CENTRAL BANK OF JORDAN

ANNUAL REPORT

2018

CENTRAL BANK OF JORDAN

FIFTY FIFTH ANNUAL REPORT

2018

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.

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

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

BOARD OF DIRECTORS

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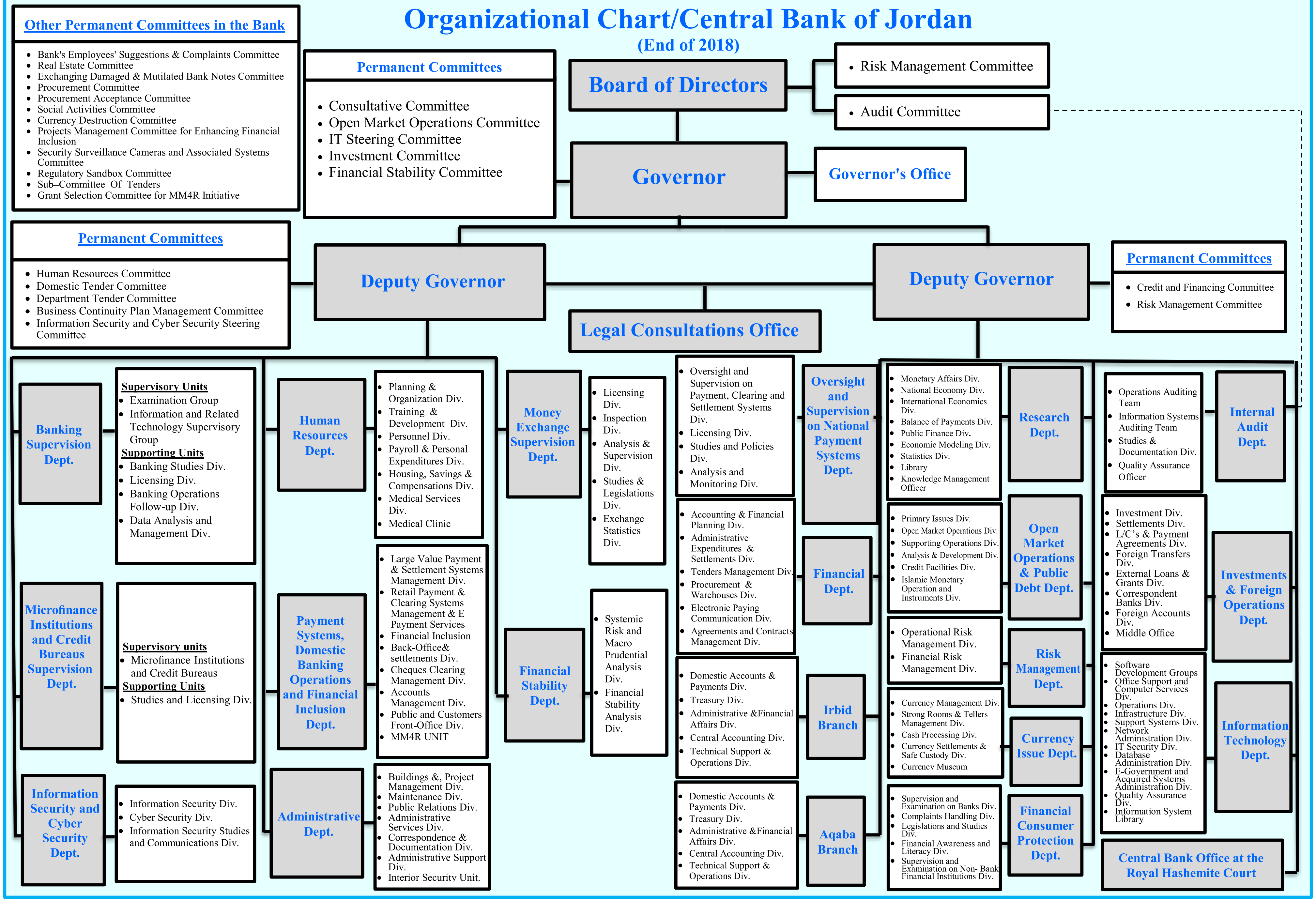
MR. GHASSAN NUQUL

DR. SHAHM AL-WIR

MR. AYMAN MAZAHREH

Organizational Chart/Central Bank of Jordan

(End of 2018)



Jordan Banking System
(End of 2018)

1964	Central Bank of Jordan	3

Jordanian Banks

Commercial Banks

1930	Arab Bank PLC	78	-	123
1956	Jordan Ahli Bank PLC	55	-	9
1960	Bank of Jordan PLC	75	5	15
1960	Cairo Amman Bank	73	18	20
1974	The Housing Bank for Trade and Finance	117	12	16
1977	Jordan Kuwait Bank	64	-	-
1978	Jordan Commercial Bank	29	1	4
1978	Arab Jordan Investment Bank	18	16	1
1989	Arab Banking Corporation (Jordan)	27	-	-
1989	Invest Bank	12	-	-
1991	Bank Al Etihad	47	-	-
1993	Societe Generale De Banque-Jordanie	19	-	-
1996	Capital Bank of Jordan	14	-	-

Islamic Banks

1979	Jordan Islamic Bank	76	29
1997	Islamic International Arab Bank PLC	45	-
2010	Safwa Islamic Bank	33	-

Foreign Banks

Commercial Banks

1951	Egyptian Arab Land Bank	14	1
1957	Rafidain Bank	2	-
1969	Standard Chartered Bank	4	-
1974	Citibank N.A	2	-
2004	National Bank of Kuwait	1	-
2004	Banque Audi SAL	14	-
2004	BLOM Bank	15	1

Islamic Banks

2011	AL Rajhi Bank	10	-

Specialized Credit Institutions

Public Ownership

1959	Agricultural Credit Corporation	25
1965	Housing & Urban Development Corp.	2
1966	Cities and Villages Development Bank	11

Money Changers

Headquarters	138
Branches	151

Representative Offices

In Jordan for Foreign Banks	-
Out of Jordan for Jordanian Banks	6

- Year of establishment. (red)
- Number of branches including headquarters. (blue)
- Number of mini-branches. (green)
- Number of branches outside Jordan. (black)

Foreword

I am pleased to release the fifty-fifth annual report of the Central Bank of Jordan (CBJ), which reviews the major economic and monetary developments witnessed by the national economy during 2018.

Real GDP recorded a growth of 1.9 percent in 2018, compared to 2.1 percent in 2017, affected by the continiuous uncertainity in the region that contributed to a drop in foreign investment flows, along with the slow down in the performance of the mining and quarrying sector, which is seen as one of the most fluctuating economic sectors, due to its strong association with the global demand. This came at a time when some indicators of the external sector showed an improvement in their performances. The travel receipts grew by 13.1 percent, total exports increased by 3.5 percent, and current account deficit (excluding grants) shrank to 10.3 percent of GDP, compared to 13.3 percent of GDP in 2017. The inflation rate reached 4.5 percent, influenced by the price and tax measures taken by the government at the beginning of 2018, on the one hand, and the increase of oil prices and related goods and services in the global markets, on the other. Regarding the public finance, the overall budget deficit, including foreign grants, declined by 0.2 percentage point in 2018, to stand at 2.4 percent of GDP. In addition, the foreign reserves including gold and Special Drawing Rights (SDRs) have maintained comfortable levels in line with international standards, amounting to USD 13.4 billion, which is sufficient to cover more than seven months of the Kingdom's imports of goods and services; reflecting both the attractiveness of the Jordanian dinar as a saving tool, and confidence in the fundamentals of the Jordanian economy.

In 2018, the government continued its efforts that aimed at reforming the public finance and addressing its imbalances, which might contribute to promot the principle of self-reliance. Within this context, significant structural reforms have been achieved, most notably, amending the Income Tax Law, which is considered the cornerstone of a more comprehensive, efficient, and fair tax system, and is expected to tackle the problems of tax avoidance and evasion. All of this came in light of the CBJ's continious interest in adopting monetary and banking policy characterized by clarity, transparency, high flexibility, and takes into consideration the interaction with internal and external economic developments in order to maintain the stability of the monetary, banking and financial pillars, as well as the soundness of the banking system.

