and Canned	3.886	113.9	111.4	113.4	108.3	113.7
Sugar and its Products	2.771	112.7	114.6	114.9	115.0	117.9
Fish and sea Products	0.817	117.2	119.3	120.7	121.1	120.5
Spices and Food additives	0.912	112.4	116.4	119.9	120.9	122.0
Non-Alcoholic Beverages	2.860	115.4	116.8	116.5	117.0	118.4
Alcohol and Tobacco and Cigarettes	4.431	94.4	108.5	112.3	115.9	125.0
Alcoholic Beverages	0.028	105.7	120.3	121.6	124.9	128.3
Tobacco and Cigarettes	4.403	94.3	108.4	112.2	115.8	125.0
Clothing and Footwear	3.549	114.5	125.2	131.3	133.3	130.2
Housing, of which:	21.920	114.7	120.2	120.9	122.3	125.7
Rents	15.570	113.2	120.8	126.8	130.0	133.3
Fuels and Lighting	4.847	122.7	122.5	106.2	101.5	104.4
Household Furnishings and Equipment	4.186	108.3	110.8	112.9	114.0	115.8
Health	2.212	107.8	114.6	117.5	121.9	132.2
Transportation	13.575	129.5	132.3	113.5	109.1	123.2
Communication	3.504	95.2	95.2	95.2	95.0	96.7
Culture and Recreation	2.274	103.7	106.4	112.2	117.4	126.1
Education	5.407	111.1	114.8	118.3	120.6	124.0
Restaurants and Hotels	1.834	126.0	128.6	130.3	131.8	132.1
Other Goods and Services	3.746	115.1	116.6	117.6	120.2	127.7
Consumer Price Index	100.0	114.1	117.4	116.4	115.5	119.3

Source : Department of Statistics.

Table 9
***Relative Distribution of Jordanian Workers Aged 15 Years and above
 By Economic Activity***

	2013	2014	2015	2016	2017*
Total Labor Force	1,444,699	1,460,337	1,607,630	1,660,256	1,817,820
Total Number of Workers	1,262,636	1,286,688	1,398,030	1,406,640	1,484,473
Relative Distribution of Workers by Economic Activity					
Agriculture, Forestry and Fishing	2.0	1.8	1.7	1.9	1.7
Mining and Quarrying	1.0	0.8	0.8	0.8	0.7
Manufacturing	9.9	10.2	10.0	9.7	10.0
Construction	6.4	6.6	6.0	6.1	4.9
Wholesale and Retail Trade	15.7	15.3	15.3	15.4	15.8
Transport, Storage and Communications	9.2	9.6	9.3	8.9	8.6
Financial and Insurance Activities	1.9	2.1	1.7	1.9	1.8
Public Administration, Defense and Social Security	26.2	26.2	26.3	26.1	25.9
Education	12.1	11.9	12.4	11.5	12.8
Human Health and Social Service	5.0	4.9	5.0	5.1	5.1
Others	10.6	10.6	11.5	12.6	12.2
Total	100.0	100.0	100.0	100.0	100.0

Sources : Department of Statistics.

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

(*) : The Department of Statistics has developed a methodology of the labor force survey since the first quarter of 2017.

Table 10
Monetary Survey of the Banking System ⁽¹⁾

(JD Million)

	2013	2014	2015	2016	2017
Foreign Assets (Net)	6,923.4	7,932.3	8,137.3	8,845.4	9,122.6
Central Bank	8,487.4	9,939.5	10,124.2	9,831.5	10,260.0
Licensed Banks	-1,564.0	-2,007.2	-1,986.9	-986.1	-1,137.4
Domestic Assets (Net)	20,440.0	21,308.1	23,468.2	24,030.8	23,835.0
Net Claims on Public Sector	10,959.1	10,854.3	11,739.8	10,999.1	9,989.7
A) Net Claims on Central Government General Budget	9,004.5	9,265.5	9,173.5	8,244.9	7,342.2
B) Net Claims on Central Government Own-Budget	1,490.3	1,208.4	2,212.9	2,208.9	2,007.5
C) Claims on Public Entities	464.3	380.4	353.4	545.3	640.0
Claims on Private Sector (Resident)	17,222.5	17,852.8	18,704.5	20,590.3	22,525.8
Claims on Financial Institutions	166.6	167.4	165.7	279.8	497.2
Other Items (Net)	-7,908.2	-7,566.4	-7,141.8	-7,838.4	-9,177.7
Money Supply (M2)	27,363.4	29,240.4	31,605.5	32,876.2	32,957.6
Money Supply (M1)	8,408.4	9,231.7	9,880.2	10,386.9	10,135.2
Currency in Circulation	3,606.6	3,804.4	3,933.2	4,181.3	4,326.5
Demand Deposits in Jordan Dinar	4,801.8	5,427.3	5,947.0	6,205.6	5,808.7
Quasi-Money	18,955.0	20,008.7	21,725.3	22,489.3	22,822.4
Demand Deposits in Foreign Currencies	2,175.6	2,242.3	2,510.4	2,776.9	2,660.8
Time and Saving Deposits, of which:	16,779.4	17,766.4	19,214.9	19,712.4	20,161.6
In Foreign Currencies	2,459.6	2,221.2	2,199.2	2,642.0	3,035.7

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)

	2013	2014	2015	2016	2017
Foreign Assets (Net)	257.9	1,008.9	205.0	708.1	277.2
Central Bank	2,347.7	1,452.1	184.7	-292.7	428.5
Licensed Banks	-2,089.8	-443.2	20.3	1,000.8	-151.3
Domestic Assets (Net)	2,160.4	868.1	2,160.1	562.6	-195.8
Net Claims on Public Sector	1,014.2	-104.8	885.5	-740.7	-1,009.4
A) Net Claims on Central Government General Budget	1,199.2	261.0	-92.0	-928.6	-902.7
B) Net Claims on Central Government Own-Budget	-165.8	-281.9	1,004.5	-4.0	-201.4
C) Claims on Public Entities	-19.2	-83.9	-27.0	191.9	94.7
Claims on Private Sector (Resident)	1,268.9	630.3	851.7	1,885.8	1,935.5
Claims on Financial Institutions	-37.5	0.8	-1.7	114.1	217.4
Other Items (Net)	-85.2	341.8	424.6	-696.6	-1,339.3
Money Supply (M2)	2,418.3	1,877.0	2,365.1	1,270.7	81.4
Money Supply (M1)	1,197.3	823.3	648.5	506.7	-251.7
Currency in Circulation	391.6	197.8	128.8	248.1	145.2
Demand Deposits in Jordan Dinar	805.7	625.5	519.7	258.6	-396.9
Quasi-Money	1,221.0	1,053.7	1,716.6	764.0	333.1
Demand Deposits in Foreign Currencies	-132.0	66.7	268.1	266.5	-116.1
Time and Saving Deposits, of which:	1,353.0	987.0	1,448.5	497.5	449.2
In Foreign Currencies	-628.2	-238.4	-22.0	442.8	393.7

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)

	2013	2014	2015	2016	2017
Foreign Assets	10,568.1	12,142.2	12,514.7	11,784.8	11,813.8
Gold & SDRs	577.4	655.2	1,095.2	1,146.3	1,516.8
Cash, Balances & Deposits	4,221.3	5,892.1	4,823.1	4,851.3	4,889.7
Bonds & Treasury Bills	5,002.5	4,828.0	5,829.5	5,020.3	4,640.4
Other Foreign Assets ⁽¹⁾	766.9	766.9	766.9	766.9	766.9
Domestic Assets	2,635.8	1,890.6	1,814.7	1,668.2	1,553.8
Claims on Central Government	1,637.5	1,169.7	1,003.8	938.4	824.8
Claims on Deposit-Money Banks	453.7	511.2	355.6	338.2	349.8
Claims on Financial Institutions	76.3	76.3	76.2	97.0	194.3
Claims on Private Sector	20.6	22.4	23.2	22.9	22.9
Other Assets	447.8	111.0	355.9	271.7	162.0
Assets = Liabilities	13,203.9	14,032.8	14,329.4	13,453.0	13,367.6
Currency Issued	3,938.1	4,177.9	4,336.8	4,620.8	4,836.5
Banks' Deposits	6,169.5	7,279.8	7,614.9	6,406.2	6,216.6
In Jordan Dinar, of which:	5,457.7	6,541.6	6,997.0	5,668.7	5,373.5
Certificates of Deposit	230.9	259.3	1,076.5	1,030.9	600.0
In Foreign Currencies	711.8	738.2	617.9	737.5	843.1
Public Entities Deposits	13.3	1.9	1.1	1.4	0.5
Central Government Deposits	1,125.0	956.9	914.1	1,031.0	959.7
Financial Institutions Deposits	7.4	5.7	4.5	15.1	24.5
Foreign Liabilities	1,348.9	1,196.5	961.2	817.7	765.7
Total Capital and Reserves	290.8	154.1	240.1	293.5	325.0
Other Liabilities	310.9	260.0	256.7	267.3	239.1

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*

	2013	2014	2015	2016	2017
Euro	1.063	1.061	1.296	1.337	1.192
US Dollar	1.410	1.410	1.410	1.410	1.410
Pound Sterling	0.903	0.856	0.940	1.128	1.053
Japanese Yen	137.5	148.9	171.6	163.5	159.2

Source : Central Bank of Jordan.

Table 14***Assets and Liabilities of Licensed Banks*****(JD Million)**

	2013	2014	2015	2016	2017
Foreign Assets	5,151.9	4,731.1	4,684.5	5,444.6	5,661.7
Cash in Vaults (In Foreign Currencies)	238.7	210.5	184.2	174.5	201.6
Balances with Foreign Banks	3,348.1	3,289.6	3,258.5	3,934.9	4,064.8
Portfolio (Non-Resident)	508.9	641.9	692.6	716.9	757.2
Credit Facilities to Private Sector (Non-Resident)	818.0	481.9	477.1	479.8	500.2
Other Foreign Assets	238.2	107.2	72.1	138.5	137.9
Domestic Assets	37,650.9	40,137.0	42,448.7	42,938.9	43,440.8
Claims on Public Sector	10,458.8	11,015.4	11,514.1	11,086.2	10,292.6
Claims on Central Government	9,994.5	10,635.0	11,160.6	10,540.9	9,652.5
Claims on Public Entities ⁽¹⁾	464.3	380.4	353.4	545.3	640.0
Claims on Private Sector (Resident)	17,201.9	17,830.3	18,681.3	20,567.4	22,502.9
Claims on Financial Institutions	90.3	91.1	89.4	182.8	302.9
Cash in Vaults & Deposits with the CBJ	6,497.0	7,591.0	7,972.4	6,768.0	6,690.6
Other Assets	3,402.9	3,609.2	4,191.5	4,334.5	3,651.8
Assets = Liabilities	42,802.8	44,868.1	47,133.2	48,383.5	49,102.5
Capital, Reserves and Provisions	6,146.2	6,773.7	7,107.8	7,261.2	7,564.2
Foreign Liabilities	6,716.1	6,738.3	6,671.4	6,430.7	6,799.1
Central Government Deposits	744.0	1,380.0	1,293.2	1,130.2	955.9
Public Entities Deposits ⁽¹⁾	1,262.4	1,091.2	1,423.8	1,339.9	1,380.3
Private Sector Deposits (Resident)	22,195.8	23,976.8	25,799.8	26,952.9	26,916.3
Financial Institutions Deposits	277.9	360.4	443.2	385.5	309.5
Credit from the CBJ	842.7	645.6	500.6	499.3	527.4
Other Liabilities	4,617.7	3,902.1	3,893.4	4,383.8	4,649.8

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 at Licensed Banks According to Currency and Depositor

(JD Million)

	2013	2014	2015	2016	2017
Public Sector	2,006.6	2,471.1	2,717.1	2,470.2	2,336.2
Demand Deposits	271.3	293.9	378.0	461.9	251.5
In Jordan Dinar	258.1	281.0	362.6	419.1	231.9
In Foreign Currencies	13.2	12.9	15.4	42.8	19.6
Saving Deposits	1.1	1.9	0.6	2.8	18.9
In Jordan Dinar	1.1	1.9	0.6	2.7	18.9
In Foreign Currencies	0.0	0.0	0.0	0.1	0.0
Time Deposits	1,734.2	2,175.3	2,338.5	2,005.5	2,065.8
In Jordan Dinar	1,719.5	2,164.4	2,305.2	1,895.5	1,943.0
In Foreign Currencies	14.7	10.9	33.3	110.0	122.8
Private Sector (Resident)	22,195.8	23,976.9	25,799.7	26,952.9	26,916.3
Demand Deposits	6,765.7	7,419.0	8,163.8	8,647.7	8,261.8
In Jordan Dinar	4,657.5	5,222.6	5,709.9	5,894.1	5,619.0
In Foreign Currencies	2,108.2	2,196.4	2,453.9	2,753.6	2,642.8
Saving Deposits	3,234.8	3,651.6	4,034.9	4,725.2	5,116.9
In Jordan Dinar	2,527.1	2,906.6	3,262.6	3,758.6	4,071.5
In Foreign Currencies	707.7	745.0	772.3	966.6	1,045.4
Time Deposits	12,195.3	12,906.3	13,601.0	13,580.0	13,537.6
In Jordan Dinar	10,461.5	11,445.7	12,190.5	11,920.2	11,567.7
In Foreign Currencies	1,733.8	1,460.6	1,410.5	1,659.8	1,969.9
Private Sector (Non-Resident)	3,113.0	3,452.6	3,638.5	3,091.4	3,635.6
Demand Deposits	1,132.1	1,187.3	1,308.8	1,135.6	1,255.7
In Jordan Dinar	219.6	301.2	347.3	392.5	445.6
In Foreign Currencies	912.5	886.1	961.5	743.1	810.1
Saving Deposits	663.1	533.6	550.1	488.8	603.3
In Jordan Dinar	183.7	192.9	227.3	235.1	257.8
In Foreign Currencies	479.4	340.7	322.8	253.7	345.5
Time Deposits	1,317.8	1,731.7	1,779.6	1,467.0	1,776.6
In Jordan Dinar	744.8	1,175.8	1,217.2	1,086.2	1,194.0
In Foreign Currencies	573.0	555.9	562.4	380.8	582.6
Non-Banking Financial Institutions	277.8	360.4	443.2	385.5	309.6
Demand Deposits	68.8	87.1	97.6	67.4	64.2
In Jordan Dinar	28.3	56.3	56.7	53.7	53.0
In Foreign Currencies	40.5	30.8	40.9	13.7	11.2
Saving Deposits	1.4	1.6	1.0	1.3	0.2
In Jordan Dinar	0.4	0.7	0.1	0.5	0.2
In Foreign Currencies	1.0	0.9	0.9	0.8	0.0
Time Deposits	207.6	271.7	344.6	316.8	245.2
In Jordan Dinar	201.4	264.0	334.5	310.0	239.6
In Foreign Currencies	6.2	7.7	10.1	6.8	5.6
Total	27,593.2	30,261.0	32,598.5	32,900.0	33,197.7

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)