Finally, I would like to thank all employees of the CBJ for their diligent efforts to produce this report. I am also thankful for all government agencies, and banks, in addition to financial and non-financial institutions for their cooperation in providing us with the required data for the report.

Dr. Ziad Fariz

The Governor and Chairman

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SUMMARY OF ECONOMIC DEVELOPMENTS IN 2018

In 2018, Jordan continued to implement policies and reforms that are aimed at maintaining macroeconomic stability and promoting conditions that support higher inclusive growth. Despite the continued difficulty of external conditions, the ratio of current account deficit to GDP improved, supported by the restoration of exports growth momentum after the reopening of the borders with Iraq, alongside the strong performance of the tourism sector. In addition, the government continued its efforts to reform public finance and tackle its imbalances, which contributed to the reduction of the overall budget deficit including foreign grants by 0.2 percentage point to reach 2.4 percent of GDP, compared to 2.6 percent in 2017. In light of these developments, real GDP grew by 1.9 percent in 2018, which was higher than the average growth rate recorded for the Middle East and North Africa (MENA) countries during 2018 (1.4 percent).

On the monetary and banking front, the Central Bank of Jordan (CBJ) continued to implement its monetary policy, which aimed at maintaining monetary and financial stability in the Kingdom. At the same time, the CBJ ensured the continued provision of funding necessary for performing economic activities at an appropriate cost and maturity. Furthermore, the total foreign reserves at the CBJ maintained its comfortable levels, reaching USD 13.4 billion at the end of 2018, which is considered enough to cover more than seven months of the Kingdom's imports of goods and services, and more than twice the international standards of a three-month adequacy of foreign reserves. The CBJ has also taken a bundle of measures to regulate the performance of banks, strengthen their financial positions, and increase their ability to withstand any probable shocks either internal or external. The consolidated balance sheet of operating banks in the Kingdom witnessed a growth of 3.7 percent, driven by an increase of 5.6 percent in credit facilities and improvement in the growth of client deposits by 2.0 percent in 2018.

The Real Sector

In 2018, the national economy grew by 1.9 percent, compared to 2.1 percent in 2017. Economic performance during 2018 was affected by the continuing uncertainty in the region, which contributed to the low inflow of foreign direct investment to the Kingdom, on the one hand, and the slowdown in the performance of the "mining and quarrying" sector, which is considered one of the most volatile economic sectors due to its link to the global demand, on the other. However, the economic growth rate was higher than the average growth rate recorded for the Middle East and North Africa (MENA) countries during 2018, which stood at 1.4 percent. The economic growth was primarily driven by the growth of most economic sectors, particularly, real estate, "finance and insurance services", "transport, storage and communications", and manufacturing, which collectively contributed by 1.3 percentage points, or 68 percent of the growth rate recorded in 2018.

In light of the population growth rate of 2.5 percent, which exceeded the economic growth rate, the real GDP per capita declined by 0.6 percent, reaching JD 2,810. The unemployment rate among Jordanians was 18.6 percent during 2018, affected by the continuing challenges in the labor market, especially the crowding out effect of low-paid foreign labor (especially Syrian labor), who took over part of the newly created job opportunities in the economy.

As for the general price level, the Consumer Price Index (CPI) increased by 4.5 percent, affected by the fiscal measures taken by the government at the beginning of 2018, as well as the increase of the average price of oil in the international markets by 30.7 percent.

Within the legislative framework of 2018, the government adopted a number of important measures and legislations that would contribute to enhancing the investment environment and stimulating economic growth, in addition to regulating the labor market and raising the economic participation rate.

In terms of competitiveness of the business environment in Jordan, the World Bank's Doing Business 2019 report showed that Jordan's ranking fell one spot, ranking 104 out of 190 countries included in the report despite the improvement of the "getting credit" score by 25 spots, for the second year in a row; bringing the total progress in this indicator to 51 spots, since the establishment of the Credit Information Company (CRIF), that started its operations at the end of 2015.

Money, Banking, and Financial Markets

The CBJ continued to adopt a monetary and banking policy in 2018 that is transparent, flexible, and responsive to domestic, regional, and international economic developments, in line with its objective of maintaining monetary and financial stability, as well as preserving the safety and resilience of the banking system.

Within this context, the CBJ has raised the interest rates on the overnight deposit window four times by a total of 100 basis points, and other monetary policy instruments three times by a total of 75 basis points. Meanwhile, the CBJ balanced between the requirements of monetary stability and the provision of funds for economic activity, specifically by continuing to provide concessional long-term loans, through banks, to nine economic sectors included in the CBJ's refinancing program, at preferential and fixed interest rates.

The performance of the licensed banks improved in 2018, as their total assets grew by 3.7 percent, their holdings of deposits also improved, growing at 2.0 percent. Further, credit facilities extended by licensed banks grew by 5.6 percent, most of which was extended to the private sector. As for the market interest rates, the interest rate margin decreased by 88 basis points, compared to the end of 2017, to reach 3.96 percent.

The CBJ has taken many measures to enhance the financial stability in the Kingdom and maintain the soundness of the banking system, through organizing banks' operations and strengthening their financial positions.

The CBJ has also made more efforts to enhance the financial inclusion and establish the required infrastructure to expand the range of financial services. In addition, it has institutionalized the credit decision of individuals, corporates, and banks, as well as the development of the payment and settlement systems.

Public Finance Sector

In 2018, the government continued to implement the national economic and structural reform program, in cooperation with the International Monetary Fund (IMF), aiming at reforming public finance, addressing its imbalances, and enhancing self-reliance, through focusing on continuous and gradual fiscal reforms. Although the Jordanian economy continues influencing by challenges posed by the instability in the region, significant structural reforms have been made, notably the approval of the Amending Income Tax Law, which is considered the cornerstone of a more comprehensive, efficient and equitable tax system, that aims to tackles more rigorously the problems of tax avoidance and evasion. These are expected to be reflected positively on the overall deficit of the general budget and bringing public debt to GDP ratio to safe and sustainable levels, while taking into consideration that the reforms do not adversely affect middle- and low-income segments or their basic needs.

The implemented fiscal reforms by the government during 2018 have resulted in an improvement in the performance of public finance, as the overall fiscal deficit of the general budget, including foreign grants, declined by 0.2 percentage point to reach 2.4 percent of GDP, compared to 2.6 percent of GDP in 2017. This decline was the outcome of the rise in both public revenues (domestic revenues and foreign grants) by 5.6 percent, and public expenditures by 4.8 percent compared to 2017.

As for the public debt, the outstanding balance of gross public debt (domestic and external) increased by JD 1,039.1 million to reach JD 28,308.3 million, or 94.4 percent of GDP, at the end of 2018, compared to JD 27,269.2 million (94.3 percent of GDP) at the end of 2017. 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). The indebtedness of NEPCO and WAJ stood at about JD 7.4 billion at the end of 2018 (26.1 percent of the outstanding balance of the gross public debt). Moreover, the outstanding balance of net public debt increased to JD 26,900.6 million, or 89.7 percent of GDP, at the end of 2018 compared to JD 25,435.7 million (88.0 percent of GDP) at the end of 2017.

The External Sector

The current account deficit, excluding grants, declined to 10.3 percent of GDP in 2018, compared to 13.3 percent of GDP in 2017. The current account deficit, including grants, decreased to 7.0 percent of GDP, compared to 10.6 percent of GDP in 2017.

The decrease in the current account deficit resulted from, first, the continued high growth of travel receipts in 2018 for the second consecutive year, growing by 13.1 percent, driven by the increase in the number of tourists as well as the change in the relative importance of the nationality of tourists, which positively affected the surplus of the services account. Second, the decrease in the trade balance due to the increase in total exports by 3.5 percent and the decrease in imports by 1.4 percent. Despite, the increase in imports of energy by 23.5 percent, the relative impact of non-energy imports, which decreased by 6.4 percent, pulled the total imports down, thus shifting the non-oil current account deficit to a surplus of 3.0 percent of GDP.

On the other hand, capital and financial transactions during 2018 have resulted in a net inflow of JD 2,740.6 million. Direct investment recorded a net inflow of JD 679.8 million, while, portfolio investments recorded an outflow of JD 146.5 million. Accordingly, the overall balance of payments recorded a deficit of JD 1,684.8 million, compared to a surplus of JD 100.2 million in 2017.

The international investment position (IIP) at the end of 2018 showed an increase in the Kingdom’s net obligations amounting to JD 32,094.7 million, compared to JD 29,432.7 million at the end of 2017. This was due to the decrease of the stock of external financial assets for all resident economic sectors by 883.3 million to reach JD 17,811.7 million, and the increase in the stock of external financial liabilities for all resident economic sectors by JD 1,778.7 million to reach JD 49,906.4 million.

Main Economic Indicators
2014-2018, JD Million

	2014	2015	2016	2017	2018
Population (In Million)	**8,804**	**9,532**	**9,798**	**10,053**	**10,309**
Unemployment Rate (%)	**11.9**	**13.0**	**15.3**	**18.3***	**18.6***
Output and Prices					
Gross Domestic Product (GDP) at Current Market Prices	25,595.8	26,925.1	27,829.6	28,903.4	29,984.2
Gross National Product (GNP) at Current Market Prices	25,299.9	26,618.0	27,613.0	28,756.9	29,842.6
Growth Rate of GDP at Constant Market Prices (%)	3.4	2.6	2.1	2.1	1.9
Gross National Disposable Income (GNDI) at Current Prices	30,460.8	30,607.3	30,982.6	31,986.9	33,349.5
Growth Rate of GNDI at Constant Market Prices (%)	3.2	-2.0	0.0	1.5	2.5
Change in the Consumer Price Index (%)	2.9	-0.9	-0.8	3.3	4.5
Change in the GDP Deflator (%)	3.7	2.5	1.3	1.7	1.8
Money and Banking					
JD Exchange Rate against USD	1.410	1.410	1.410	1.410	1.410
Money Supply (M2)	29,240.4	31,605.5	32,876.2	32,957.6	33,359.3
Net Foreign Assets of the Banking System	7,932.3	8,137.3	8,845.4	9,122.6	7,368.3
Net Domestic Assets of the Banking System	21,308.1	23,468.2	24,030.8	23,835.0	25,991.0
Claims on Government (Net)	10,473.9	11,386.4	10,453.8	9,349.7	10,112.5
Claims on Private Sector (Resident)	17,852.8	18,704.5	20,590.3	22,525.8	23,709.6
Other Items (Net)(1)	-7,018.6	-6,622.7	-7,013.3	-8,040.5	-7,831.1
JD Deposits at Banks	24,013.1	26,014.5	25,968.2	25,642.2	25,667.6
Foreign Currency (F.C.) Deposits at Banks	6,247.9	6,584.0	6,931.8	7,555.5	8,180.5
Re-discount Rate (%)	4.25	3.75	3.75	5.0	5.75
Interest Rate on 6-Month Treasury Bills (%)	-	-	2.080	3.101	4.289

* : The methodology of the labor force survey has been modified since the first quarter of 2017.
(1) : Includes claims on public entities, claims on financial institutions, and other items (net) as shown in the Monetary Survey Table.

Main Economic Indicators (Continued)
2014-2018, JD Million

	2014	2015	2016	2017	2018
Public Finance					
Total Revenues and Grants	7,267.6	6,796.8	7,069.6	7,425.3	7,839.6
Percent of GDP (%)	28.4	25.2	25.4	25.7	26.1
Total Expenditures	7,851.1	7,722.7	7,948.2	8,173.2	8,567.3
Percent of GDP (%)	30.7	28.7	28.6	28.3	28.6
Overall Deficit/Surplus	-583.5	-925.9	-878.6	-747.9	-727.6
Percent of GDP (%)	-2.3	-3.5	-3.2	-2.6	-2.4
Gross Outstanding Domestic Public Debt	14,621.5	15,486.3	15,793.7	15,402.1	16,220.7
Percent of GDP (%)	57.1	57.5	56.8	53.3	54.1
Net Outstanding Domestic Public Debt	12,525.4	13,457.4	13,780.4	13,568.6	14,813.1
Percent of GDP (%)	48.9	50.0	49.5	46.9	49.4
Outstanding External Public Debt(2)	8,030.1	9,390.5	10,299.0	11,867.2	12,087.5
Percent of GDP (%)	31.4	34.9	37.0	41.1	40.3
External Trade and Balance of Payments(3)					
Current Account	-1,851.7	-2,418.1	-2,619.2	-3,053.9	-2,107.8
Percent of GDP (%)	-7.2	-9.0	-9.4	-10.6	-7.0
Trade Balance (Deficit -)	-8,495.6	-7,336.2	-6,807.3	-7,593.2	-7,239.4
Percent of GDP (%)	-33.2	-27.3	-24.5	-26.3	-24.1
Merchandize Exports (FOB)	5,953.6	5,561.4	5,359.6	5,333.1	5,518.5
Merchandize Imports (FOB)(4)	14,449.2	12,897.6	12,166.9	12,926.3	12,757.9
Services Account (Net)	1,778.9	1,235.9	1,035.1	1,455.8	1,766.3
Primary Income (Net)	-295.9	-307.1	-216.6	-146.5	-141.6
Secondary Income (Net)	5,160.9	3,989.3	3,369.6	3,230.0	3,506.9
Capital and Financial Account (Net), o/w:	-967.7	-1,785.4	-2,269.7	-2,267.0	-2,740.6
Foreign Direct Investment in Jordan (Net)	1,546.7	1,136.2	1,102.6	1,441.1	674.4

Source : Monthly Statistical Bulletin/Central Bank of Jordan.
(2) : Figures represent disbursed loans minus repayments.
(3) : According to Balance of Payments and International Investment Position Manual, 6th Edition.
(4) : Exclude imports of non-residents.

CHAPTER ONE

THE REAL SECTOR

In 2018, the national economy grew by 1.9 percent, compared to 2.1 percent in 2017. Economic performance during 2018 was affected by the continuing uncertainty in the region, which contributed to the low inflow of foreign direct investment to the Kingdom, on the one hand, and the slowdown in the performance of the "mining and quarrying" sector, which is considered one of the most volatile economic sectors due to its link to the global demand, on the other. However, the economic growth rate was higher than the average growth rate recorded for the Middle East and North Africa (MENA) countries during 2018, which stood at 1.4 percent. The economic growth was primarily driven by the growth of most economic sectors, particularly, real estate, "finance and insurance services", "transport, storage and communications", and manufacturing, which collectively contributed by 1.3 percentage points, or 68 percent of the growth rate recorded in 2018.

In light of the population growth rate of 2.5 percent, which exceeded the economic growth rate, the real GDP per capita declined by 0.6 percent, reaching JD 2,810. The unemployment rate among Jordanians was 18.6 percent during 2018, affected by the continuing challenges in the labor market, especially the crowding out effect of low-paid foreign labor (especially Syrian labor), who took over part of the newly created job opportunities in the economy.

As for the general price level, the Consumer Price Index (CPI) increased by 4.5 percent, affected by the fiscal measures taken by the government at the beginning of 2018, as well as the increase of the average price of oil in the international markets by 30.7 percent.