	2013	2014	2015	2016	2017
	By Economic Activity				
Agriculture	235.7	243.4	217.1	304.5	337.3
Mining	164.1	196.1	170.2	288.4	255.2
Industry	2,649.6	2,531.2	2,145.8	2,203.4	2,724.2
General Trade	3,937.3	3,683.8	3,883.8	4,075.5	4,230.9
Construction	4,086.4	4,552.8	4,904.5	5,827.7	6,601.0
Transportation Services	536.7	292.7	259.8	355.8	354.3
Tourism, Hotels and Restaurants	503.5	571.5	593.1	597.7	619.7
Public Services and Utilities	2,172.6	2,170.0	3,232.0	3,296.2	3,707.2
Financial Services	508.8	539.5	515.2	577.2	632.5
Other, of which:	4,145.0	4,493.5	5,182.0	5,379.4	5,274.5
Buying Shares	260.0	210.1	178.5	168.6	158.0
Total	18,939.7	19,274.5	21,103.5	22,905.8	24,736.8
of which in Foreign Currencies	2,670.6	2,567.7	2,821.8	2,719.2	2,595.4
	By Borrower				
Central Government	1,222.3	1,133.2	2,193.7	2,154.9	2,114.8
Public Entities	320.9	348.6	325.6	358.2	357.6
Financial Institutions	9.5	6.6	9.0	11.6	17.0
Private Sector (Resident)	16,569.1	17,304.1	18,098.1	19,901.4	21,747.1
Private Sector (Non-Resident)	818.0	482.0	477.1	479.7	500.3

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

Table 17

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

(JD Million)

	2013	2014	2015	2016	2017
Cash in Vaults	216.1	201.5	206.9	202.5	275.1
Balances with the Banking System	1,845.3	1,726.8	1,637.4	1,788.3	1,529.6
Credit Facilities	1,515.0	1,567.2	1,761.3	1,917.5	2,266.3
In Jordan Dinar	186.5	216.8	247.7	244.1	297.4
In US Dollar	814.2	892.4	816.1	855.2	920.5
In Other Foreign Currencies	514.3	458.0	697.5	818.2	1,048.4
Portfolio	430.4	497.8	436.1	504.6	494.8
Other Assets	112.1	131.2	127.6	153.9	186.9
Assets = Liabilities	4,118.9	4,124.5	4,169.3	4,566.8	4,752.7
Deposits of Banking System	163.8	159.5	183.0	280.8	211.6
Customers' Deposits	3,160.9	3,126.2	3,185.8	3,438.3	3,610.7
In Jordan Dinar	904.1	933.5	957.4	974.6	1,028.1
In US Dollar	1,243.7	1,136.2	1,097.4	1,270.3	1,273.2
In Other Foreign Currencies	1,013.1	1,056.5	1,131.0	1,193.4	1,309.4
Capital, Reserves and Provisions	555.0	586.3	556.8	593.5	641.2
Other Liabilities	239.2	252.5	243.7	254.2	289.2

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

Table 18

Assets and Liabilities of Insurance Companies

(JD Million)

	2012	2013	2014	2015	2016
Balances and Deposits	213.8	235.4	272.8	271.5	268.2
Accounts Receivable	133.2	143.9	143.4	163.7	192.6
Customers (Debtors)	106.4	122.2	121.1	135.2	158.8
Re-Insurance Companies	26.8	21.7	22.3	28.5	33.8
Investments and Other Assets	392.1	418.7	426.0	434.5	454.8
Assets = Liabilities	739.1	798.0	842.2	869.7	915.6
Paid-up Capital and Reserves	310.7	319.2	309.0	312.1	312.9
Accounts Payable	83.0	89.5	93.8	100.5	119.3
Creditors	27.7	32.4	33.2	37.5	45.3
Re-Insurance Companies	55.3	57.1	60.6	63.0	74.0
Provisions	10.2	12.4	14.2	11.5	11.3
Technical Reserves	284.4	327.7	355.8	386.8	405.1
Accounting Reserve	70.1	76.3	83.6	93.3	105.6
Unexpired Risks Reserve	109.8	120.4	124.3	133.2	139.4
Outstanding Claims Reserve	104.5	131.0	147.9	160.3	160.1
Other Liabilities	50.8	49.2	69.4	58.8	67.0

Source : Ministry of Industry Trade and Supply.

Table 19***The Premiums Underwritten of Insurance Companies*****(JD Million)**

	2013	2014	2015	2016	2017⁽¹⁾
Maritime	24.6	25.5	22.5	20.6	18.0
Fire	68.3	69.1	69.5	74.8	73.1
Motor vehicle	201.9	212.5	221.9	225.2	233.2
Accidents ⁽²⁾	21.6	23.9	21.0	20.4	21.5
Life	47.4	53.1	61.0	70.6	79.6
Medical	128.6	141.7	154.4	171.5	168.1
Total	492.5	525.8	550.4	583.1	593.5

Source : Ministry of Industry Trade and Supply.

(1) : Preliminary.

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

Table 20***Compensations Paid by Insurance Companies*****(JD Million)**

	2013	2014	2015	2016	2017⁽¹⁾
Maritime	6.4	6.8	7.3	4.0	4.6
Fire	12.8	42.1	19.9	46.8	21.3
Motor vehicle	160.5	175.7	188.5	207.3	224.4
Accidents ⁽²⁾	2.6	6.3	4.9	6.2	5.9
Life	24.5	28.5	27.2	36.7	33.1
Medical	110.3	113.4	124.0	145.8	159.7
Total	317.1	372.9	371.8	447.0	449.0

Source : Ministry of Industry Trade and Supply.

(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)				
	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
Industry	397.7	379.1	346.6	703.7	655.7	382.4	390.4	347.6	362.9	281.7
Services	408.1	373.5	729.6	423.6	375.0	444.9	423.1	460.4	396.5	383.8
Financial	2,221.4	1,510.8	2,340.9	1,202.1	1,895.5	1,878.5	1,508.2	1,777.8	1,077.3	1,051.2
Total	3,027.2	2,263.4	3,417.1	2,329.5	2,926.2	2,705.8	2,321.8	2,585.8	1,836.7	1,716.7

Source : Amman Stock Exchange.

Table 22

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

Sector	2013	2014	2015	2016	2017
Industry	3,210.4	2,691.3	2,731.2	2,648.7	2,615.8
Banks	8,035.2	8,373.0	8,463.7	8,444.5	8,335.2
Services	1,255.1	1,211.2	1,141.0	954.5	933.7
Insurance companies	1,214.1	1,337.7	1,369.6	1,385.4	1,261.2
General Index	4,336.7	4,237.6	4,229.9	4,069.7	4,009.4

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 Floating Shares
(Closing December 1999=1000)

Sector	2013	2014	2015	2016	2017
Industrial	1,964.9	1,852.0	1,848.8	2,093.0	2,229.5
Services	1,664.8	1,794.8	1,726.7	1,604.7	1,449.7
Financial ⁽¹⁾	2,703.9	2,920.9	2,906.2	2,933.2	2,881.5
General Index	2,065.8	2,165.5	2,136.3	2,170.3	2,126.8

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)

	2013	2014	2015	2016	2017 ⁽¹⁾
Assets					
Financial instruments portfolio	890.6	689.0	934.0	854.9	962.8
Bonds portfolio	2,135.5	2,868.0	3,412.0	3,957.3	4,680.7
Loans portfolio	149.2	138.0	161.0	168.0	229.6
Equity Investment for trading portfolio	2,157.8	2,169.0	2,232.0	2,131.1	2,072.4
Real estate portfolio	392.2	412.0	538.0	581.1	581.1
Investments in hotels	284.0	287.0	252.0	250.3	250.3
Other assets	107.6	297.0	114.0	382.6	462.2
Total Assets	6,116.9	6,860.0	7,643.0	8,325.3	9,239.1

Source: Social Security Corporation.

(1) : Preliminary.

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

(JD Million)

	2013	2014	2015	2016	2017	
					Budget Law	Actual
Budgetary Central Government						
Total Revenues and Grants	5,758.9	7,267.6	6,797.1	7,069.6	8,119.0	7,425.3
Domestic Revenues	5,119.8	6,031.1	5,910.9	6,233.6	7,342.0	6,717.6
Foreign Grants	639.1	1,236.5	886.2	836.0	777.0	707.7
Total Expenditures	7,076.9	7,851.1	7,722.7	7,948.2	8,812.5	8,173.2
Current Expenditures	6,055.9	6,713.6	6,624.5	6,919.1	7,595.6	7,113.0
Capital Expenditures	1,021.0	1,137.5	1,098.2	1,029.1	1,216.9	1,060.2
Overall Deficit/Surplus	-1,318.0	-583.5	-925.6	-878.6	-693.5	-747.9
Own-Budget Agencies						
Total Revenues and Grants	506.8	617.4	1,364.5	1,642.2	1,665.8	1,523.0
Domestic Revenues	448.2	556.4	1,283.8	1,586.0	1,612.4	1,473.4
Foreign Grants	58.6	61.0	80.7	56.1	53.4	49.6
Total Expenditures	1,711.7	1,663.8	1,602.7	1,660.1	1,694.8	1,637.3
Current Expenditures	1,163.3	1,097.0	1,027.9	1,079.9	1,108.0	1,081.2
Capital Expenditures	548.4	566.9	574.8	580.2	586.7	556.2
Overall Deficit/Surplus	-1,204.9	-1,046.4	-238.2	-17.9	-28.9	-114.3
Central Government (Budgetary and Own-Budget Agencies)						
Total Revenues and Grants	6,265.7	7,885.0	8,161.6	11.8	9,784.8	8,948.3
Domestic Revenues	5,568.0	6,587.5	7,194.7	19.6	8,954.4	8,191.0
Foreign Grants	697.7	1,297.5	966.9	892.1	830.4	757.3
Total Expenditures	8,788.6	9,514.9	9,325.6	9,608.3	10,507.3	9,810.5
Current Expenditures	7,219.2	7,810.6	7,652.4	7,999.0	8,703.6	8,194.2
Capital Expenditures	1,569.4	1,704.4	1,673.2	1,609.3	1,803.6	1,616.4
Overall Deficit/Surplus	-2,522.9	-1,629.9	-1,164.0	-896.5	-722.5	-862.2

Source : Ministry of Finance.

Table 25-A
Summary of Central Government Budget

(JD Million)

	2013	2014	2015	2016	2017	
					Budget Law	Actual
Total Revenues and Grants	5,758.9	7,267.6	6,797.1	7,069.6	8,119.0	7,425.3
Domestic Revenues	5,119.8	6,031.1	5,910.9	6,233.6	7,342.0	6,717.6
Tax Revenues	3,652.5	4,037.1	4,097.1	4,254.3	5,201.0	4,343.5
Pension Contributions	22.1	21.0	18.6	15.2	17.0	11.5
Other Revenues	1,445.2	1,973.0	1,795.2	1,964.1	2,124.0	2,362.7
Foreign Grants	639.1	1,236.5	886.2	836.0	777.0	707.7
Total Expenditures	7,076.9	7,851.1	7,722.7	7,948.2	8,812.5	8,173.2
Current Expenditures, of which:	6,055.9	6,713.6	6,624.5	6,919.1	7,595.6	7,113.0
Interest Payments (Commitment Basis)	736.5	925.9	914.4	835.3	985.0	856.2
Capital Expenditures	1,021.0	1,137.5	1,098.4	1,029.1	1,216.9	1,060.2
Overall Deficit/Surplus						
Including Grants	-1,318.0	-583.5	-925.6	-878.6	-693.5	-747.9
Excluding Grants	-1,957.1	-1,820.0	-1,811.8	-1,714.6	-1,470.5	-1,455.6
Primary Deficit (Excluding Grants)	-1,220.6	-894.1	-897.4	-879.3	-485.5	-599.4

Source : Ministry of Finance.

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

(JD Million)

	2013	2014	2015	2016	2017	
					Budget Law	Preliminary
Total Revenues and Grants	506.8	617.4	1,364.5	1,642.2	1,665.8	1,523.0
Domestic Revenues, of which:	448.2	556.4	1,283.8	1,586.0	1,612.4	1,473.4
Tax Revenues	12.5	9.0	6.3	7.0	6.3	6.3
Government Subsidy	249.6	253.6	168.0	168.0	154.7	142.5
Revenues from Selling Goods and Services	925.2	184.1	1,026.3	1,340.9	1,376.0	1,253.3
Foreign Grants	58.6	61.0	80.7	56.1	53.4	49.6
Total Expenditures	1,711.7	1,663.8	1,602.7	1,660.1	1,694.8	1,637.3
Current Expenditures	1,163.3	1,097.0	1,027.9	1,079.9	1,108.0	1,081.2
Wages, Salaries and Allowances	279.9	295.7	347.6	359.2	375.9	366.5
Interest Payments	158.0	160.3	151.8	161.5	164.0	163.2
Purchases of Goods and Services	586.7	496.7	469.0	494.9	502.1	487.0
Other Current Expenditures	138.7	144.3	59.5	64.3	66.0	64.5
Capital Expenditures	548.4	566.9	574.8	580.2	586.7	556.2
Overall Deficit/Surplus	-1,204.9	-1,046.4	-238.2	-17.9	-28.9	-114.3

Source : General Budget Department/ Government Units Budgets Law.

Table 26
Components of Domestic Revenues
(Budgetary Central Government)

(JD Million)

	2013	2014	2015	2016	2017
First: Tax Revenues	3,652.5	4,037.1	4,097.1	4,254.3	4,343.5
1- Taxes on Income and Profits:	681.9	766.3	858.7	944.7	938.4
Income Tax from Individuals	131.9	154.0	206.9	193.9	195.9
Income Tax from Companies & Projects	550.0	612.3	651.8	750.8	742.5
2- Taxes on Financial Transactions	112.7	132.1	124.7	114.8	107.7
3- Taxes on Goods and Services*	2,532.9	2,811.4	2,779.9	2,883.8	2,993.1
4- Taxes on International Trade & Transactions**	324.9	327.3	333.5	311.1	304.3
5- Other Additional Taxes	0.0	0.0	0.0	0.0	0.0
Second: Pension Contributions	22.1	21.0	18.6	15.2	11.5
Third: Other Revenues	1,445.2	1,973.0	1,795.2	1,964.1	2,362.7
1- Revenues from Selling Goods & Services	792.2	883.0	852.8	828.3	915.7
2- Property Income, of which:	299.5	516.0	336.2	292.2	352.4
Financial Surplus	264.2	476.7	296.4	261.0	319.4
Interest on Privatization Proceeds	0.0	0.0	0.0	0.0	0.0
3- Miscellaneous Revenues, of which:	353.6	574.0	606.2	843.6	1,094.6
Mining Revenues	36.0	25.1	27.4	54.3	36.9
Repayments	24.2	21.5	39.2	28.7	19.6
Total Domestic Revenues	5,119.8	6,031.1	5,910.9	6,233.6	6,717.6

Source: Ministry of Finance.

* : Represents general sales taxes on goods & services.