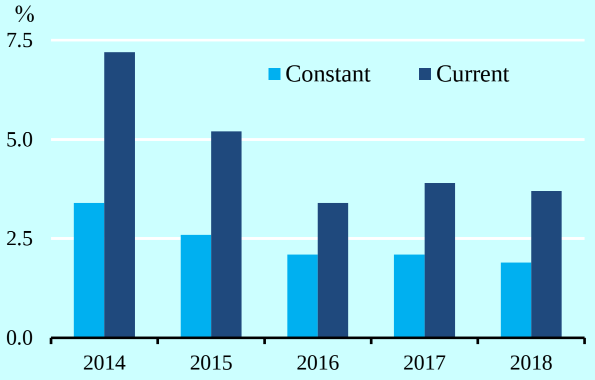
Within the legislative framework of 2018, the government adopted a number of important measures and legislations that would contribute to enhancing the investment environment and stimulating economic growth, in addition to regulating the labor market and raising the economic participation rate.

In terms of competitiveness of the business environment in Jordan, the World Bank's Doing Business 2019 report showed that Jordan's ranking fell one spot, ranking 104 out of 190 countries included in the report despite the improvement of the "getting credit" score by 25 spots, for the second year in a row; bringing the total progress in this indicator to 51 spots, since the establishment of the Credit Information Company (CRIF), that started its operations at the end of 2015.

Output

The Gross Domestic Product (GDP), at constant market prices, increased by 1.9 percent to reach JD 28,969.8 million in 2018, compared to 2.1 percent in 2017. When excluding the "net taxes on products" item, the GDP at constant basic prices grew by 2.0 percent compared to 2.2 percent during 2017; the growth was an outcome of the uneven performance of various economic sectors; the manufacturing, "transport, storage and communications", and "government service producers" sectors grew at an accelerated pace. Meanwhile other sectors grew at a slower pace, notably, "mining and quarrying", agriculture, "financial and insurance services", and "electricity and water". In contrast, the construction sector witnessed a contraction in its performance for the second year in a row.

Growth Rate of GDP at Market Prices
2014-2018



The GDP deflator increased by 1.8 percent, compared to a rise of 1.7 percent in 2017. Accordingly, the GDP at current market prices grew by 3.7 percent to reach JD 29,984.2 million. By adding the "net factor income from abroad", which recorded a deficit of JD 141.6 million, the Gross National Product (GNP) at current market prices grew by 3.8 percent, compared to its level in 2017, to reach JD 29,842.6 million. Taking into consideration the item "net other current transfers from abroad", which grew by 8.6 percent to reach JD 3,506.9 million, the Gross National Disposable Income (GNDI) at current market prices grew by 4.3 percent to reach JD 33,349.5 million.

Economic Growth Rates at Current and Constant Prices (1)
2015-2018, Percent

	2015	2016	2017	2018
At Current Prices				
GDP	5.2	3.4	3.9	3.7
GNP*	5.2	3.7	4.1	3.8
GNDI**	0.5	1.2	3.2	4.3
At Constant Prices (2016=100)				
GDP	2.6	2.1	2.1	1.9
GNP	2.6	2.4	2.4	2.0
GNDI	-2.0	0.0	1.5	2.5

* : Represents Gross Domestic Product plus net factor income from abroad (primary income in balance of payments).

** : Represents Gross National Product plus net other current transfers from abroad (secondly income in balance of payments).

(1) : Preliminary.

In light of the above- mentioned developments, the per capita GDP, at current market prices, increased by 1.2 percent to reach JD 2,909 (US $ 4,102) in 2018.

Population and Per Capita Income, in Accordance with Various Measures of National Accounts
2015-2018

	2015	2016	2017	2018
Population (million)	9,532	9,798	10,053	10,309
Growth rate (%)	7.9	2.8	2.6	2.5
Per capita GDP at constant prices (JD)	2,860	2,840	2,827	2,810
Growth rate (%)	-5.3	-0.7	-0.5	-0.6
Per capita GDP at current prices (JD)	2,825	2,840	2,875	2,909
Growth rate (%)	-2.8	0.6	1.2	1.2
Per capita GNP at current prices (JD)	2,792	2,818	2,861	2,895
Growth rate (%)	-2.8	0.9	1.5	1.2
Per capita GNI at current prices (JD)	3,211	3,162	3,182	3,235
Growth rate (%)	-7.2	-1.5	0.6	1.7

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

It is worth mentioning that the Department of Statistics estimated the quarterly data of GDP for 2018 and re-estimated the GDP data for the previous years (2008-2017) according to a new methodology that included the transition from the 1968 System National Accounts (SNA), and some concepts of 1993 SNA to 2008 SNA, as well as the adjustment of the base year to become 2016 instead of 1994. Accordingly, the values of GDP at current prices for the years (2008-2017) changed slightly, while the values of GDP at constant prices doubled due to modifying the base year used to calculate prices of goods and services.

❒ Sectoral Developments

Almost all economic sectors of the GDP, at constant market prices, grew at positive rates during 2018, ranging from 3.8 percent for “social services” to 0.1 percent for “domestic services”. Meanwhile, the performance of the construction sector contracted slightly by 0.3 percent. As for the “net taxes on products”, it grew by 1.2 percent.

Service-producing sectors improved marginally in 2018, growing by 2.3 percent, compared to 2.2 percent in 2017. While commodity-producing sectors grew at a slow pace of 1.6 percent, compared to 2.3 percent in 2017. The service- and commodity-producing sectors almost maintained their relative importance to GDP, at constant basic prices, recorded in 2017, amounting to 63.0 percent for the service-producing sectors and 37.0 percent for the commodity-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 1.4 percentage points (out of 2.0 percent the overall GDP growth rate). However, the commodity-producing sectors contributed by the remaining 0.6 percentage point.

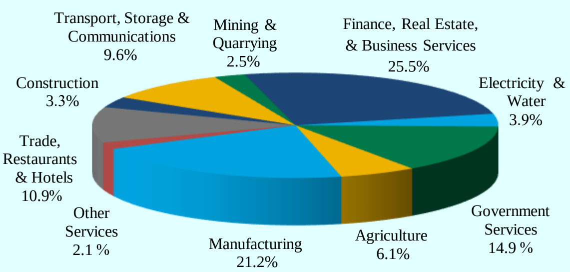
The Growth Rates of Economic Sectors at Constant Basic Prices (1)

2015-2018, Percent

	2015	2016	2017	2018
Agriculture, hunting, forestry and fishing	5.0	3.8	4.8	3.2
Mining and quarrying	11.1	-12.2	13.0	0.5
Manufacturing	1.4	1.3	1.0	1.4
Electricity and water	12.7	12.9	2.5	2.2
Construction	-1.2	0.9	-1.1	-0.3
Total commodity- producing sectors	**3.3**	**1.8**	**2.3**	**1.6**
Trade, restaurants and hotels	0.2	1.0	1.5	1.2
Transport, storage and communications	3.1	3.1	2.7	3.2
Finance, real estate and business services	3.0	3.3	3.0	2.9
Social and personal services	3.9	3.5	3.8	3.8
Producers of government services	2.3	1.2	0.9	1.1
Producers of private non-profit services to households	5.7	4.1	3.8	2.7
Domestic services of households	4.2	6.6	0.1	0.1
Total service-producing sectors	**2.4**	**2.4**	**2.2**	**2.3**
GDP at constant basic prices	**2.8**	**2.2**	**2.2**	**2.0**

Source : Department of Statistics.
(1) : Preliminary.

The Relative Importance of Economic Sectors to GDP at Constant Basic Prices, 2018



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

2015-2018, Percent

	2015	2016	2017	2018
Agriculture, hunting, forestry and fishing	5.8	5.9	6.1	6.1
Mining and quarrying	2.6	2.3	2.5	2.5
Manufacturing	21.8	21.6	21.3	21.2
Electricity and water	3.5	3.9	3.9	3.9
Construction	3.5	3.5	3.4	3.3
Total commodity-producing sectors	**37.2**	**37.2**	**37.1**	**37.0**
Trade, restaurants and hotels	11.2	11.1	11.0	10.9
Transport, storage and communications	9.4	9.5	9.5	9.6
Finance, real estate and business services	24.8	25.1	25.3	25.5
Producers of government services	15.3	15.2	15.0	14.9
Other services	2.1	1.9	2.1	2.1
Total service-producing sectors	**62.7**	**62.8**	**62.9**	**63.0**
GDP at constant basic prices	**100.0**	**100.0**	**100.0**	**100.0**

(1) : Preliminary.
Based on the Department of Statistics data.