** : Represents customs duties & fees.

Table 27

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

(JD Million)

	2013	2014	2015	2016	2017
First: Current Expenditures	6,055.9	6,713.6	6,624.5	6,919.1	7,113.0
1- Compensations of Employees	1,266.8	1,320.1	1,344.6	1,370.0	1,387.0
Wages, Salaries and Allowances	1,183.8	1,234.1	1,245.2	1,264.1	1,274.2
Social Security	83.0	86.0	99.4	105.9	112.8
2- Purchases of Goods & Services	270.5	479.5	402.6	443.8	380.4
3- Interest Payments (commitment Basis)	736.5	925.9	914.4	835.3	856.2
Internal	634.7	750.2	710.0	622.0	587.3
External	101.8	175.7	204.4	213.3	268.8
4- Subsidies	339.8	297.9	291.0	241.4	287.9
Subsidies for Non Financial Public Institutions, of which:	78.6	78.3	94.1	108.4	180.5
Emergency Expenditures	0.0	0.0	0.0	0.0	0.0
Goods Subsidies, of which:	260.2	218.4	195.4	131.4	103.8
Foods and Oil Subsidies	260.2	218.4	195.4	122.7	103.8
5- Grants	192.7	205.8	117.2	123.5	109.8
6- Social Benefits, of which:	1,357.9	1,472.6	1,442.0	1,476.1	1,482.4
Pensions and Compensation	1,046.5	1,115.9	1,162.8	1,212.7	1,279.3
Social Assistances, of which:	311.4	356.7	279.2	263.4	203.1
Social Safety Net	193.4	176.6	0.0	0.0	0.0
7- Miscellaneous Expenditures, of which:	113.0	91.7	115.8	213.4	284.3
Scholarships and Training	3.3	3.3	2.1	3.1	1.5
8- Military Expenditures	1,778.7	1,920.1	1,996.9	2,215.5	2,325.1
Second: Capital Expenditures	1,021.0	1,137.5	1,098.2	1,029.1	1,060.2
Total Expenditures	7,076.9	7,851.1	7,722.7	7,948.2	8,173.2

Source : Ministry of Finance.

Table 28

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

(JD Million)

	2013	2014	2015	2016	2017
Gross Domestic Public Debt	13,440	14,622	15,486	15,794	15,402
1) Budgetary Central Government	11,556	13,074	12,935	13,175	12,547
A) Treasury Bills and Bonds	10,868	12,471	12,384	12,723	12,194
Held by the Banking System	8,293	9,004	8,439	7,876	6,601
Held by Non Banks	2,575	3,467	3,945	4,847	5,593
B) Loans and Advances	688	603	551	452	353
From Central Bank	672	592	512	432	352
From Commercial Banks	17	11	39	20	1
From Non Banks	0	0	0	0	0
2) Own-Budget Government Agencies	1,883	1,548	2,551	2,619	2,855
A) Corporate Bonds	869	609	563	533	658
Held by the Banking System	787	538	455	410	382
Held by Non Banks	82	70	107	122	276
B) Direct Credit Facilities	1,015	939	1,989	2,086	2,198
From Banks	965	893	1,950	2,050	2,169
Gross Government's Deposits with the Banking System	1,577	2,096	2,029	2,013	1,834
1) Budgetary Central Government's Deposits	1,366	1,878	1,814	1,816	1,506
A) Ministry of Finance Deposits	125	-144	-188	-87	-208
With the Central Bank ⁽¹⁾	97	-165	-196	-94	-221
With Commercial Banks	28	21	8	8	14
B) Other Ministries Deposits	1,241	2,022	2,002	1,903	1,714
With the Central Bank	724	863	913	967	931
With Commercial Banks	517	1,159	1,089	936	783
2) Own-Budget Government Agencies Deposits	211	218	215	197	328
Net Budgetary Central Government Domestic Debt ⁽²⁾	10,190	11,196	11,122	11,359	11,041
Net Central Government Domestic Debt (Budgetary and Own-Budget Agencies) ⁽³⁾	11,862	12,525	13,457	13,780	13,569

Source : Ministry of Finance.

- (1) : Represents net treasury overdraft (treasury overdraft account *minus* Ministry of Finance deposits, in JD 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)

	2013	2014	2015	2016	2017
1) Long-Term Loans	4,936.3	5,032.2	5,515.4	5,724.0	5,882.5
A) Arab and Foreign Governments, of which:	1,968.1	1,810.1	1,895.4	2,060.2	2,408.9
Japan	716.3	627.6	699.0	714.3	794.7
Germany	260.2	235.6	224.7	233.5	235.0
United States	74.6	67.6	60.5	53.2	46.9
France	231.7	203.6	254.8	415.1	567.1
B) Regional and International Institutions, of which:	2,783.2	3,037.1	3,444.6	3,544.2	3,418.6
World Bank	812.0	990.5	1,100.2	1,318.6	1,332.2
Arab Fund for Economic and Social Development	599.7	580.7	557.2	517.9	506.4
European Investment Bank	104.4	93.0	84.3	76.2	75.7
Arab Monetary Fund	154.4	151.2	151.2	191.8	203.1
Islamic Development Bank	101.2	91.3	83.9	76.0	70.1
International Monetary Fund	745.7	964.3	1,310.5	1,137.4	901.4
C) Foreign Banks & Companies	185.0	185.0	175.4	119.6	55.0
2) Others⁽²⁾, of which:	2,298.3	2,998.0	3,875.2	4,574.9	5,984.6
Eurobonds & domestic bonds in dollar	2,236.5	2,946.5	3,834.0	4,544.0	5,964.0
Outstanding External Public Debt	7,234.6	8,030.2	9,390.6	10,298.9	11,867.1

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 2017
According to Source

Source	Disbursements (JD Million)	Relative Importance (%)
Multiple Creditors (Bonds)	1,420.0	63.6
Industrial Countries:	342.1	15.3
Japan	125.7	5.6
France	122.7	5.5
Germany	84.3	3.8
Korea	9.3	0.4
Regional & International Institutions:	438.8	19.7
Arab Monetary Fund	122.8	5.5
European Commission	82.6	3.7
International Bank for Reconstruction and Development	69.9	3.1
International Islamic Trade Finance Corporation	69.0	3.1
International Monetary Fund	50.8	2.3
Arab Fund for Economic and Social Development	34.8	1.6
International Development Association	6.0	0.3
European Bank for Reconstruction and Development	2.9	0.1
Other	31.5	1.4
Total	2,232.4	100.0

Source : Ministry of Finance.

Table 31
Distribution of External Loans Contracted in 2017
According to Source and Economic Sector

(JD Million)					
Source Sector	Arab & Foreign Governments	Regional & International Institutions	Multiple Creditors	Total	Sector's Relative Importance (%)
Supporting Budget	0.0	577.0	1,420.0	1,997.0	89.4
Water	214.4	21.3	-	235.7	10.6
Total	214.4	598.3	1,420.0	2,232.7	100.0

Sources : Ministry of Finance.

Table 32
Balance of Payments

(JD Million)

	2013	2014 ⁽¹⁾	2015 ⁽¹⁾	2016 ⁽¹⁾	2017 ⁽¹⁾
Current Account	-2,487.7	-1,851.7	-2,418.1	-2,618.5	-3,018.0
Trade Balance	-8,270.1	-8,495.6	-7,336.2	-6,807.3	-7,565.5
Exports, f.o.b.	5,617.9	5,953.6	5,561.4	5,359.6	5,303.0
Imports, f.o.b.	13,888.0	14,449.2	12,897.6	12,166.9	12,868.5
Services Account	1,209.5	1,778.9	1,235.9	1,035.2	1,463.2
Travel (Net)	2,144.7	2,295.9	2,062.7	1,978.0	2,309.6
Receipts	2,923.0	3,106.6	2,886.0	2,870.9	3,293.6
Payments	778.3	810.7	823.3	892.9	984.0
Transportation (Net)	-889.1	-763.7	-924.7	-921.0	-930.6
Receipts	1,001.0	1,137.0	877.2	885.7	891.4
Payments	1,890.1	1,900.7	1,801.9	1,806.7	1,822.0
Government Services (Net)	119.5	327.6	216.0	62.9	204.3
Receipts	199.4	385.4	278.5	135.7	281.6
Payments	79.9	57.8	62.5	72.8	77.3
Other Services (Net)	-165.6	-80.9	-118.1	-84.7	-120.1
Receipts	360.3	440.1	409.3	392.9	351.6
Payments	525.9	521.0	527.4	477.6	471.7
Income Account	-240.4	-295.9	-307.1	-216.0	-145.7
Compensation of Employees (Net)	220.3	223.6	229.0	222.7	216.5
Receipts	258.6	265.4	269.3	262.9	263.5
Payments	38.3	41.8	40.3	40.2	47.0
Investment Income (Net)	-460.7	-519.5	-536.1	-438.7	-362.2
Receipts	305.0	359.4	253.3	277.2	352.5
Payments	765.7	878.9	789.4	715.9	714.7
Current Transfers (Net)	4,813.3	5,160.9	3,989.3	3,369.6	3,230.0
Public (Net)	1,620.0	1,341.4	844.7	891.0	777.5
Other Sectors (Net)	3,193.3	3,819.5	3,144.6	2,478.6	2,452.5
Inflows, o/w:	3,534.8	4,257.1	3,528.0	2,843.1	2,883.2
Workers' Remittances	2,327.7	2,388.0	2,423.3	2,365.7	2,371.9
Outflows, o/w:	341.5	437.6	383.4	364.5	430.7
Workers' Remittances	285.9	312.5	300.7	301.6	351.7

(1) : Preliminary.

Table 32
Balance of Payments (Continued)

(JD Million)

	2013	2014 ⁽¹⁾	2015 ⁽¹⁾	2016 ⁽¹⁾	2017 ⁽¹⁾
Capital and Financial Account	1,956.1	1,084.3	1,945.4	2,375.7	2,034.8
Capital Account	45.7	58.3	80.0	53.0	30.0
Capital Transfers	45.7	58.3	80.0	53.0	30.0
Financial Account	1,910.4	1,026.8	1,865.4	2,322.7	2,004.8
Direct Investment	1,371.1	1,487.5	1,135.5	1,100.3	1,177.3
Abroad (Net)	-11.1	-59.2	-0.7	-2.3	-4.7
In Jordan (Net)	1,382.2	1,546.7	1,136.2	1,102.6	1,182.0
Portfolio Investment (Net)	1,172.5	825.0	919.6	845.9	676.7
Other Investment (Net)	3,080.3	391.5	357.9	-406.6	58.4
Assets	639.6	167.9	302.0	-577.4	-115.1
Trade Credits	59.4	16.7	-17.3	12.1	-15.6
Loans	146.5	-213.4	4.8	-2.7	-20.4
Currency and Deposits	386.6	239.1	294.3	-505.4	-57.6
Other Assets	47.1	125.5	20.2	-81.4	-21.5
Liabilities	2,440.7	223.6	55.9	170.8	173.5
Trade Credits	-51.0	-18.5	-129.1	285.2	14.2
Loans, o/w:	848.8	395.0	485.4	287.0	-143.8
Central Bank of Jordan	473.3	259.8	390.8	-113.4	-270.7
General Government	164.0	113.3	223.4	347.6	270.2
Drawings	494.9	686.2	697.0	664.9	618.8
Debt Rescheduling	0.0	0.0	0.0	0.0	0.0
Repayments, o/w:	-330.9	-572.9	-473.6	-317.3	-348.6
Cost of Debt Restructuring	0.0	0.0	0.0	0.0	0.0
Rescheduled Loan Principals	0.0	0.0	0.0	0.0	0.0
Other Sectors	209.6	19.2	-127.0	-25.5	-105.9
Drawings	264.4	162.1	31.7	99.2	37.3
Repayments	-54.8	-142.9	-158.7	-124.7	-143.2
Currency and Deposits	1,753.4	-158.6	-323.2	-465.9	384.7
Banks	1,017.4	-6.3	-87.9	-271.5	487.5
Other Liabilities	-110.5	5.7	22.8	64.5	-81.6
Reserve Assets	-3,713.5	-1,678.0	-547.6	783.1	92.4
Net Errors and Omissions	531.6	767.6	472.8	242.8	983.2
Memorandum Items					
Overall Balance	270.4	1,634.7	407.0	411.2	100.2
Financing, o/w:	-270.4	-1,634.7	-407.0	-411.2	-100.2
Net Foreign Assets	-745.4	-1,897.6	-802.6	-297.8	170.5
Central Bank	-2,977.5	-1,830.3	-782.9	588.7	-10.4
Commercial Banks	2,232.1	-67.3	-19.7	-886.5	180.9
International Monetary Fund (Net)	458.1	276.5	393.5	-139.1	-293.9
Arab Monetary Fund (Net)	15.2	-16.7	-2.7	25.7	23.2
Exceptional Financing	1.7	3.1	4.8	0.0	0.0

(1) : Preliminary.

Table 33
External Trade by Economic Functions

(JD Million)

	2013		2014		2015		2016		2017 ⁽¹⁾	
	Value	%	Value	%	Value	%	Value	%	Value	%
Domestic Exports	4,805.2	100.0	5,163.0	100.0	4,797.6	100.0	4,396.5	100.0	4,474.2	100.0
Consumer Goods	2,526.4	52.6	2,712.7	52.5	2,685.5	56.0	2,562.7	58.3	2,582.4	57.7
Crude Materials and Intermediate Goods	2,112.5	44.0	2,311.1	44.8	1,986.0	41.4	1,741.9	39.6	1,787.9	40.0
Capital Goods, o/w:	165.8	3.4	138.8	2.7	125.9	2.6	90.9	2.1	95.1	2.1
Parts and Accessories	20.6	0.4	17.4	0.3	18.7	0.4	15.2	0.3	10.9	0.2
Other goods	0.5	0.0	0.4	0.0	0.2	0.0	1.0	0.0	8.8	0.2
Re-Exports	812.8	100.0	790.2	100.0	763.8	100.0	963.0	100.0	828.9	100.0
Consumer Goods	287.8	35.4	240.4	30.4	220.4	28.9	194.7	20.2	183.5	22.1
Crude Materials and Intermediate Goods	253.4	31.2	221.0	28.0	196.2	25.7	176.6	18.3	178.3	21.5
Capital Goods, o/w:	257.2	31.6	314.0	39.7	305.8	40.0	585.8	60.8	463.0	55.9
Parts and Accessories	83.6	10.3	126.3	16.0	103.2	13.5	326.8	33.9	229.0	27.6
Other goods	14.4	1.8	14.8	1.9	41.4	5.4	5.9	0.7	4.1	0.5
Imports	15,667.3	100.0	16,280.2	100.0	14,537.2	100.0	13,720.4	100.0	14,488.6	100.0
Consumer Goods	4,125.1	26.3	4,376.9	26.9	4,523.2	31.1	4,715.1	34.4	4,754.9	32.8
Crude Materials and Intermediate Goods	9,183.0	58.6	9,587.2	58.9	7,453.5	51.3	6,602.6	48.1	6,928.1	47.8
Capital Goods, o/w:	2,125.9	13.6	2,048.8	12.6	2,286.2	15.7	2,181.0	15.9	2,549.4	17.6
Parts and Accessories	433.8	2.8	562.7	3.5	606.7	4.2	474.0	3.5	616.8	4.3
Other goods	233.3	1.5	267.3	1.6	274.3	1.9	221.7	1.6	256.2	1.8
Trade Balance	-10,049.3	100.0	-10,327.0	100.0	-8,975.8	100.0	-8,360.9	100.0	-9,185.5	100.0
Consumer Goods	-1,310.9	13.0	-1,423.8	13.8	-1,617.3	18.0	-1,957.7	23.4	-1,989.0	21.7
Crude Materials and Intermediate Goods	-6,817.1	67.8	-7,055.1	68.3	-5,271.3	58.7	-4,684.0	56.0	-4,961.9	54.0
Capital Goods, o/w:	-1,702.9	16.9	-1,596.0	15.5	-1,854.5	20.7	-1,504.3	18.0	-1,991.3	21.7
Parts and Accessories	-329.6	3.3	-419.0	4.1	-484.8	5.4	-132.0	1.6	-376.9	4.1
Other goods	-218.2	2.3	-252.1	2.4	-233.7	2.6	-214.9	2.6	-243.3	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			
	2014	2015	2016	2017 ⁽¹⁾	2014	2015	2016	2017 ⁽¹⁾	2014	2015	2016	2017 ⁽¹⁾
0. Food and Live Animals	966.9	920.1	736.1	727.1	101.6	88.7	65.2	62.8	2,630.7	2,438.0	2,573.4	2,404.4
1. Beverages and Tobacco	80.8	78.7	67.3	62.7	4.9	1.5	2.4	1.8	135.1	145.5	144.5	142.2
2. Crude Materials, Inedible, Except Fuels	830.2	863.7	706.5	697.7	17.0	28.6	6.0	4.7	296.7	261.3	250.8	229.3
3. Mineral Fuels, Lubricants and Related Materials	8.7	5.8	4.6	5.5	2.9	1.4	1.2	1.8	4,414.5	2,508.2	1,989.7	2,419.0
4. Animal and Vegetable Oils, Fats and waxes	7.9	4.6	6.3	3.1	1.3	0.8	1.4	0.6	127.7	116.0	124.2	118.4
5. Chemicals	1,312.7	1,038.2	1,052.3	1,075.1	156.9	139.7	121.8	119.5	1,644.1	1,539.4	1,494.7	1,477.3
6. Manufactured Goods Classified by Material	488.2	431.2	374.6	389.4	75.2	60.1	46.2	45.3	2,350.4	2,253.0	2,116.4	2,072.0
7. Machinery and Transport Equipment	245.4	200.5	173.7	158.7	350.4	326.9	608.0	498.3	2,964.1	3,336.6	3,382.8	3,946.4
8. Misc. Manufactured Articles	1,221.8	1,253.5	1,264.5	1,328.1	66.2	76.7	70.5	76.6	1,019.0	1,052.2	1,092.4	1,063.2
9. Commodities and transactions not classified elsewhere	0.4	1.3	10.6	26.8	13.8	39.4	40.3	17.5	697.9	887.0	551.5	616.4
Total	5,163.0	4,797.6	4,396.5	4,474.2	790.2	763.8	963.0	828.9	16,280.2	14,537.2	13,720.4	14,488.6

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

(1) : Preliminary.

* : Stands for Standard International Trade Classification.

Table 35
Geographic Distribution of External Trade

(JD Million)

	Domestic Exports					Imports				
	2013	2014	2015	2016	2017 ⁽¹⁾	2013	2014	2015	2016	2017 ⁽¹⁾
Arab Countries, o/w:	2,571.7	2,656.4	2,444.0	2,141.9	2,072.2	4,809.3	4,888.8	3,714.5	3,138.2	3,470.4
Saudi Arabia	651.7	708.9	787.3	646.6	571.6	2,850.4	3,166.7	2,173.4	1,673.8	1,956.0
Iraq	883.1	828.7	493.2	330.8	365.4	252.9	4.4	0.7	2.0	1.2
Syria	95.9	142.2	84.8	29.9	31.2	184.4	108.3	72.3	63.2	47.5
United Arab Emirates	192.3	201.4	228.0	237.3	203.5	520.2	776.1	598.5	623.7	705.6
Lebanon	97.1	96.8	90.3	96.3	83.0	115.5	83.5	75.2	67.1	53.3
Egypt	84.0	79.7	67.1	55.4	63.4	500.2	390.7	348.1	336.5	335.8
European Union Countries, o/w:	171.4	216.5	121.5	116.7	124.3	3,398.8	3,205.5	3,137.2	3,288.4	3,153.3
Italy	32.8	39.9	33.7	24.7	17.3	735.9	496.1	571.5	597.2	573.9
Netherlands	9.2	15.5	21.4	22.8	30.8	144.3	207.6	148.7	203.4	211.9
Germany	3.9	16.3	6.9	10.7	11.5	598.1	638.4	670.3	625.7	639.3
United Kingdom	17.1	21.2	17.8	16.3	16.8	195.0	253.8	199.2	197.4	255.0
France	6.2	8.1	4.7	4.3	6.6	270.8	319.4	272.6	331.2	280.6
Other European Countries	23.6	20.6	23.7	16.3	21.1	847.6	1,223.3	801.4	539.6	477.5
Russia	4.8	4.7	2.2	3.1	3.4	235.4	533.9	218.4	168.3	100.7
NAFTA and South American Countries, o/w:	886.6	979.3	1,044.9	1,090.2	1,167.1	1,582.8	1,512.8	1,522.7	1,591.3	2,153.8
USA	847.6	929.9	1,002.1	1,041.2	1,112.5	969.3	937.6	894.7	952.2	1,420.2
Non-Arab Asian Countries, o/w:	906.2	1,021.8	959.6	785.8	810.4	4,678.3	5,100.3	4,869.3	4,552.4	4,513.2
India	350.9	459.8	418.1	347.1	367.1	789.9	869.6	401.5	331.9	355.8
Turkey	69.8	115.6	68.5	64.5	65.8	538.5	604.1	537.3	472.2	484.1
South Korea	12.3	18.1	14.4	9.1	11.1	393.1	542.3	491.4	440.8	396.2
Japan	28.7	23.0	16.2	16.1	18.4	341.6	395.5	423.4	449.2	404.7
Taiwan	13.7	16.6	7.5	10.1	12.2	257.8	265.8	336.7	277.0	309.5
China	73.6	131.3	149.7	87.3	97.3	1,620.1	1,705.9	1,874.7	1,911.7	1,962.2
Other Countries	245.7	268.4	203.9	245.6	279.1	350.5	349.5	492.1	610.5	720.4
Total	4,805.2	5,163.0	4,797.6	4,396.5	4,474.2	15,667.3	16,280.2	14,537.2	13,720.4	14,488.6

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

(1) : Preliminary.

Table 36
Price and Quantity Indices of Domestic Exports

(1994=100)

	2013		2014		2015		2016		2017 ⁽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	334.5	296.3	344.5	303.4	341.7	296.7	322.7	249.9	322.3	251.1
1. Beverages and Tobacco	51.7	3,479.2	56.7	3,501.3	64.6	3,062.2	82.0	2,057.5	102.0	1,590.6
2. Crude Materials, Inedible, Except Fuels	354.6	101.9	300.4	133.3	307.1	137.1	285.4	119.7	260.7	129.0
4. Animal and Vegetable Oils and Fats	93.6	19.4	93.6	13.5	93.6	7.8	94.0	10.7	94.4	5.3
5. Chemicals	220.7	216.8	256.5	199.5	224.6	178.4	196.6	205.2	193.0	213.2
6. Manufactured Goods Classified by Material	155.1	363.3	174.6	327.4	188.7	266.6	175.0	249.5	179.7	253.2
7. Machinery and Transport Equipment	221.9	311.3	148.5	462.3	115.3	443.0	185.3	283.3	201.8	228.3
8. Misc. Manufactured Articles	123.9	2,242.4	223.9	1,386.1	201.1	1,556.6	258.5	1,271.8	317.5	1,048.7
General Index	245.8	248.0	249.3	261.3	238.3	254.8	225.9	245.1	222.6	253.2

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

(1) : Preliminary.

Table 37
Price and Quantity Indices of Imports

(1994=100)

	2013		2014		2015		2016 ⁽¹⁾		2017 ⁽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	226.6	260.3	228.5	281.1	229.0	245.7	210.3	295.4	213.2	276.3
1. Beverages and Tobacco	113.2	824.5	110.3	882.6	114.7	904.0	122.6	861.9	139.7	736.8
2. Crude Materials, Inedible, Except Fuels	234.2	153.6	205.8	201.5	175.9	205.1	172.1	209.2	200.1	163.2
3. Mineral Fuels, Lubricants and Related Materials	716.9	193.5	651.8	227.3	378.3	209.0	351.8	205.1	415.2	192.5
4. Animal and Vegetable Oils and Fats	245.4	64.0	272.1	58.4	230.6	64.1	153.0	99.5	185.9	77.2
5. Chemicals	956.7	60.9	1,126.0	52.2	1,139.7	48.3	1,431.6	37.7	1,207.5	45.0
6. Manufactured Goods Classified by Material	206.6	284.7	200.6	271.1	188.5	274.2	172.1	284.6	199.8	244.1
7. Machinery and Transport Equipment	182.3	270.4	179.7	278.7	175.2	320.5	160.2	357.2	156.3	441.8
8. Misc. Manufactured Articles	285.3	255.3	295.3	240.0	318.5	221.0	283.2	257.0	262.1	278.0
General Index	357.0	181.8	376.8	183.3	339.9	176.6	355.5	165.7	342.4	180.8

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

(1) : Preliminary.

Table 38

International Investment Position

(JD Million)

	2013	2014 ⁽¹⁾	2015 ⁽¹⁾	2016 ⁽¹⁾	2017 ⁽¹⁾
International investment position (net)	-21,199.3	-22,824.0	-24,815.1	-26,904.4	-29,043.7
Assets	17,556.2	18,536.9	18,657.9	18,530.3	18,694.8
Direct investment	372.7	431.9	432.6	434.9	439.5
Equity capital and reinvested earnings	372.7	431.9	432.6	434.9	439.5
Portfolio investment	316.5	390.2	440.2	462.2	472.9
Equity securities	78.6	95.3	95.6	96.2	97.5
Banks	59.6	76.3	76.6	77.2	78.5
Other sectors	19.0	19.0	19.0	19.0	19.0
Debt securities	237.9	294.9	344.6	366.0	375.4
Bonds and notes	237.9	294.9	344.6	366.0	375.4
Banks	237.9	294.9	344.6	366.0	375.4
Financial derivatives	0.0	0.0	0.0	0.0	0.0
Other investments	7,065.8	6,339.5	6,037.2	6,615.3	6,735.0
Trade credit	101.3	84.6	101.9	89.8	105.5
Other sectors	101.3	84.6	101.9	89.8	105.5
Loans	1,584.9	1,248.8	1,244.0	1,246.7	1,267.1
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	818.0	481.9	477.1	479.8	500.2
Long-term	101.7	122.3	143.1	167.2	150.0
Short-term	716.3	359.6	334.0	312.6	350.2
Other sectors	0.0	0.0	0.0	0.0	0.0
Currency and deposits	4,837.6	4,598.2	4,304.2	4,809.6	4,866.4
Banks	3,586.8	3,500.1	3,442.7	4,109.4	4,266.4
Other assets	542.0	407.9	387.1	469.2	496.0
Central bank of Jordan	303.8	300.8	315.0	330.7	358.1
Long-term	303.8	300.8	315.0	330.7	358.1
General government	0.0	0.0	0.0	0.0	0.0
Banks	238.2	107.1	72.1	138.5	137.9
Long-term	238.2	107.1	72.1	138.5	137.9
Other sectors	0.0	0.0	0.0	0.0	0.0
Reserve assets	9,801.2	11,375.3	11,747.9	11,017.9	11,047.4
Monetary gold	425.6	528.0	997.9	1,078.5	1,473.7
Special Drawing Rights	151.8	127.2	97.3	67.8	43.1
Reserve position in the fund	0.0	0.4	0.4	0.4	0.4
Foreign exchange	9,212.9	10,705.4	10,635.5	9,848.7	9,496.6
Currency and deposits	4,210.4	5,877.4	4,805.9	4,828.4	4,856.1
Securities	5,002.5	4,828.0	5,829.6	5,020.3	4,640.5
Bonds and notes	3,716.4	4,488.0	4,843.0	4,737.6	3,914.3
Money-market instruments	1,286.1	340.0	986.6	282.7	726.2
Other Claims	10.9	14.3	16.8	22.5	33.6

(1) : Preliminary.

Table 38

International Investment Position (Continued)

(JD Million)

	2013	2014 ⁽¹⁾	2015 ⁽¹⁾	2016 ⁽¹⁾	2017 ⁽¹⁾
Liabilities	38,755.5	41,360.9	43,473.1	45,434.7	47,738.5
Direct investment	19,131.6	20,632.2	21,746.2	22,835.4	24,058.7
Equity capital and reinvested earnings	19,131.6	20,632.2	21,746.2	22,835.4	24,058.7
Portfolio investment	4,611.3	5,822.6	6,769.2	7,549.1	8,209.8
Equity securities	2,838.3	3,093.0	3,089.4	3,261.9	2,907.1
Banks	2,111.7	2,388.5	2,374.5	2,310.1	1,906.4
Other sectors	726.6	704.5	714.9	951.8	1,000.7
Debt securities	1,773.0	2,729.6	3,679.8	4,287.2	5,302.7
Bonds and notes	1,773.0	2,729.6	3,679.8	4,287.2	5,302.7
General Government	1,711.2	2,678.1	3,638.6	4,256.3	5,282.1
Financial derivatives	0.0	0.0	0.0	0.0	0.0
Other investments	15,012.6	14,906.1	14,957.7	15,050.2	15,470.0
Trade credit	705.9	687.6	558.7	843.8	832.7
General Government	0.0	0.0	0.0	0.0	0.0
Other sectors	705.9	687.6	558.7	843.8	832.7
Short-term	705.9	687.6	558.7	843.8	832.7
Loans	5,723.2	5,778.6	6,266.5	6,593.0	6,710.9
Central Bank of Jordan	850.4	1,047.5	1,390.7	1,240.4	1,035.2
Use of IMF credit & loans	745.7	964.3	1,310.5	1,137.4	901.4
Other long-term	104.7	83.2	80.2	103.0	133.8
General Government	3,393.7	3,266.2	3,448.9	3,813.1	4,228.9
Long-term	3,393.7	3,266.2	3,448.9	3,813.1	4,228.9
Banks	13.2	15.9	14.1	92.4	55.0
Short-term	13.2	15.9	14.1	92.4	55.0
Other sectors	1,465.9	1,449.0	1,412.8	1,447.1	1,391.8
Long-term	1,465.9	1,449.0	1,412.8	1,447.1	1,391.8
Currency and deposits	8,228.2	8,089.5	7,766.3	7,188.4	7,573.1
Central Bank of Jordan	1,348.9	1,196.5	961.2	766.8	664.0
Banks	6,524.6	6,538.3	6,450.4	6,066.9	6,554.4
Other liabilities	355.3	350.4	366.2	425.0	353.3
Banks	178.3	184.0	206.8	271.3	189.7
Short-term	178.3	184.0	206.8	271.3	189.7
Other liabilities	177.0	166.4	159.4	153.7	163.6
Other long-term	177.0	166.4	159.4	153.7	163.6
SDR's allocation	177.0	166.4	159.4	153.7	163.6

(1) : Preliminary.

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

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the Council of Ministers

To the Chairman and Board of Directors

Central Bank of Jordan

(Established by Special Law)

Amman - The Hashemite Kingdom of Jordan

Report on the audit of 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, 2017, 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 paragraph one and two 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, 2017, 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, 2017 and 2016 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, the matter that is also not disclosed in IFRS 9 impact disclosure.
2. As stated in Note (13/a) to the accompanying financial statements, the Bank's assets include an amount of JD 244,037,046 as of December 31, 2017 (JD 245,765,150 as of December 31, 2016) 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 adjustment needed on the required provision. Based on this we could not determine whether any adjustments need to be made on this balance, Noting that a provision of JD 101,093,961 as of has been taken against the advance granted to Petra Bank (under liquidation) December 31, 2017 (JD 78,593,961 as of December 31, 2016). Accordingly, the required provision for doubtful debts relating to these advances is JD 142,943,085 as of December 31, 2017 (JD 167,171,189 as of December 31, 2016), the matter that is also not disclosed in IFRS 9 impact disclosure.