• Developments in Commodity-Producing Sectors:

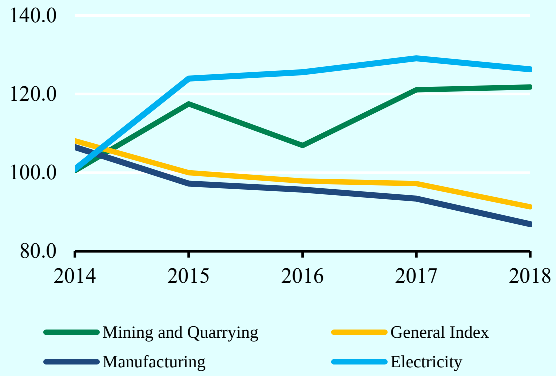
o **Industry:** The industrial sector witnessed a slowdown in its performance during 2018, growing by 1.3 percent, compared to 2.1 percent in 2017. Accordingly, its relative importance to GDP, at constant basic prices, declined by 0.2 percentage point, compared to its level in 2017, to reach 23.7 percent. Also, its contribution to the overall GDP growth rate at constant basic prices fell to 0.3 percentage point, compared to 0.5 percentage point in 2017. The sluggish growth in the industrial sector was an outcome of the following:

- **The slowdown of the performance of the "mining and quarrying" sector**, which grew by 0.5 percent, compared to a growth of 13.0 percent in 2017. Accordingly, the contribution of this sector to the overall GDP growth rate, at constant basic prices, was close to zero (0.01 percentage point), compared to a contribution of 0.3 percentage point in 2017. The slowdown in this sector was attributed to the decline in phosphate production by 7.8 percent in 2018, compared to a growth of 8.5 percent in 2017, and the slowdown of the potash production, which grew by 4.9 percent, compared to a growth of 15.8 percent in 2017, as they were both affected by the global demand.
- **The improvement of the performance of the manufacturing sector,** as it grew by 1.4 percent, compared to 1.0 percent in 2017. Accordingly, its contribution to the overall growth rate of GDP, at constant basic prices, increased by 0.1 percentage point to reach 0.3 percentage point. This improvement indicates the start recovery of this sector, as the growth rate has been the highest since 2016, mainly due to the relative security instability in the region, that resulted in the re-opening of the borders crossing with Syria and Iraq, and the increase in the volume of exports to those countries.

Regarding the Industrial Production Quantity Index (IPI) in 2018, it contracted by 6.1 percent, compared to a contraction of 0.7 percent in 2017. This contraction was an outcome of the following:

- The contraction of the manufacturing production quantity index by 7.0 percent, compared to a contraction of 2.4 percent in 2017. This contraction was a result of the decline in the indices of the quantities of production of several items, most notably; "food products", "refined petroleum products", and "Tobacco products" (Statistical Annex / Table 4).
- The slowdown of the quarrying quantity production index, which grew by 0.5 percent compared to 13.4 percent in 2017. This was mainly due to the slowdown in the sub-activities indices of the "mining and quarrying" sector (including phosphate and potash production), which grew by 0.6 percent, compared to 13.6 percent in 2017.

Industrial Production Quantity Index (2010=100)
2014-2018



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 2018. Meanwhile six industrial companies raised their capital (through capitalization and public offering) by a total amount of JD 32.2 million, compared to four companies raised their capital in 2017 by a total amount of JD 6.4 million.

Main Indicators of the Industrial Sector
2015-2018

	2015	2016	2017	2018
Value added at current prices (JD million)	5,923.5	5,885.4	6,109.0	6,332.4
Growth rate at constant prices (%)	2.4	-0.1	2.1	1.3
The deflator of the industrial sector (2016= 100)	100.5	100.0	101.6	103.9
Industrial exports (JD million)*	3,877.5	3,600.4	3,777.1	4,018.8
Industrial production quantity index (2010=100)	100.0	97.9	97.2	91.3
Number of registered industrial companies	1,891	2,455	2,189	1,706
Capital of registered industrial companies (JD million)	49.1	42.1	67.0	35.9
Outstanding credit facilities extended by licensed banks	2,316.0	2,491.8	2,979.4	3,419.9

Source : Monthly Statistical Bulletin / Central Bank of Jordan.
* : Domestic exports excluding agricultural exports.

- **Agriculture:** This sector witnessed a slowdown in its performance, growing by 3.2 percent, compared to 4.8 percent in 2017. Accordingly, the sector's contribution to the overall GDP growth rate at constants basic prices decreased by 0.1 percentage point to reach 0.2 percentage point, while its relative importance to GDP stabilized at 6.1 percent.

Main Indicators of the Agricultural Sector
2015-2018

	2015	2016	2017	2018
Value added at current prices (JD million)	1,376.6	1,460.2	1,601.8	1,687.9
Growth rate at constant prices (%)	5.0	3.8	4.8	3.2
The deflator of the agricultural sector (2016= 100)	97.9	100.0	104.7	106.9
Quantity index of agricultural exports (1994= 100)	296.7	249.9	251.1	183.7
Price index of agricultural exports (1994= 100)	341.7	322.7	322.3	396.6
Number of registered agricultural companies	720	810	816	811
Capital of registered agricultural companies (JD million)	12.5	15.5	120.8	21.7
Outstanding credit facilities extended by licensed banks (JD million)	217.1	304.5	337.3	336.7

Source: Monthly Statistical Bulletin / Central Bank of Jordan.

The performance of this sector in 2018 was affected by the government's decision of imposing 10 percent tax rate on the agricultural production inputs as of the beginning of 2018, and the subsequent strikes carried out by farmers against this decision (which was canceled in September 2018). The sector was also affected by the decline in the external demand for the Jordanian agricultural products. As a result, the agricultural exports index contracted by 26.8 percent, compared to a growth of 0.5 percent in 2017. In addition, the volume of agricultural investments decreased, reaching JD 21.7 million compared to JD 120.8 million in 2017. This was reflected in the decline of the volume of capital of agricultural companies registered with the Ministry of Industry and Trade. Besides, credit facilities extended to this sector by banks decreased by 0.2 percent, and the value of loans extended by the Agricultural Credit Corporation decreased by 7.8 percent to reach JD 47.0 million.

- **Construction**: This sector witnessed a contraction in its performance, for the second year in a row, albeit at a slower pace than 2017; declining by 0.3 percent, compared to a decline of 1.1 percent in 2017. However, its contribution to the overall GDP growth rate, at constant basic prices, remained close to zero. It also maintained its relative importance to GDP recorded in 2017 at 3.3 percent. The contraction in this sector was partly due to the strikes carried out by the Jordan Housing Developers Association in protest against the new Building and Urban Planning Regulation, which became effective in early 2018. The sector was also affected by the decline in demand for real estate in the Kingdom, despite the extension of the government decision to exempt the first 150 square meters of apartments and single houses, which do not exceed 180 square meters, from registration fees. The performance of the microeconomic indicators of the construction sector was varied in 2018. The licensed areas for buildings decreased by 21.5 percent, and the credit facilities extended to the construction sector by banks slowed down by growing 3.5 percent compared to 13.3 percent in 2017. Regarding the activities of the Housing and Urban Development Corporation (HUDC) in 2018, the corporation implemented five land development projects (serviced land plots) with a total cost estimated by JD 17.6 million; two of them were accomplished at a total cost of JD 1.1 million.

Main Indicators of Construction Sector
2015-2018

	2015	2016	2017	2018
Value added at current prices (JD million)	837.1	860.1	865.2	871.1
Growth rate at constant prices (%)	-1.2	0.9	-1.1	-0.3
The deflator of the construction sector (2016= 100)	98.2	100.0	101.8	102.8
Outstanding credit facilities extended by licensed banks (JD million)	4,904.5	5,827.7	6,601.0	6,830.4
Number of registered construction companies	148	121	147	122
Capital of registered construction companies (JD million)	7.7	5.2	4.9	3.9
Number of permits (permit)	35,775	39,410	43,277	32,484
Licensed areas for building (thousands of sq.m.)	13,123	13,310	13,908	10,917

Source : Monthly Statistical Bulletin / Central Bank of Jordan.