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 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 throughout 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 – Jordan

March 31, 2018

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,	
		2017	2016
<u>ASSETS</u>		JD	JD
Gold and Assets in foreign currencies:			
Gold	2/c	1,473,701,649	1,078,547,534
Cash, balances and deposits	5	4,856,143,354	4,828,815,952
Foreign financial securities at fair value through profit or loss	6	563,958,618	485,400,222
Foreign financial securities at amortized cost	7	4,076,462,256	4,534,890,033
Past due direct credit facilities and commercial exchange agreements	8	766,882,210	766,882,210
Special drawing rights	9	43,125,921	67,796,055
Foreign financial assets at fair value through other comprehensive income	10	358,063,288	330,679,573
Other assets - foreign currencies	11	33,562,259	22,501,633
Total Assets in Foreign Currencies		12,171,899,555	12,115,513,212
Assets in Jordanian Dinar:			
Financial securities and others	12	498,889,563	640,011,864
Advances granted to local banks and financial institutions	13	511,805,826	394,873,207
Local - currencies financial assets at fair value through other comprehensive income	14	15,230,358	16,712,170
Financing of financial securities repurchase agreements	15	25,000,000	-
Property, equipment and software (Net)	16	12,793,907	12,633,320
Other assets in Jordanian Dinar	17	40,854,583	41,507,124
Gold and foreign currencies valuation differences	18	91,094,621	223,774,213
Total assets in Jordanian Dinar		1,195,668,858	1,329,511,898
TOTAL ASSETS		13,367,568,413	13,445,025,110
Contra Accounts	41/c	278,914,146	249,360,704

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

	Note	December 31,	
		2017	2016
		JD	JD
<u>LIABILITIES, CAPITAL AND RESERVES</u>			
Currency issued	19	4,836,496,022	4,620,786,151
Liabilities in foreign currencies:			
Local licensed banks and financial institutions' deposits		843,377,361	738,127,351
Government deposits	22	44,888,242	108,031,014
Government deposits with independent budgets and public institutions		33,104	1,425,581
Foreign financial institutions, banks and independent agencies' deposits		663,472,374	763,102,144
Obligations against special drawing rights	20	163,643,532	153,694,826
Deposits and other liabilities in foreign currencies		3,050,682	2,837,563
Total Liabilities in Foreign Currencies		1,718,465,295	1,767,218,479
Liabilities in Jordanian Dinar:			
Certificates of deposits	21	600,000,000	1,030,900,000
Local licensed banks and financial institutions deposits		4,797,724,911	4,652,243,193
Government deposits	22	664,204,024	764,290,587
Government deposits with independent budgets and public institutions		251,072,876	158,668,189
International Monetary Fund accounts	23	100,994,880	52,658,633
Foreign financial institutions, banks and independent agencies' deposits		1,190,504	1,937,689
Other liabilities in Jordanian Dinar	24	72,449,279	110,829,855
Total Liabilities in Jordanian Dinar		6,487,636,474	6,771,528,146
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	123,936,716	122,385,393
Special reserves	27	151,155,642	113,228,677
Total Capital and Reserves		324,970,622	285,492,334
TOTAL LIABILITIES, CAPITAL AND RESERVES		13,367,568,413	13,445,025,110
Contra Accounts	41/c	278,914,146	249,360,704

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,	
		2017	2016
		JD	JD
Revenues:			
Revenues from foreign investments	28	156,716,859	150,890,641
Revenues from local investments	29	15,210,582	14,759,014
Other revenues	30	10,213,169	5,486,710
Total Revenues		182,140,610	171,136,365
Expenses:			
Interest paid on certificates of deposit and licensed banks' overnight window deposits	31	62,297,172	53,822,785
Interest paid on government and public institutions accounts		10,465,062	5,902,718
Interest paid on foreign financial institutions, banks and independent agencies' accounts		7,646,318	4,103,371
Other interest, commissions, and expenses	32	5,250,846	1,914,853
Cost of issuance and amortization of currency notes and minted coins	2/K	3,562,117	5,231,297
General and administrative expenses	33	32,492,130	31,488,340
Impairment of financial securities / Jordan Mortgage Refinance Company bond	12	-	8,000,000
Allowance for doubtful debts / Bank of Petra	13	22,500,000	19,000,000
Total Expenses		144,213,645	129,463,364
Gains from valuation of the Bank's assets and liabilities from gold and foreign currencies	18	132,679,592	48,073,653
Gains as per International Financial Reporting Standards		170,606,557	89,746,654
Gains from Valuation of the Bank's assets and liabilities in gold and foreign currencies – Transferred as per the Bank's Law	18	(132,679,592)	(48,073,653)
Profit as per the Bank's law – Statement (C) transferred to special reserve	27	37,926,965	41,673,001

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,	
	2017	2016
	JD	JD
Profit as per the Bank's Law – Statement (B)	37,926,965	41,673,001
Other Comprehensive Income items:		
Gain (Loss) on sale of financial assets at fair value through other comprehensive income	156,000	(60,320)
Change in fair value reserve through comprehensive income	1,395,323	3,741,510
Total comprehensive income – Statement (D)	39,478,288	45,354,191

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 as per the Bank's Law	Total
	JD	JD	JD	JD	JD	JD
<u>For the year ended December 31, 2017</u>						
Beginning balance	48,000,000	1,878,264	122,385,393	113,228,677	-	285,492,334
Gain as per the Bank's law – Statement (B)	-	-	-	-	37,926,965	37,926,965
Gains on sale of financial assets at fair value through comprehensive income	-	-	156,000	-	-	156,000
Change in financial assets' fair value	-	-	1,395,323	-	-	1,395,323
Total Comprehensive Income - Statement (C)	-	-	1,551,323	-	37,926,965	39,478,288
Transferred to special reserve to meet the shortfall in the banks assets	-	-	-	37,926,965	(37,926,965)	-
Ending Balance	48,000,000	1,878,264	123,936,716	151,155,642	-	324,970,622
<u>For the year ended December 31, 2016</u>						
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

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

		For the Year	
		Ended December 31,	
	Note	2017	2016
		JD	JD
Profit as per International Financial Reporting Standards – Statement (B)		170,606,557	89,746,654
Adjustments for:			
Depreciations of property and equipment	16	2,603,405	2,125,546
(Gain) Loss from sale of property and equipment		(182,820)	27,701
Gains from valuation of the Bank's assets of gold		(127,561,938)	(47,833,723)
Gains from the valuation of the Bank's assets and liabilities in foreign currencies		(5,117,654)	(239,930)
Impairment of Financial Securities / Jordan Mortgage Refinance Company bond	12	-	8,000,000
Allowance for doubtful debts / Bank of Petra	13	22,500,000	19,000,000
Net Profit before changes in working capital items		62,847,550	70,826,248
CASH FLOWS FROM OPERATING ACTIVITIES:			
(Increase) in other assets in foreign currency		(11,060,626)	(5,656,821)
Decrease (Increase) in other assets in Jordanian Dinar		652,541	(4,121,771)
(Increase) Decrease in financing of financial securities repurchase agreements		(25,000,000)	50,000,000
Increase in bank deposits and local financial institutions in foreign currency		105,250,010	118,426,272
(Decrease) in foreign currency government deposits		(63,142,772)	(13,301,364)
(Decrease) Increase in government deposits in foreign currencies with independent budgets and Public institutions		(1,392,477)	309,289
(Decrease) in Foreign financial institutions, banks and independent agencies' deposits		(99,629,770)	(194,865,884)
Increase (Decrease) of obligations against special drawing rights		9,948,706	(5,666,799)
Increase (Decrease) in deposits and other liabilities in foreign currencies		213,119	(4,340,580)
(Decrease) in certificates of deposits		(430,900,000)	(45,600,000)
Increase (Decrease) in deposits of local licensed banks and financial institutions - Jordanian Dinar		145,481,718	(1,270,861,646)
(Decrease) Increase in government deposits - Jordanian Dinar		(100,086,563)	169,082,844
Increase (Decrease) in government deposits with independent budgets and public institutions – Jordanians Dinar		92,404,687	(38,882,355)
Increase in International Monetary Fund accounts		48,336,247	52,146,936
(Decrease) in Foreign financial institutions, banks and independent agencies' deposits		(747,185)	(818,719)
Decrease in special drawing rights		24,670,134	29,512,017
(Decrease) Increase in other liabilities - Jordanian Dinar		(38,380,576)	20,583,405
Net Cash flow Used in Operating Activities		(280,535,257)	(1,073,228,928)
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Increase) in foreign financial securities at fair value through profit or loss		(78,558,396)	(252,121,639)
Decrease in foreign financial securities at amortized cost		458,427,777	1,061,385,985
Decrease in financial securities and others - Jordanian Dinar		141,122,301	80,996,701
(Increase) in advances granted to local banks and financial institutions		(139,432,619)	(22,269,900)
(Increase) in foreign financial assets at fair value through other comprehensive income		(21,465,888)	(9,547,250)
(Increase) in local-currency financial assets at fair value through comprehensive income		(2,884,692)	(10,184,589)
(Increase) in gold		(267,592,177)	(33,100,800)
(Acquisition) of property and equipment		(2,770,566)	(3,641,961)
Proceeds from sale of property and equipment		189,394	12,602
Net Cash Flows from Investing Activities		87,035,134	811,529,149
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in currency issued		215,709,871	284,018,354
Net Cash Flows from Financing Activities		215,709,871	284,018,354
Profit from valuation of the Bank's assets and liabilities in foreign currencies	16	5,117,654	239,930
Net Increase in Cash		27,327,402	22,558,505
Cash balances and deposits - beginning of the year		4,828,815,952	4,806,257,447
Cash Balances and Deposits - End of the Year	5	4,856,143,354	4,828,815,952

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 represents 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 it was 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 2017 is (673).
- The accompanying financial statements have been approved by the Board of Directors on March 29, 2018.

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, 2017 are the same as those applied by the Bank in its financial statements for the year ended December 31, 2016, except for the International Financial Reporting Standards amendments and improvements that become effective after January 1, 2017.

New Currently Effective Requirements / Standards**Effective Date**

IFRS 7 Disclosure Initiative

January 1st, 2017

IFRS 12 Deferred Tax Assets for unrealized losses

January 1st, 2017

-Amendments on IFRS (12) : Ownership of other firms disclosure:

January 1st, 2017

Annual Improvements to IFRSs 2014 –2016 Cycle

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 923.610 per ounce as of December 31, 2017, the ounces quantity is 1,595,589 (that is 813.865 per ounce as of December 31, 2016 the ounces quantity was 1,325,217).

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 represents 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, Equipment and Software

- 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 statement 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 statement 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. Appearing on the assets side if its balance was debt 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 Banks 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 beforementioned 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 categorized 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 judgement 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

A. New and amended International Financial and Reporting Standards issued but not effective yet:

- 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).
- International Financial Reporting Standards (17): Insurance contracts (effective on January 1st 2021 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 (40): Investment Property (effective on January 1st, 2018).
- Amendments on IFRS (4) at the application on IFRS (9): (effective on January 1st, 2018).
- Interpretations of IFRIC number (23): Uncertainties from income tax treatments (effective on January 1st, 2018).
- 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).
- Interpretation of IFRIC number (22): Foreign Currencies Transactions and Prepaid.

Management of the Bank expects to apply these standards and amendments in preparing the financial statements at the dates set out above, which will not have a material impact on the Bank's financial statements except for the adoption of IFRS 9 Financial Instruments and IFRS 16 Which will be disclosed on the expected effect of its application when the Bank reviews the impact, since it is not practical to provide a reasonable estimate of the implications of applying this standard in the current period.

Effect of the Application of IFRS (9):

The Bank is required to apply IFRS 9 starting from January 1st, 2018. Accordingly, the Bank has estimated the expected impact of the adoption of the standard on the financial statements. The effect may differ from actual application on January 1st, 2018 for the following reasons:

- The bank will reflect the impact results of all required estimates and testing according to the standard requirements when issue first financial statements for the year ending Dec 31, 2018.
- Any matters that may require amendment when issuing the final Central Bank of Jordan instructions regarding the application of IFRS (9).

The following are the most important aspects of application:

A- Classification and measurement of financial assets:

The Bank's management does not expect any material impact from applying this standard; the Bank has already adopted the first phase of IFRS (9) as of January 1st, 2011.

B- Classification and measurement of financial liabilities:

IFRS (9) has retained the requirements of IAS (39) regarding the classification of financial liabilities. IAS 39 (Revised) requires recognition of the differences in the assessment of financial liabilities classified as financial liabilities at fair value through profit or loss in the statement of profit or loss, whereas IFRS (9) requires:

- Recognition of differences in the assessment of financial liabilities classified as financial liabilities at fair value through profit or loss as a result of changes in credit risk in the statement of comprehensive income.
- The remaining amount of fair value valuation differences is recognized in the statement of profit or loss.

The Bank has not classified any financial liabilities in financial liabilities at fair value through profit or loss. Moreover, there is no intention by the management to classify any financial liabilities in this category. Therefore, there is no impact from the application of IFRS (9) to financial statements.

C- Impairment of financial assets

IFRS (9) replaces the 'incurred loss' model in IAS (39) with a forward-looking 'expected credit loss' model. Which requires the use of estimates and judgments to estimate economic factors. The model will be applied to all financial assets - debt instruments which are classified as amortized cost or at fair value through statement of comprehensive income.

Impairment losses will be calculated in accordance with the requirements of IFRS (9) in accordance with the following rules:

- 12 month impairment loss: The expected impairment will be calculated for the next 12 months from the date of the financial statements.
- Impairment losses for the lifetime of the instrument: The expected impairment of the life of the financial instrument will be calculated until the maturity date from the date of the financial statements.

The expected credit loss mechanism depends on the probability of default (PD), which is calculated according to the credit risk and future economic factors, the loss given default (LGD), which depends on the value of the existing collateral and the exposure at default (EAD).

The following table shows the expected value of the effect of applying the new standard compared with what was recorded by the Bank :

In Jordanian Dinar

Classification	Financial Securities	Advances Granted	Total
Stage 1	1,734,419	318,850	2,053,269
Stage 2	-	-	-
Total	1,734,419	318,850	2,053,269

D- Hedge accounting

When initially applying IFRS (9), the Bank has the choice to continue applying the hedge accounting requirements of IAS (39) instead of the requirements of IFRS (9). The Bank will use the requirements of IFRS (9) in this regard, the Bank do not expect to have significant differences resulted from this application.

E- Disclosures

IFRS (9) requires detailed disclosures, particularly with regard to hedge accounting, credit risk and expected credit losses. The Bank is working to provide all the necessary details for these disclosures to be presented in the subsequent financial statements after application.

F- Implementation

The Bank will take advantage of the exception provided by the standard at the implementation on January 1st, 2018 by recording potential effects on the opening balances of special reserves and provisions rather than restating the figures of the financial statements for the year ended December 31, 2017 and earlier.

5. Cash, Balances and Deposits

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Cash at bank	232,626,146	214,477,335
Current accounts	599,577,895	742,461,550
Demand accounts and deposits *	4,023,939,313	3,871,877,067
	4,856,143,354	4,828,815,952

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

	Due within 3 Months	Due within a Period from 3 to 6 Months	Due within a Period from 6 Months to 1 Year	Total
<u>2017</u>	JD	JD	JD	JD
Demand accounts and deposits	2,169,195,313	1,337,174,000	517,570,000	4,023,939,313

2016

Demand accounts and deposits	2,653,106,067	410,511,000	808,260,000	3,871,877,067
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During the year 2017, interest rates on deposit accounts ranged from 0.95 % to 2% depending on maturity date.

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

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Foreign bonds with fixed interest rates	70,487,617	112,631,773
Foreign bonds with floating interest rates	351,671,001	230,968,449
Special issue bonds	141,800,000	141,800,000
	563,958,618	485,400,222

7. Foreign Financial Securities at Amortized Cost

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
a. Foreign Bonds		
Foreign bonds with fixed interest rates	1,276,596,494	1,870,662,425
Foreign bonds with floating interest rates	2,073,740,873	2,381,514,150
	3,350,337,367	4,252,176,575
b. Foreign Commercial Papers	726,124,889	282,713,458
	4,076,462,256	4,534,890,033

- a. The maturities of foreign bonds range from two weeks to eight years with interest rates ranging from 0% to 6.75%.
- b. The maturities of foreign commercial papers range from 37 days to 119 days at a discount rate ranging from 1.49% to 1.78%.

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, 2017	
	Equivalent	Amount
	JD	USD
Past due commercial exchange Agreements	93,059,821	131,255,036
Past due debts	673,822,389	950,384,188
	766,882,210	1,081,639,224

	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
	766,882,210	1,081,639,224

The above balance represents past due facilities, and the related interest in suspense amounted to JD 348,840,250 as of December 31, 2017 (JD 337,033,040 as of December 31, 2016) 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,	
	2017	2016
	JD	JD
Special Drawing Rights	43,125,921	67,796,055
	43,125,921	67,796,055

This item represents Jordan's share from the allocations of Special Drawing Rights at the International Monetary Fund in the amounted SDRs 42,711,407 unit as of December 31, 2017 (SDRs 71,490,694 unit as of December 31, 2016). According to the average exchange rate of the Jordanian Dinar against SDRs, this liability amounted to JD 43,125,921 as of December 31, 2017 (JD 67,796,055 as of December 31, 2016).

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:

	Currency	December 31,	
		2017	2016
		JD	JD
Arab Fund for Economic and Social Development	Kuwait Dinar	214,730,863	203,739,695
Arab Monetary Fund	Arabic Dinar	62,212,628	55,625,958
Islamic Development Bank	Islamic Dinar	39,425,683	35,062,470
Arab Bank for Economic Development in Africa	USD	6,807,919	6,416,505
Arab Investment Guarantee Corporation	Kuwait Dinar	2,759,282	2,530,963
IBRD (World Bank)	USD	4,236,119	3,893,474
IBRD (World Bank)	JOD	14,820,530	14,194,918
Islamic Corporation for trade financing	USD	522,696	527,997
Islamic Corporation for Investment and Export Credit	Islamic Dinar	346,033	305,724
Contribution in Arab Monetary Fund	Arabic Dinar	399,590	367,191
Islamic Corporation for the Private Sector Development	USD	1,674,655	1,264,998
Contribution in Asian Development Bank to invest in infrastructure	USD	10,127,290	6,749,680
		358,063,288	330,679,573

- 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 128,563,301 as of December 31, 2017 (profit of JD 122,645,473 as at 31 December 2016).
- 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 9,090,397 gain for the year ended December 31, 2017, and this amount was transferred to gold and foreign currencies valuation differences (JD 5,204,500 (loss) for the year ended December 31, 2016).

11. Other Assets - 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,	
	2017	2016
	JD	JD
Bond issued 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)	80,000,000	160,000,000
Bond of the Jordan Mortgage Refinance Company (c)	32,275,411	32,275,412
General institution bonds (d)	55,276,000	118,711,000
Jordanian treasury bonds (d)	31,000,000	36,000,000
Saving bonds to individuals (d)	8,070,000	757,300
Credit granted to Jordanian government (e)	20,563,120	20,563,120
	498,889,563	640,011,864

- 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 2017 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 Ministry'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.
- 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 40,275,411 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 40,275,411 of the bond after 30 years in a single payment. Moreover, the present value of the bond amounts to JD 16,391,899 as of December 31, 2017 (JD 15,593,364 as of December 31, 2016).
 - 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 2017 as follows:
- Bonds of public institutions with a maturity of four years and three months and up to four years and four months with interest ranging from 5.449% to 5.650%.
 - Jordanian treasury bonds with ranging maturity between a year to five years and two months with interest rate ranging between 3.271% and 5.073%.
 - Savings bonds to individuals purchased from individuals want to liquidate their bonds, it's with interest rate 4.25% matured within three and a half years to four 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,	
	2017	2016
	JD	JD
Advances to commercial banks under liquidation – net (a)	142,943,085	167,171,189
Deposits with local commercial banks (b)	-	30,900,000
Advances to banks and specialized credit institutions (c)	161,074,232	55,728,688
Advances to local commercial banks (d)	178,764,197	130,632,907
Investment agency with Islamic banks (e)	29,024,312	10,440,423
	511,805,826	394,873,207

- 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.
	2017	2016	
	JD	JD	
<u>Advances to Banks under Liquidation:</u>			
Petra Bank*	213,573,612	213,943,298	2/90,13/89,20/89, 90/4
National Islamic Bank **	(151)	(151)	2000/371,91/2,20/88
Amman Investment Bank / under liquidation	(15,553)	(9,480)	
Total Advances to Banks under Liquidation	213,557,908	213,933,667	
<u>Advances to Other Institutions and Banks:</u>			
Credit facilities to Philadelphia Bank Customers – Net ***	29,520,943	30,841,545	1/2005
Jordan Cooperative Society ****	958,195	989,938	8683/1/11/63
Total Advances granted to other Institutions and Banks	30,479,138	31,831,483	
Total advances for banks under liquidations	244,037,046	245,765,150	
<u>Less: Provision for doubtful debts – Petra Bank</u>	<u>(101,093,961)</u>	<u>(78,593,961)</u>	
	142,943,085	167,171,189	

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

	For the year Ended December 31,	
	2017	2016
	JD	JD
Balance at the beginning of the year	78,593,961	59,593,961
Additions	22,500,000	19,000,000
Balance at the ending of the year	101,093,961	78,593,961

- * 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. (257/2017) dated on December 17, 2017 of the Board of Directors of the Bank, the liquidation of Petra Bank has been extended to December 31, 2018. 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, 2017.

- ** 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 39,259,195 was transferred to the Central Bank of Jordan up to the year 2017, and offset against the credit facilities balance of Philadelphia Bank customers, however in 2017 some of the treasury bonds that are included in the banks' portfolio has been allocated with the amount of JD 31 million from the balance of those collections.
- **** This item represents the advance granted to the Jordan Cooperative Organization amounting to JD 985,195 as of December 31, 2017 and matures in 2022, which the balance is paid on 5 years according to cabinet decision 8683/1/11/63 on Feb 28, 2017.

b. Deposits with Local Commercial Banks

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Housing Bank for Trade and Finance*	-	22,900,000
Arab Jordan Investment Bank*	-	8,000,000
	-	30,900,000

- * 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	Maturity	Payment
	2017	2016	Rate	Date	Method
	JD	JD			
Agricultural Credit Corporation	49,835,755	44,489,488	0.05% - 1.5%	December 11, 2022	On the maturity date of the guarantees
Jordan Company for loan guarantee *	11,239,200	11,239,200	-	March 8, 2021	Single payment on the maturity date of the guarantees
Jordan Company for loan guarantee/Exports**	99,999,277	-	2%	March 29, 2027	On maturity date
	161,074,232	55,728,688			

* 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 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, 2017 and 2016.

** According to loan agreement between Central Bank of Jordan and Jordanian company for loans guarantees on March, 12, 2017 with regard Exports guarantee program which states that the Central Bank of Jordan grants the Jordanian Company for loans guarantee a 100 Million JOD advance with 2% interest rate matures in ten years, which the total amount of the advance will be utilized for purchasing governmental financial securities for the company benefits and all securities will be as a mortgage for the banks benefit and the company will use the return from securities in the benefit of Exports insurance guarantee program, the amount utilized from the loan as of December 31, 2017 is JD (99,999,277).

d. This amount represents advances granted from the Central Bank of Jordan to licensed banks working in Jordan within the program of medium-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 which includes the extension of the program as shown below:

<u>Licensed Banks</u>	<u>December 31,</u>		<u>Expected Return</u>	<u>Maturity Date</u>	<u>Payment Method</u>
	<u>2017</u>	<u>2016</u>			
	JD	JD	%		
Cairo Amman Bank	28,180,938	19,389,623	1% – 2.5%	Less than 10 years	According to the conditions for granting advances
Society General Bank - Jordan	5,394,453	6,662,405	1% – 2.5%	Less than 10 years	According to the conditions for granting advances
Jordan Commercial Bank	10,177,917	8,881,508	1% – 2.5%	Less than 10 years	According to the conditions for granting advances
Arab Bank	35,128,421	13,459,101	1% – 2.5%	Less than 10 years	According to the conditions for granting advances
Bank of Jordan	2,526,826	424,056	1% – 2.5%	Less than 10 years	According to the conditions for granting advances
Jordan Kuwait Bank	9,129,619	4,245,598	1% – 2.5%	Less than 10 years	According to the conditions for granting advances
Housing Bank	4,598,526	3,562,209	1% – 2.5%	Less than 10 years	According to the conditions for granting advances
Jordan Ahli Bank	16,574,769	14,344,974	1% – 2.5%	Less than 10 years	According to the conditions for granting advances
National Bank of Kuwait – Jordan	304,000	577,500	1% – 2.5%	Less than 10 years	According to the conditions for granting advances
Bank al Etihad	30,797,246	25,159,745	1% – 2.75%	Less than 10 years	According to the conditions for granting advances
ABC Bank	5,000,000	5,000,000	1% – 2.5%	Less than 10 years	According to the conditions for granting advances
Capital Bank	29,307,426	28,926,188	1% – 2.75%	Less than 10 years	According to the conditions for granting advances
Investing Bank	1,482,634	-	1% – 1.75%	Less than 10 years	According to the conditions for granting advances
Arab Investing Bank	161,422	-	1% – 1.75%	Less than 10 years	According to the conditions for granting advances
Total	<u>178,764,197</u>	<u>130,632,907</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:

<u>Islamic Licensed Banks</u>	<u>December 31, 2017</u> JD	<u>December 31, 2016</u> JD	<u>Expected Return</u> %	<u>Maturity Date</u>	<u>Payment method</u>
Investment Agency/ Islamic International Arab Bank	15,618,445	8,280,583	1% - 1.75%	Less than 10 years	According to financing conditions
Investment Agency/ Jordan Islamic Bank	9,024,675	2,159,840	1% - 1.75%	Less than 10 years	According to financing conditions
Investment Agency/ Safwa Islamic Bank	4,020,568	-	1% - 1.75%	Less than 10 years	According to financing conditions
Investment Agency/ Alrajihi Bank	360,624	-	1% - 1.75%	Less than 10 years	According to financing conditions
Total	<u>29,024,312</u>	<u>10,440,423</u>			

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:

	<u>December 31,</u>	
	<u>2017</u> JD	<u>2016</u> JD
Agricultural Credit Corporation	983,809	1,205,955
Cities and Villages Development Bank	1,163,177	1,866,858
Jordan Loan Guarantee Corporation	6,298,680	12,460,357
Jordan Mortgage Refinance Company	2,700,000	1,179,000
Jordan Company for payment and clearing Systems	4,050,000	-
Jordan Fund for Entrepreneurship	34,692	-
	<u>15,230,358</u>	<u>16,712,170</u>

- 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 4,626,585 (loss) as of December 31, 2017 (JD 260,080 (loss) as of December 31, 2016).
- 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, 2017 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 the balances of the governmental financial securities guaranteed from the Government, repurchases amounted to 25Million JOD, as of December 31, 2017 matures in January 2, 2018 in case there is no repurchasing agreements like in December 31, 2016.

16. Property and Equipment computer's software

This item consists of the following:

Year 2017	Land	Buildings	Buildings Improvements	Furniture, Fixtures and Decorations	Vaults and Safe Boxes	Computer Hardware	Machinery and Equipment	Vehicles	Computer Software	Total
Cost	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	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
Additions	-	-	974,623	45,113	4,833	402,660	481,197	105,497	756,643	2,770,566
Disposals	-	-	-	(54,930)	(2,282)	(265,036)	(171,745)	(28,500)	-	(522,493)
Ending Balance	593,979	13,584,403	4,145,346	977,181	197,191	5,949,153	8,696,972	1,588,005	4,492,709	40,224,939
Accumulated Depreciation:										
Balance - beginning of the year	-	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
Additions	-	373,128	70,631	22,745	8,758	638,624	936,074	68,646	484,799	2,603,405
Disposals	-	-	-	(53,592)	(480)	(264,776)	(168,571)	(28,500)	-	(515,919)
Ending Balance	-	10,013,750	1,491,353	813,933	115,084	5,030,225	5,444,081	1,258,024	3,264,582	27,431,032
Net Book Value as of										
December 31, 2017	593,979	3,570,653	2,653,993	163,248	82,107	918,928	3,252,891	329,981	1,228,127	12,793,907
Year 2016										
Cost										
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
Accumulated Depreciation										
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

The fully depreciated property and equipment amounted to JD 340,923 as of December 31, 2017 (JD 787,846 as of December 31, 2016).

17. Other Assets - Jordanian Dinar

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Accrued interest and revenue	2,304,175	4,133,779
Housing loans for employees - net	23,193,009	22,942,065
Gold, silver and metal coins	7,246,028	6,665,535
Deferred expenses-printing of bank notes and metal coins - net*	2,865,726	6,095,362
Other	5,245,645	1,670,383
	<u>40,854,583</u>	<u>41,507,124</u>

* Deferred expenses relating to the printing of bank notes and metal coins are stated at net value after the deduction of accumulated amortization.

18. Gold and Foreign Currencies Valuation Differences

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Beginning balance of gold and foreign currencies valuation differences	(223,774,213)	(271,847,866)
Gains (Loss) from valuation of gold and foreign currencies transferred according to the Central Bank's Law *	<u>132,679,592</u>	<u>48,073,653</u>
Ending balance of gold and foreign currencies valuation differences	<u>(91,094,621)</u>	<u>(223,774,213)</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:

	<u>2017</u>	<u>2016</u>
	JD	JD
Credit (Debit) differences resulting from valuation of Bank's contributions in the international and regional financial institutions in foreign currencies (a)	9,090,397	(5,204,500)
Credit (Debit) differences resulting from the valuation of Bank's assets and liabilities in foreign currencies (a)	(5,479,241)	5,444,430
Credit valuation differences resulted from valuation of SDR currency related to (IMF/EFF) loan (a)	1,506,498	-
Credit (Debit) differences resulting from gold valuation (b)	126,918,006	47,571,447
Credit differences resulting from gold coins valuation (b)	643,932	262,276
Total Valuation Differences of Gold and Foreign Currencies During the Year	<u>132,679,592</u>	<u>48,073,653</u>

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

	<u>2017</u>	<u>2016</u>
	JD	JD
Beginning balance of the valuation differences of foreign currencies	(384,161,037)	(384,400,967)
Credit (Debit) differences resulting from valuation of Bank's contributions in the international and regional financial institutions in foreign currencies	9,090,397	(5,204,500)
Credit (Debit) differences resulting from the valuation of Bank's asset and liabilities in foreign currencies	(5,479,241)	5,444,430
Valuation differences resulted from valuation of SDR currency related to (IMF/EFF) loan	1,506,498	-
Ending balance of the Valuation Differences of Foreign Currencies	<u>(379,043,383)</u>	<u>(384,161,037)</u>

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

	2017	2016
	JD	JD
Beginning balance of valuation differences of gold	160,386,824	112,553,101
Credit Gold valuation difference	126,918,006	47,571,447
Credit Gold coins valuation difference *	643,932	262,276
Valuation Differences of Gold – Ending Balance	<u>287,948,762</u>	<u>160,386,824</u>

* 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 favour 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, 2017 and 2016. According to the average exchange rate of the Jordanian Dinar against SDRs, this liability amounted to JD 163,643,532 as of December 31, 2017 (JD 153,694,826 as of December 31, 2016). 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 and matured in 2017 at an interest rate of 5% it also includes ordinary certificate of deposits that were issued in the year 2017 and their interest rates was in the beginning of 2017(2.5% - 2.75%), and become 4% at the date of statement of financial position.