- **Electricity and Water:** This sector witnessed a slight slowdown in its performance, growing by 2.2 percent compared to 2.5 percent in 2017. Accordingly, it maintained the same contribution to the overall GDP growth rate, at constant basic prices, recorded in 2017, amounting to 0.1 percentage point, and also maintained its relative importance to GDP at 3.9 percent. The slowdown in the sector was mainly due to the low demand for electricity by main economic sectors that have experienced slowdown in their performance, such as the “mining and quarrying” sector, on the one hand, and the switch to renewable energy in electricity production by a number of large companies, on the other.

• Developments in Service-Producing Sectors:

o Transport, Storage and Communications:

The performance of this sector improved in 2018, growing by 3.2 percent, compared to 2.7 percent in 2017. The contribution of the sector to the GDP growth rate, at constant basic prices, remained unchanged at the 2017 level, amounting to 0.3 percentage point, its relative importance to GDP almost unchanged, standing at 9.6 percent. Regarding the transport sector, it was positively affected by the re-opening of borders crossing with Syria and Iraq and the return of ground shipping, which are expected to have a greater impact in the coming years. Several microeconomic indicators of this sector have improved, such as the increase of the number of departures by 7.4 percent, and the increase of cargo and the number of passengers through Royal Jordanian Airlines by 10.6 percent and 3.8 percent, respectively.

However, the telecommunications sector was negatively affected by the decline in the coverage of mobile and internet services among the population during 2018, which reached 89.9 percent and 94.0 percent, respectively, compared to a coverage rate of 111.0 percent and 114.5 percent, respectively in 2017. In addition, the sector is characterized by a high competition that led to low prices, and the need to expand the investments in advanced generations of services provided by this sector.

- **Financial and Insurance Services:** This sector witnessed a slowdown in its performance, growing by 3.4 percent, compared to 3.8 percent in 2017. Despite this slowdown, it maintained its contribution to the overall GDP growth rate, at constant basic prices recorded in 2017, amounting to 0.3 percentage point, and maintained almost its relative importance to GDP at 9.3 percent. The slowdown of this sector was partly due to the decline in the volume of trading on Amman Stock Exchange by 20.7 percent, compared to a growth of 25.6 percent in 2017, Further, credit facilities extended by banks to economic sectors slowed down, growing by 5.5 percent, compared to 8.0 percent in 2017. Meanwhile, the insurance sector witnessed an improvement in its performance. This was reflected in the pre-tax profit of insurance companies that increased to JD 22.7 million, compared to JD 3.2 million in 2017.

- **Real Estate:** The performance of this sector was relatively stable compared to 2017, registering a growth of 2.5 percent, thus maintaining its contribution to the overall GDP growth rate recorded in 2017, at 0.4 percentage point, and maintained its relative importance to GDP at 16.2 percent. The real estate related indicators showed a decline in the demand for real estate in the Kingdom. The volume of trading in the real estate market decreased by 13.0 percent compared to a decrease of 14.1 percent in 2017. The number of sold apartments declined by 6.5 percent, compared to a decline of 10.3 percent in 2017. However, the Real Estate Price Index increased slightly by 0.1 percent, amounting to 120.3 points, compared to 120.1 points in 2017. This was as an outcome of the increase in the prices of real estate assets in several governorates, most notably; Tafila (0.9 percent), Amman (0.4 percent), and Jerash (0.4 percent), and the decline witnessed in other governorates, such as; Madaba (3.7 percent), Ajloun (2.7 percent), and Aqaba (1.9 percent) (Statistical Annex /Table 8).

- **Producers of Government Services:** The performance of this sector improved, growing by 1.1 percent, compared to 0.9 percent in 2017. Accordingly, the sector's contribution to the GDP growth rate, at constant basic prices, increased by 0.1 percentage point, compared to its level in 2017, reaching 0.2 percentage point. However, its relative importance to GDP, at constant basic prices, at 14.9 percent. The improvement of this sector came as a reflection of the increase of the compensation of government's employees item, which is one of the main indicators of the sector's performance, by 2.4 percent.

- **Wholesale and Retail Trade:** This sector witnessed a slowdown in its performance, growing by 1.3 percent, compared to 1.6 percent in 2017. However, this sector maintained its contribution to the overall GDP growth rate, at constant basic prices, recorded in 2017, amounting to 0.1 percentage point. It also maintained its relative importance to GDP at 8.7 percent. The microeconomic indicators of this sector showed a growth of credit facilities extended by banks to this sector by 5.6 percent, sales tax proceeds grew by 6.4 percent, and the Wholesale Trade Price Index increased by 2.3 percent. This sector is expected to grow more over the coming period due to the resumption of trade with neighboring countries, particularly Iraq, which was greatly affected by the closure of borders because of the security unrest in those countries.

- **Restaurants and Hotels Sector:** This sector grew by 1.0 percent, compared to 1.1 percent in 2017. Accordingly, the contribution of this sector to the overall GDP growth rate, at constant basic prices, was still close to zero. Whereas it maintained its relative importance to overall GDP recorded in 2017 at 2.3 percent. The tourism sector witnessed a remarkable performance during 2018, as the number of tourists arriving to the Kingdom increased by 7.8 percent. Consequently, the tourism income increased by 13.1 percent.

Main Indicators of Tourism Sector
2015-2018

	2015	2016	2017	2018
Number of tourists (thousand)	4,811.3	4,236.0	4,565.2	4,922.1
Gross tourism income/GDP (%)*	10.7	10.3	11.4	12.4
Value added at current prices (JD million)**	1,443.0	1,435.5	1,646.8	1,863.3
Growth rate at constant prices (%)**	-8.7	-1.7	13.7	11.7
Outstanding credit facilities extended by licensed banks (JD million)	593.1	597.7	619.7	592.1
Number of hotels	558	573	601	588
Number of rooms (thousand)	27.7	28.2	30.4	30.0
Employees in hotels (thousand)	19.1	19.3	20.7	20.5
Employees in tourism sector (thousand)	49.1	50.4	51.3	51.5

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.

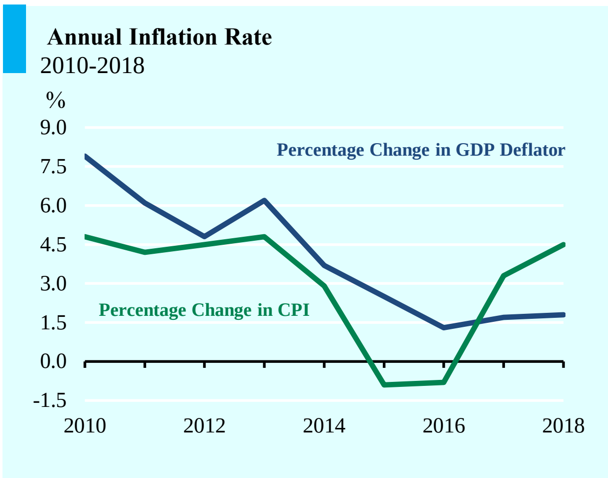
Prices

The general price level has increased during 2018 compared to 2017. The inflation rate, measured by the percentage change in the CPI, stood at 4.5 percent, compared to 3.3 percent in 2017. While the inflation rate, measured by the percentage change in the GDP deflator, stood at 1.8 percent, compared to 1.7 percent in 2017. The rise in the general price level was a result of domestic factors, represented by the bundle of measures taken by the government at the beginning of 2018, on the one hand, and external factors, represented by the increase in the average oil prices in the international markets by 30.7 percent, compared to an increase of 23.6 percent in 2017, on the other. In general, the recorded inflation rate, based on various measures, remained within the appropriate bounds for economic activity and stimulating saving and investment environment in the Kingdom.

The following is an analysis of the main inflation measures:

❒ GDP Deflator

The inflation rate, measured by the GDP deflator, stood at 1.8 percent in 2018 compared to 1.7 percent in 2017. The GDP deflator was affected by the rise in the prices of oil prices and related goods and services in the international markets, and the effect of this increase on the cost of domestic production. Accordingly, the prices in some productive sectors increased by accelerated pace, especially the “mining and quarrying” sector, which recorded an increase of 11.5 percent, compared to a contraction of 10.3 percent in 2017. In addition, the prices of the “wholesale and retail” increased by 2.3 percent, real estate (1.5 percent) and “restaurants and hotels” (1.3 percent). However, other sectors witnessed a slowdown in their prices, notably; agriculture and manufacturing sectors, which grew by 2.1 percent and 1.4 percent, compared to 4.7 percent and 3.0 percent respectively, in 2017.



❒ Consumer Price Index (CPI)

Inflation rate, measured by the percentage change in the CPI, increased to 4.5 percent in 2018 compared to 3.3 percent in 2017. This increase was driven by a combination of domestic and external factors. The domestic factors were represented by the fiscal measures taken by the government in early 2018; notably, the liberalization of bread prices, and the increase in the general sales tax rate to 10 percent on a number of goods and services which were exempted or subject to zero or 4 percent tax rates. While, the increase of the prices of oil and related goods and services in the international markets were among the most prominent external factors that affected domestic prices. However, the inflation rate recorded in 2018 was significantly lower than the inflation rate recorded in the middle east and north Africa (MENA) countries, which was 11.4 percent

The increase in the general price level during 2018 was an outcome of the following:

- An accelerated increase in the prices of some groups and items, prominently; “cereals and products”, which rose by 21.2 percent, compared to a decline of 0.2 percent in 2017, due to the liberalization of bread prices, and the increase in the global prices of cereals by 9.0 percent, according to figures released by the Food and Agriculture Organization (FAO). The price of “tobacco and cigarettes” rose by 14.7 percent, compared to 7.9 percent in 2017, due to the government’s decision to impose a special tax, by varying rates, on cigarettes consumed domestically. Further, the rise in oil prices, and the activation of the fuel price bands included in the electricity bill, as of the beginning of 2018 led to a rise of 8.2 percent in the “fuel and lighting” price compared to 2.9 percent in 2017. The prices of rents, “restaurants and hotels”, “household furnishings and equipment”, “oils and fats”, “non-alcoholic beverages”, and “dairy products and eggs” rose by varying rates ranging from 1.6 percent to 7.2 percent, influenced by demand and supply factors in the domestic market.

The above-mentioned groups and items contributed, collectively, by 2.9 percentage points to the inflation rate compared to a lower contribution of 1.0 percentage point in 2017.

- A slow-pace growth in the prices of some groups and items, notably; transport, health, and education, which rose by 9.9 percent, 5.6 percent, and 2.7 percent, respectively, compared to a rise of 12.9 percent, 8.5 percent, and 2.9 percent, respectively, in 2017. These groups and items contributed collectively by 1.7 percentage points in the increase in the inflation in 2018, against a larger contribution of 2.1 percentage points in 2017.

Inflation Rate
2017-2018

Groups	Relative Imp.	Inflation Rate %		Contribution (Percentage Point)	
		2017	2018	2017	2018
All Items	**100**	**3.3**	**4.5**	**3.3**	**4.5**
1. Food and non-Alcoholic Beverages, of which:	**33.365**	**-0.4**	**3.2**	**-0.1**	**1.0**
Meat and Poultry	8.244	-5.0	-0.1	-0.4	0.0
Vegetables and Legumes Dry and Canned	3.886	5.0	-1.8	0.2	-0.1
2. Alcohol and Tobacco and Cigarettes, of which:	**4.431**	**7.9**	**14.6**	**0.4**	**0.7**
Tobacco and Cigarettes	4.403	7.9	14.7	0.3	0.7
3. Clothing and Footwear, of which:	**3.549**	**-2.4**	**-1.5**	**-0.1**	**-0.1**
Clothing	2.789	-2.9	-1.7	-0.1	-0.1
4.Housing, of which:	**21.920**	**2.8**	**3.5**	**0.6**	**0.8**
Rents	15.570	2.5	2.7	0.4	0.5
Fuels and Lighting	4.847	2.9	8.2	0.1	0.3
5. Household Furnishings and Equipment	**4.186**	**1.6**	**1.7**	**0.1**	**0.1**
6. Health	**2.212**	**8.5**	**5.6**	**0.2**	**0.1**
7.Transportation	**13.575**	**12.9**	**9.9**	**1.7**	**1.4**
8. Communication	**3.504**	**1.8**	**0.2**	**0.1**	**0.0**
9. Culture and Recreation	**2.274**	**7.4**	**2.2**	**0.2**	**0.1**
10. Education	**5.407**	**2.9**	**2.7**	**0.2**	**0.2**
11. Restaurants and Hotels	**1.834**	**0.2**	**7.2**	**0.0**	**0.1**
12. Other Goods and Services	**3.746**	**6.3**	**1.8**	**0.2**	**0.1**

Source: Department of Statistics.

- A decrease in the prices of a number of groups and items, such as, “vegetables and legumes dry and canned” (1.8 percent), “clothing and footwear” (1.5 percent), “fruits and nuts” (0.2 percent) and “meat and poultry” (0.1 percent). These groups and items contributed to reducing the inflation rate marginally, by 0.1 percentage point.

Labor Market

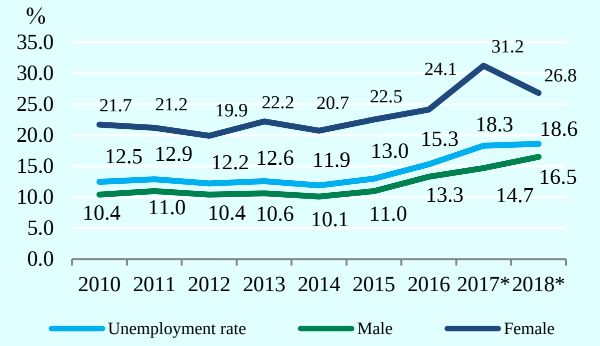
The labor market in the Kingdom suffers from many chronic structural imbalances, foremost, the rise in the number of new entrants to the labor market due to high population growth rates (both natural and non-natural), and the crowding out of foreign labor (formal and informal), who compete the Jordanian labor in filling up new vacancies, in addition to the weak compatibility between the education output and the labor market needs, as well as the low participation rate by Jordanians in the labor market, especially among females, which did not exceed 40 percent of the total working-age population. These imbalances were accompanied with the inability of the economy to create sufficient employment opportunities for new entrants due to weak economic growth rates, and the decreased capacity of the public sector in creating employment opportunities, because the number of employed workers in this sector exceeded the actual need. Moreover, in 2018 some Jordanian expatriates working in the Arab Gulf countries returned to Jordan as a result of the restrictions imposed on foreign labor by some of these countries. This has contributed to raising the unemployment rate among Jordanians to reach 18.6 percent in 2018. However, the unemployment rate among non-Jordanians in the Kingdom amounted to 17.6 percent. Thus, the overall unemployment rate (for Jordanians and non-Jordanians) was 18.3 percent.

The following is an analysis of the most prominent indicators of the labor market in the Kingdom during 2018:

❒ Unemployment

The number of unemployed Jordanians during 2018 stood at 323.0 thousand (69.9 percent for males and 30.1 percent for females). As a result, the unemployment rate (the ratio of unemployed to the labor force) increased to 18.6 percent. The unemployment rate among males stood at 16.5 percent, while it stood at 26.8 percent among females.