22. Governments Deposits

This item represents government accounts within budgets, with interest rate ranging from 1.75% to 3%. 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,	
	2017	2016
	JD	JD
Unpaid accrued interest	5,054,404	2,827,996
Deposits on documentary credits	15,016,316	19,861,346
Other deposit accounts	51,924,620	87,928,972
Other liabilities	453,939	211,541
	<u>72,449,279</u>	<u>110,829,855</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 Revaluation Reserve

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Special reserves balance for valuation of the financial assets at the beginning of the year	122,385,393	118,645,346
Gains from valuation of the contributions in the regional and foreign financial institutions	5,917,828	5,371,492
(Losses) Gains from valuation of the contributions in the local financial institutions	(4,522,505)	(1,629,982)
Gain (Loss) Sale of financial assets at fair value through comprehensive income losses	156,000	(1,463)
Balance at Year-End	<u>123,936,716</u>	<u>122,385,393</u>

27. Special Reserves

This item consists of the following:

	December 31,	
	2017	2016
	JD	JD
Beginning balance for the special reserve	113,228,677	71,614,533
Transferred from Gains (Loss) for the year as per the bank's law to the special reserves *	37,926,965	41,673,001
(Loss) from sale of financial assets at fair value through comprehensive income	-	(58,857)
Ending Balance for the Special Reserve	<u>151,155,642</u>	<u>113,228,677</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:

	For the year Ended	
	2017	2016
	JD	JD
Interest received on time deposits, current and call accounts with correspondents	58,878,184	35,343,145
Interest on foreign bonds	59,087,706	48,582,437
Income on foreign bonds realization	1,079,893	2,502,198
Income from dealing with gold	32,834,566	56,971,298
Income realized on foreign currency trading	675,385	852,917
Income on commercial papers	3,747,838	6,450,261
Fees of accounts management of our correspondents abroad	413,287	188,385
	<u>156,716,859</u>	<u>150,890,641</u>

29. Revenues from Local Investments

This item consists of the following:

	For the year Ended	
	2017	2016
	JD	JD
Interest on advances granted to specialized credit institutions and licensed banks	4,507,163	2,770,879
Income from swap contracts	2,412,367	1,936,406
Interest on Jordanian treasury bonds	58,477	106,508
Interest on general institutions' bonds	4,486,292	9,527,311
Interest on individuals savings bonds	185,731	5,456
Income from contribution in local institutions	117,000	278,250
Income from repurchase of financial securities (repo)	3,299,541	112,685
Income from investment agency contracts in Islamic banks	-	21,519
Income from payment systems	144,011	-
	<u>15,210,582</u>	<u>14,759,014</u>

30. Other Revenues

This item consists of the following:

	For the year Ended	
	2017	2016
	JD	JD
Annual fees from banks, and license fees from banks, financial corporations and representative offices	4,243,365	4,143,371
Exchange dealers annual license fees	494,106	447,023
Income from sale of available for sale issuances	67,639	151,631
Net interest on housing loans	135,778	160,746
Commissions collected from customers	95,811	93,062
Revenue from the finance of housing	351,428	342,893
Other revenue	4,825,042	147,984
	<u>10,213,169</u>	<u>5,486,710</u>

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

This item consists of the following:

	For the year Ended	
	2017	2016
	JD	JD
Interest paid on certificates of deposits – JD	25,441,494	23,994,439
Interest paid on overnight deposits	36,855,678	29,828,346
	<u>62,297,172</u>	<u>53,822,785</u>

32. Other Interest, Commissions, and Expenses

This item consists of the following:

	For the year Ended	
	2017	2016
	JD	JD
Bank accounts expenses at IMF	3,987,924	805,943
Commissions and expenses for managing the Bank's accounts with correspondents	1,207,618	1,068,994
Government transfers expenses	5,766	4,355
Other paid commissions and expenses	2,692	1,098
Interest paid on other accounts	46,846	34,463
	<u>5,250,846</u>	<u>1,914,853</u>

33. General and Administrative Expenses

This item consists of the following:

	For the year Ended	
	2017	2016
	JD	JD
Salaries, Bonuses, Wages and Allowances:		
Salaries, bonuses, wages and allowances	12,056,617	11,591,081
Overtime	847,506	719,055
	12,904,123	12,310,136
Travel, Training and Educational Expenses:		
Travel expenses and allowances	335,109	272,465
Training and educational expenses	633,318	507,738
	968,427	780,203
Other Employees' and Laborer's Benefits:		
Staff and users' insurance premiums	94,237	90,792
Medical treatment expenses	3,992,335	3,969,678
Customer service and users' uniforms	57,235	45,290
Social activities expenses	264,070	333,200
Canteen expenses	6,000	6,000
	4,413,877	4,444,960
Contribution to Employees Saving Fund, Social Security and Staff Indemnity:		
Bank's contribution to employees saving fund	904,611	859,036
Bank's social security contribution	1,351,574	1,225,393
Staff indemnity benefits and leave payments	2,708,657	3,018,394
	4,964,842	5,102,823
Board of Directors' Remuneration	14,155	12,780
Stationery and Printing:		
Stationery and printing	94,108	89,595
Books and subscriptions in newspapers and magazines	111,301	117,714
Subscriptions in scientific and intellectual Institutions	61,031	86,671
	266,440	293,980
Institute of Banking Studies Expenses	207,600	144,000
Anti-Money Laundry and Counter Terrorist Financing Unit Expenses	1,047,982	613,850
Telecommunication Expenses:		
Postage and telephone	98,413	174,097
Subscriptions to Reuter's Agency, SWIFT and internet services	744,733	1,110,349
	843,146	1,284,446
Aqaba and Irbid Branches Expenses	832,297	813,238
Maintenance and Repair Banks assets:		
Fuel and vehicles maintenance	121,328	97,420
Furniture, equipment, and computer maintenance	671,095	799,140
	792,423	896,560
Bank Buildings Expenses:		
Electricity , water and fuel	1,043,685	1,067,527
Security, maintenance and cleaning of the Bank's building	462,002	493,562
Rent and rented buildings expenses	15,617	14,355
Insurance of building and Bank's assets	55,122	61,792
	1,576,426	1,637,236
Depreciation of Property, Equipment and Software	2,603,405	2,125,546
Other expenses	1,056,987	1,028,582
Total	32,492,130	31,488,340

- The salaries and bonuses of the executive management amounted to JD 500,000 for the year 2017 (JD 420,000 for the year 2016).

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, 2017 include compulsory cash reserves as follows:

	December 31,	
	2017	2016
	JD	JD
Jordanian Dinar	1,603,694,352	1,628,341,878
Foreign currencies	514,464,099	478,341,899
	<u>2,118,158,451</u>	<u>2,106,683,777</u>

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.
- Forward contracts, represents contracts made by the bank with licensed banks in order to purchase Dinar in exchange of selling USD on exchange date to support the trust of Jordan domestic market in Jordanian Dinar, the balance of forward contracts is 42,540,000 JOD as of Dec 31, 2017 for three contracts with AL-Rajih Bank/Amman (There were no forward contracts as of Dec 31, 2016).
- 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 115,362,950 as of December 31, 2017. Moreover, they are represented by two contracts with Citibank - Jordan amounted to of JD 61,912,873 against the capital and the related reserves, and four contracts with the European Bank for Reconstruction and Development for the amount of JD 53,450,077 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, 2017 and 2016:

	December 31,	
	2017	2016
	JD	JD
On-statement of financial position items:		
Gold	1,473,701,649	1,078,547,534
Cash balances and deposits	4,856,143,354	4,828,815,952
Foreign Financial securities at fair value through profit or loss	563,958,618	485,400,222
Foreign Financial securities at amortized cost	4,076,462,256	4,534,890,033
Past due Direct Credit facilities and commercial exchange Agreements	766,882,210	766,882,210
Special drawing rights	43,125,921	67,796,055
Foreign Financial assets at fair value through comprehensive income	358,063,288	330,679,573
Other assets - foreign currencies	33,562,259	22,501,633
Financial securities and others	498,889,563	640,011,864
Advances granted to local banks and financial Institutions	511,805,826	394,873,207
Local-currencies Financial assets at fair value through other comprehensive income	15,230,358	16,712,170
Financing of financial securities repurchase agreements	25,000,000	-
Other assets in Jordanian Dinar	37,988,857	35,411,762
Total	13,260,814,159	13,202,522,215
Off-statement of financial position items:		
Guarantees:		
Payment	840,994	854,930
Performance	1,207,957	1,286,983
Other	1,994,525	1,924,675
Total	4,043,476	4,066,588
Grand Total	13,264,857,635	13,206,588,803

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

a. Foreign Financial securities at amortized cost as of December 31, 2017

- Foreign Commercial Papers:

<u>Classification</u>	<u>Rating Institution</u>	<u>Issuing Institution</u>	<u>Balance</u>
			JD
P - 1	MOODY'S	ACOSL	620,613,350
P - 1	MOODY'S	MDCBV	105,511,539
			<u>726,124,889</u>

- Foreign Bonds

<u>Classification</u>	<u>Rating Institution</u>	<u>Issuing Institution</u>	<u>Balance</u>
			JD
Aa1	MOODY'S	OKB	148,766,077
Aaa	MOODY'S	EDC	152,428,969
Aaa	MOODY'S	KFW	77,923,888
Aaa	MOODY'S	RENTEN	294,123,598
B1	MOODY'S	DIP/JORDAN	1,218,797
B1	MOODY'S	JORDAN	33,715,326
Aa2	MOODY'S	RABOBK	70,900,000
Aa3	MOODY'S	QATAR	12,695,643
Aaa	MOODY'S	AFDB	60,222,065
Aaa	MOODY'S	ASIA	219,686,846
Aaa	MOODY'S	EBRD	88,653,745
Aaa	MOODY'S	CANADA	14,136,897
Aaa	MOODY'S	EIB	339,948,330
Aaa	MOODY'S	IADB	411,165,056
Aaa	MOODY'S	IBRD	517,481,457
Aaa	MOODY'S	IFC	318,960,978
Aa1	MOODY'S	IFFIM	56,720,000
Aaa	MOODY'S	ISDB	220,156,365
Aa2	MOODY'S	ADGB	28,696,752
Aa1	MOODY'S	FINLAND	14,143,218
Aaa	MOODY'S	UST	268,593,360
			<u>3,350,337,367</u>
Total Foreign Bonds at Amortized Cost			3,350,337,367
Total Foreign Financial Securities at Amortized Cost			4,076,462,256

b. Foreign Financial securities currencies at fair value through profit or loss as of December 31, 2017:

- Foreign Bonds

Classification	Rating Institution	Issuing Institution	Financial securities at fair value
			JD
Aaa	Moody's	EIB	21,332,321
Aaa	Moody's	RENTEN	53,686,809
Aaa	Moody's	IADB	134,571,461
Aaa	Moody's	ASIA	70,899,646
Aaa	Moody's	LBANK	35,491,299
Aaa	Moody's	IBRD	35,689,465
Aaa	Moody's	EBRD/BRAINUS	70,900,000
Aaa	Moody's	ZURKER KANTONAL BANK/BRAINUS	70,900,000
Aaa	Moody's	UST	70,487,617
Total Foreign Bond at fair Value Through Profit or Loss			563,958,618

3. Distribution of the collaterals fair value against credit facilities

Distribution of collaterals against credit facilities during the year 2017

Credit Facilities Type	Credit Amount	Guarantees amount	Guarantee Type
	JD	JD	
Financing Financial Securities repurchasing agreements	25,000,000	26,000,000	Treasury Bonds
Advances Granted to Specialized Credit Institutions and Banks	340,796,624	504,077,709	Financial securities and bills

Distribution of collaterals against credit facilities during the year 2016

Credit Facilities Type	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

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	-	-	-	1,473,701,649	-	-	-	1,473,701,649
Cash balances and deposits	232,626,146	2,049,727,030	214,193	1,829,720,888	1,711,394	742,082,408	61,295	4,856,143,354
Foreign financial securities at fair value through profit or loss	-	-	-	252,310,430	70,899,645	240,748,543	-	563,958,618
Foreign Financial securities at amortized cost	34,934,122	367,060,298	-	1,711,792,208	279,908,911	1,516,200,850	166,565,867	4,076,462,256
Past due direct credit facilities and commercial exchange agreements	-	-	766,882,210	-	-	-	-	766,882,210
Special drawing rights	-	-	-	-	-	43,125,921	-	43,125,921
Foreign financial assets at fair value through other comprehensive income	-	328,879,349	-	-	10,127,290	19,056,649	-	358,063,288
Other assets - foreign currencies	174,182	14,863,013	-	9,580,612	776,749	7,819,939	347,764	33,562,259
Financial securities and others	498,889,563	-	-	-	-	-	-	498,889,563
Advances granted to local banks and financial institutions	511,805,826	-	-	-	-	-	-	511,805,826
Local – currencies financial Assets at fair value through other comprehensive income	15,230,358	-	-	-	-	-	-	15,230,358
Financial securities repurchasing agreements	25,000,000	-	-	-	-	-	-	25,000,000
Other assets in Jordanian currency	37,988,857	-	-	-	-	-	-	37,988,857
Total for the Year 2017	1,356,649,054	2,760,529,690	767,096,403	5,277,105,787	363,423,989	2,569,034,310	166,974,926	13,260,814,159
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

* Except for Middle East Countries.

5. Exposure to credit risk according to economic sector

Item / Economic Sector	Financial	Government and Public	Total
		Sector	
	JD	JD	JD
Gold	1,473,701,649	-	1,473,701,649
Cash balances and deposits	4,089,412,530	766,730,824	4,856,143,354
Foreign financial securities at fair value through profit or loss	70,900,000	493,058,618	563,958,618
Foreign financial securities at amortized cost	70,900,000	4,005,562,256	4,076,462,256
Past due direct credit facilities and commercial exchange agreements	-	766,882,210	766,882,210
Special drawing rights	-	43,125,921	43,125,921
Foreign financial assets at fair value through comprehensive income	-	358,063,288	358,063,288
Other assets - foreign currencies	21,596,025	11,966,234	33,562,259
Financial securities and other	126,621,411	372,268,152	498,889,563
Advances granted to local banks and financial institutions	461,011,875	50,793,951	511,805,826
Local-currencies Financial assets at fair value through other comprehensive income	13,083,372	2,146,986	15,230,358
Financial securities repurchasing agreements	25,000,000	-	25,000,000
Other assets in Jordanian Dinar	37,988,857	-	37,988,857
Total for the Year 2017	6,390,215,719	6,870,598,440	13,260,814,159
Total for the Year 2016	5,739,076,536	7,463,445,679	13,202,522,215

6. Concentration of Foreign Currencies Risks

<u>December 31, 2017</u>	<u>US Dollar</u>	<u>Sterling Pound</u>	<u>Swiss Franc</u>	<u>Japanese Yen</u>	<u>Canadian Dollar</u>	<u>Euro</u>	<u>Others</u>	<u>Total</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
<u>Assets</u>								
Gold	-	-	-	-	-	-	1,473,701,649	1,473,701,649
Cash accounts	204,054,417	1,282,451	22,631	-	-	27,248,448	18,199	232,626,146
Current accounts	462,575,894	19,716,022	358	1,277,556	61,295	114,692,239	1,254,531	599,577,895
Demand accounts	293,013	-	71,300	-	-	-	-	364,313
Term accounts	4,023,575,000	-	-	-	-	-	-	4,023,575,000
Financial securities at fair value through profit or loss	563,958,618	-	-	-	-	-	-	563,958,618
Commercial papers	726,124,889	-	-	-	-	-	-	726,124,889
Foreign bonds at amortized cost with fixed interest rates	1,276,596,494	-	-	-	-	-	-	1,276,596,494
Foreign bonds at amortized cost with floating interest rates	2,073,740,873	-	-	-	-	-	-	2,073,740,873
Past due Direct Credit facilities and commercial exchange agreements	766,882,210	-	-	-	-	-	-	766,882,210
Special drawing rights	-	-	-	-	-	-	43,125,921	43,125,921
Foreign financial assets at fair value through other comprehensive income	23,368,678	-	-	-	-	-	334,694,610	358,063,288
Assets in foreign currencies	33,406,719	-	-	-	-	41,718	113,822	33,562,259
Total	10,154,576,805	20,998,473	94,289	1,277,556	61,295	141,982,405	1,852,908,732	12,171,899,555
<u>Liabilities:</u>								
Current and demand accounts	242,078,987	21,573,006	-	-	-	133,771,144	-	397,423,137
Term accounts / reserve	514,464,098	-	-	-	-	-	-	514,464,098
Term accounts	642,934,528	-	-	-	-	-	-	642,934,528
Obligations against special drawing rights allocations	-	-	-	-	-	-	163,643,532	163,643,532
Total	1,399,477,613	21,573,006	-	-	-	133,771,144	163,643,532	1,718,465,295
Net concentration	8,755,099,192	(574,533)	94,289	1,277,556	61,295	8,211,261	1,689,265,200	10,453,434,260
<u>December 31, 2016</u>								
Assets	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	1,504,333,724	17,777,048	-	-	-	91,412,881	153,694,826	1,767,218,479
Net concentration	9,023,646,780	63,771	446,382	474,192	250,547	17,194,051	1,306,219,010	10,348,294,733

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 1.745%.

- Interest Rate Risk

The details of the sensitivity analysis of the accounts exposed to changes in interest rates according to currency type during the years 2017 and 2016 are as follows:

Sensitivity analysis for 2017:

Currency	Effect of Raising the Interest Rate by 1% on the Statement of Profit or loss	Effect of Reducing the Interest Rate by 1% on the Statement of Profit or loss
	JD	JD
US Dollar	86,639,959	(86,639,959)
Jordanian Dinar	(22,141,411)	22,141,411

Sensitivity analysis for 2016:

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

- Foreign Currency Risk

Sensitivity analysis for 2017:

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	7,097,034	(7,097,034)
Sterling pound	1,049,924	(1,049,924)
Japanese Yen	63,878	(63,878)
Canadian Dollar	3,065	(3,065)
Swiss Franc	4,714	(4,714)
Other Currencies	63,636	(63,636)

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)

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 2017	Up to 3 Months	More than 3 to 6 Months	More than 6 Months up to 1 Year	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	159,784,530	115,451,250	-	-	-	1,198,465,869	1,473,701,649
Cash balances and deposits	2,768,773,208	1,337,174,000	517,570,000	-	-	232,626,146	4,856,143,354
Foreign financial securities at fair value through profit or loss	70,899,646	-	42,241,721	28,245,895	280,771,356	141,800,000	563,958,618
Foreign financial securities at amortized cost	611,565,668	617,691,852	503,516,481	1,222,730,210	1,120,958,045	-	4,076,462,256
Past due direct credit facilities and commercial exchange agreements	-	-	-	-	-	766,882,210	766,882,210
Special drawing rights	-	-	-	-	-	43,125,921	43,125,921
Foreign financial assets at fair value through other comprehensive income	-	-	-	-	-	358,063,288	358,063,288
Other assets in foreign currencies	15,632,918	5,614,626	12,314,715	-	-	-	33,562,259
Assets in Jordanian Currency:							
Financial securities and other	3,000,000	-	15,000,000	2,000,000	106,621,412	372,268,151	498,889,563
Advances granted to local banks and financial institutions	39,259,195	4,673,451	5,710,056	45,626,579	297,379,185	119,157,360	511,805,826
Local - currencies financial assets at fair value through other comprehensive income	-	-	-	-	-	15,230,358	15,230,358
Financial securities repurchasing agreement	25,000,000	-	-	-	-	-	25,000,000
Property and equipment – and software (net)	-	-	-	-	-	12,793,907	12,793,907
Other assets in Jordanian Dinar	-	-	-	-	23,193,009	17,661,574	40,854,583
Gold and foreign currencies valuation differences	-	-	-	-	-	91,094,621	91,094,621
Total Assets	3,693,915,165	2,080,605,179	1,096,352,973	1,298,602,684	1,828,923,007	3,443,453,525	13,367,568,413
Liabilities							
Currency issued	-	-	-	-	-	4,836,496,022	4,836,496,022
Liabilities in foreign currencies:							
Local licensed banks and financial institutions deposits	843,377,361	-	-	-	-	-	843,377,361
Government deposits	44,888,242	-	-	-	-	-	44,888,242
Governmental deposits with independent budgets and public institutions	33,104	-	-	-	-	-	33,104
Foreign financial institutions, banks and independent agencies' deposits	536,584,529	106,350,000	-	-	-	20,537,845	663,472,374
Obligations against special drawing rights	-	-	-	-	-	163,643,532	163,643,532
Deposits and other liabilities in foreign currency	3,050,682	-	-	-	-	-	3,050,682
Liabilities in Jordanian Currency:							
Certificates of deposit	600,000,000	-	-	-	-	-	600,000,000
Local licensed banks and financial institutions deposits	1,911,500,000	-	-	-	-	2,886,224,911	4,797,724,911
Government deposits	664,204,024	-	-	-	-	-	664,204,024
Governmental deposits with independent budgets and public institutions	251,072,876	-	-	-	-	-	251,072,876
International monetary fund accounts	-	-	-	-	100,994,880	-	100,994,880
Foreign financial institutions, banks and independent agencies' deposits	-	-	-	-	-	1,190,504	1,190,504
Other liabilities in Jordanian currency	20,070,719	-	-	-	-	52,378,560	72,449,279
Total Liabilities	4,874,781,537	106,350,000	-	-	100,994,880	7,960,471,374	13,042,597,791
Interest rate re-pricing gap	(1,180,866,373)	1,974,255,179	1,096,352,973	1,298,602,684	1,727,928,127	(4,591,301,968)	342,970,623
Year 2016							
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
Total Liabilities	5,001,858,563	106,350,000	-	-	52,658,633	7,998,665,580	13,159,532,776
Interest Rate Re-pricing Gap	(814,179,873)	617,890,795	1,869,533,712	1,904,352,348	1,403,301,728	(4,695,406,376)	285,492,334

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,	
	2017	2016
	JD	JD
Capital	48,000,000	48,000,000
General reserve	1,878,264	1,878,264
Financial assets valuation reserve	123,936,716	122,385,393
Special reserves	151,155,642	113,228,677
Total Capital and Reserves	324,970,622	285,492,334

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, 2017		
	Up to One Year	More than One Year	Total
	JD	JD	JD
Assets:			
Gold	1,473,701,649	-	1,473,701,649
Cash balances and deposits	4,856,143,354	-	4,856,143,354
Foreign financial securities at fair value through profit and loss	113,141,367	450,817,251	563,958,618
Foreign financial securities at amortized cost	1,732,774,001	2,343,688,255	4,076,462,256
Past due direct credit facilities and commercial exchange agreements	-	766,882,210	766,882,210
Special drawing rights	-	43,125,921	43,125,921
Foreign financial assets at fair value through other comprehensive income	-	358,063,288	358,063,288
Other assets - Foreign currencies	33,562,259	-	33,562,259
Financial securities and others	95,000,000	403,889,563	498,889,563
Advances granted to local banks and financial institutions	14,617,777	497,188,049	511,805,826
Local-currencies Financial assets at fair value through other comprehensive income.	-	15,230,358	15,230,358
Financial securities repurchasing agreements	25,000,000	-	25,000,000
Property and Equipment and software (net)	-	12,793,907	12,793,907
Other assets in Jordanian Dinar	17,661,574	23,193,009	40,854,583
Gold and foreign currencies valuation differences	91,094,621	-	91,094,621
Total	8,452,696,602	4,914,871,811	13,367,568,413
Liabilities:			
Currency issued	-	4,836,496,022	4,836,496,022
Local licensed banks and financial institutions deposits in foreign currencies	843,377,361	-	843,377,361
Government deposits in foreign currencies	44,888,242	-	44,888,242
Government deposits with independent budgets and Public institutions	33,104	-	33,104
Foreign financial institutions, banks and independent agencies' deposits	663,472,374	-	663,472,374
Obligations against special drawing rights	-	163,643,532	163,643,532
Deposits and other liabilities in foreign currencies	3,050,682	-	3,050,682
Certificates of deposits – JD	600,000,000	-	600,000,000
Local licensed banks and financial institutions deposits – JD	4,797,724,911	-	4,797,724,911
Government deposits – JD	664,204,024	-	664,204,024
Government deposits with independent budgets and Public institutions – JD	251,072,876	-	251,072,876
International Monetary Fund accounts	-	100,994,880	100,994,880
Foreign financial institutions, banks and independent agencies' deposits– JD	1,190,504	-	1,190,504
Other liabilities – JD	72,449,279	-	72,449,279
Total	7,941,463,357	5,101,134,434	13,042,597,791

	December 31, 2016		
	Up to One	More than One	Total
	Year	Year	
	JD	JD	JD
Assets:			
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 and software 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 in foreign currencies	738,127,351	-	738,127,351
Government deposits in foreign currencies	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

39. Accounts Managed on Behalf of Customers

- Open market operations and public debt:

The accounts managed on behalf of customers amounted to JD 13,002 million as of the end of the year 2017 compared to JD 13,365 million for the year 2016, The details are as follows:

<u>Account</u>	In JD Million	
	<u>2017</u>	<u>2016</u>
Ministry of Finance / treasury bonds	11,910	12,120
Minsitry of Finance / treasury bills	145	475
Public institutions / public institutions bonds	658	533
Floating of Jordanian treasury bonds	100	100
Saving bonds for individuals	39	28
National electricity company's Skuk	150	75
Deposit / Ijara Sukuk	-	34
	<u>13,002</u>	<u>13,365</u>

40. Fair Value Hierarchy

- 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>2017</u>	<u>2016</u>				
	JD	JD				
Financial Assets at Fair Value						
Gold	1,473,701,649	1,078,547,534	First level	Fair Market Value	Not Applicable	Not Applicable
Foreign Financial Securities at Fair Value Through Profit or Loss						
Foreign bonds	563,958,618	485,400,222	First and second level	Fair Market Value	Not Applicable	Not Applicable
Foreign Financial Assets at Fair Value Through Other Comprehensive Income:						
Contributions with available market prices	8,998,680	13,639,357	First level	Fair Market Value Comparing it with the	Not Applicable	Not Applicable
Contributions with no available market prices	364,294,966	333,752,386	Second level	fair value of a similar financial instrument	Not Applicable	Not Applicable
Special Drawing Rights	43,125,921	67,796,055				
Total Financial Assets at Fair Value	2,454,079,834	1,979,135,554				

* There were no transfers between the first and second level during the year 2017 and 2016.

- 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, 2017		December 31, 2016		Fair Value Level
	Book Value JD	Fair Value JD	Book Value JD	Fair Value JD	
Financial assets that are not specified at fair value on an ongoing basis					
Balances at central banks	2,354,677	2,354,677	4,821,713	4,822,052	Second level
Balances at Banking institutions and banks	597,587,530	598,276,631	738,376,904	738,755,027	Second level
Deposits at Banking institutions and banks	4,023,575,000	4,045,027,698	3,871,140,000	3,883,046,922	Second level
Other loans and bills	909,825,295	909,825,295	1,034,885,071	1,037,150,883	Second level
Financial assets at amortized cost	4,076,462,256	4,086,887,743	4,534,890,033	4,261,610,944	First and Second level
Total Financial assets that are not specified at fair value on an ongoing basis	9,609,804,758	9,642,372,044	10,184,113,721	9,925,385,828	
Financial liabilities that are not specified at fair value on an ongoing basis					
Banking institutions and bank's deposits	2,425,964,098	2,426,121,207	2,005,341,898	2,005,561,535	Second level
Clients deposits	642,934,528	644,645,079	754,238,937	754,825,013	Second level
Cash margins	15,016,316	15,016,316	19,861,346	19,861,346	Second level
Total Financial liabilities that are not specified at fair value on an ongoing basis	3,083,914,942	3,085,782,602	2,779,442,181	2,780,247,894	

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,	
	2017 JD	2016 JD
Guarantees:		
Payment	840,994	854,930
Performance	1,207,957	1,286,983
Other*	1,994,525	1,924,675
Total	4,043,476	4,066,588

* This items consists of free maintenance guarantee worth 1,471,700 and guaranties entry bids worth 522,825 as in December 31,2017 (free maintenance warranties worth 1,336,130 and guarantees entry bids worth 588,545 as in December 31,2016).

b. Contractual commitments:

	December 31,	
	2017	2016
	JD	JD
Construction projects contracts	8,000	647,531

c. Contra Accounts:

	December 31,	
	2017	2016
	JD	JD
Letters of credit	121,011,196	155,411,700
Foreign currencies forward contracts	42,540,000	-
Swap contracts*	115,362,950	93,949,004
	278,914,146	249,360,704

- * Forward contracts, it is contracts made by the bank with other licensed banks in order to buy JD in exchange of selling USD on exchange date, note that the outstanding balance of forward contracts is 42,540,000 JD as of Dec 31, 2017 (no forward contracts in Dec 31, 2016) for three contracts, matures on January, March and October 2018, the details below:

Value of Forward Contract	December 31, 2017		Bank classification long/short term **	Maturity Date
	Assets Fair Value	Liabilities Fair Value		
	JD	JD		
USD				
20,000,000	-	-	A1/P-1	January 18,2018
20,000,000	-	-	A1/P-1	March 26,2018
20,000,000	-	-	A1/P-1	October 25,2018
60,000,000	-	-		

- ** 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 61,912,873 as of December 31, 2017 the maturity of these contracts are on April and June 2018, 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 53,450,077 as of December 31, 2017 with their maturity dates on , May and June 2018, their details are as follows:

December 31, 2017				
Swap contract amount	Assets Fair Value	Liabilities Fair Value	Bank classification long/short term ***	Maturity Date
USD	JD	JD		
15,491,836	-	1,308	A1 – P1	April 4,2018
70,521,862	-	40,107	A1 – P1	June 4,2018
56,417,489	-	11,962	Aaa – P1	May 7,2018
10,000,000	-	8,163	Aaa – P1	May 7,2018
8,571,428	-	6,905	Aaa – P1	June 25,2018
161,002,615	-	68,445		

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
131,237,248	9,212	15,610		

*** Long/short-term credit ratings issued by Moody's global credit ratings.

- 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 8,263,250 as of December 31, 2017, JD (9,534,924 as of December 31, 2016), 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.



Central Bank of Jordan

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