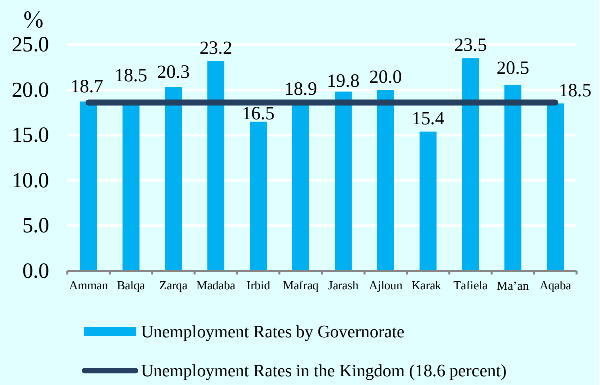
Unemployment Rate in the Kingdom
2010-2018



*: According to the new methodology of the labor force survey.

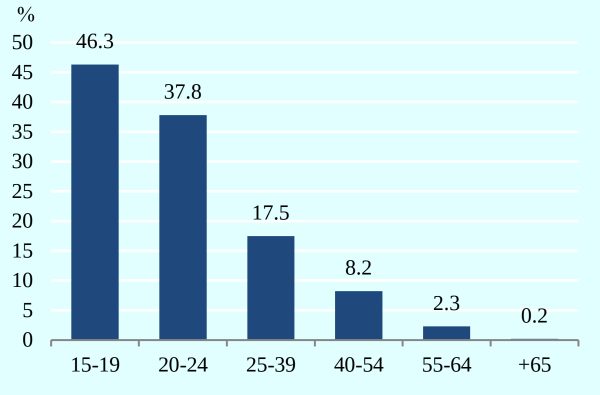
On the governorate level, Karak governorate recorded the lowest unemployment rate, standing at 15.4 percent, while Tafiela governorate recorded the highest rate, standing at 23.5 percent.

Unemployment Rates Among Governorates for 2018



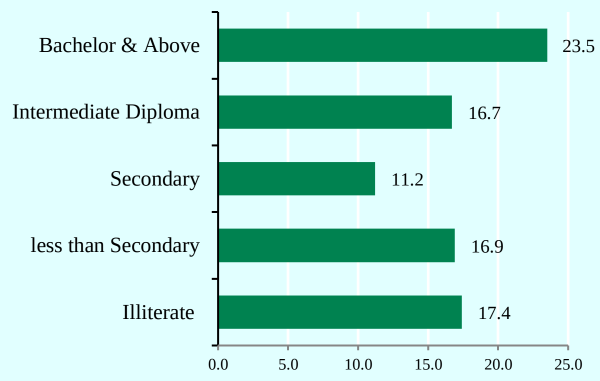
According to age group, the highest unemployment rate was recorded for the age group of 15-19 years, standing at 46.3 percent, while the unemployment rate among the older age groups decreased.

Unemployment Rate by Age Group, 2018



As for the educational level, the highest unemployment rate was recorded among academic degree holders (bachelor degree and above) at 23.5 percent which partly reflects the weak compatibility between the educational system outputs and the labor market needs.

Unemployment Rate by Educational level, 2018

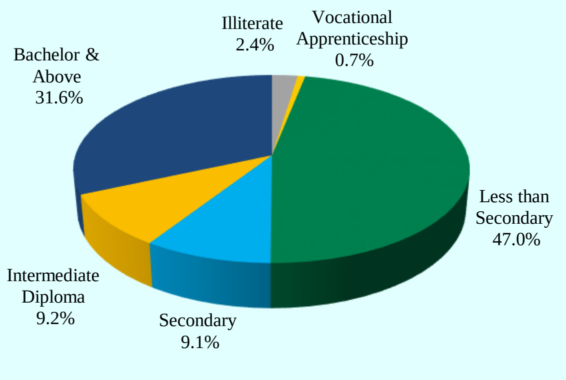


❒ Employment

The number of employed Jordanians in 2018 was about 1,411.3 thousand workers (81.2 percent for males and 18.8 percent for females). Thus, the ratio of employed to the total population aged 15 years and above reached 29.5 percent.

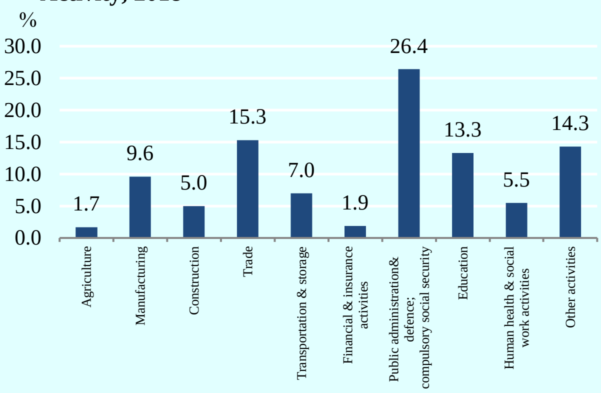
According to the educational level, workers with high school degree or lower accounted for 59.2 percent of the total number of employed, while workers with bachelor degree and above accounted for 31.6 percent.

Distribution of Jordanians Employed by Educational Level, 2018



At the sectoral level, the service-producing sectors are considered the most prominent sector of employing Jordanian labor, especially the sectors of "public administration, defence and social security", "wholesale and retail trade", and education, which, collectively, captured approximately 81.9 percent of the total number of employed.

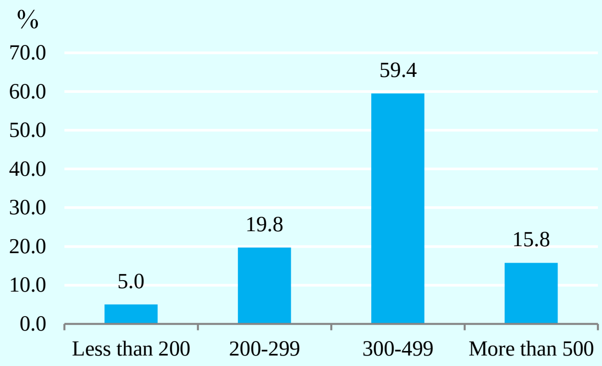
Distribution of Jordanians Employed by Economic Activity, 2018



The private sector employs about 60.1 percent of the total number of employed Jordanians, while the public sector employs about 39.9 percent.

By looking at the average monthly wage for employed, it reveals that 59.4 percent of employees receive wages ranging from JD 300 to JD 499 per month.

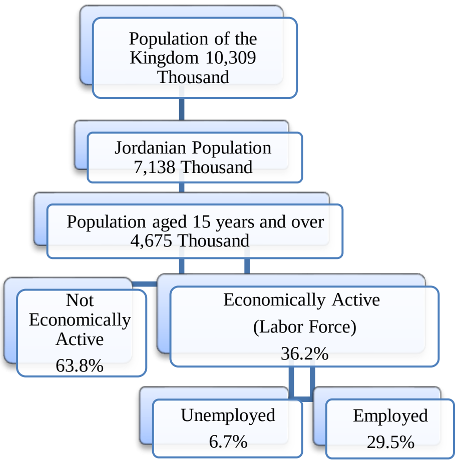
Distribution of Jordanians Employed by the Average Monthly Wage, 2018



❒ Labor Force (Employed and Unemployed)

The population of the Kingdom reached 10.3 million in 2018. The number of Jordanians was about 7.1 million, of which 1.7 million were in the labor force. Thus, the crude economic participation rate (the labor force divided by the total population) stood at 26.4 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 36.2 percent (56.4 percent for males and 15.4 percent for females).

The Structure of Labor Market in Jordan, 2018



As it was mentioned earlier, the unemployment in the Kingdom is a structural problem that requires effective reform measures to address it. Thus, in 2018 the government continued its efforts to reform the labor market by continuing to implement the outcomes of the National Strategy for Human Resources Development (2016-2025), which includes many reforms to improve the educational process in the Kingdom, in order to provide a well-qualified and skilled labor force that matches the market's requirements. Furthermore, Ministry of Labor also continued its efforts to regulate the labor market by intensifying its inspection rounds to ensure the availability of a healthy, safe, and attractive work environment, on the one hand, and to control migrant workers, on the other hand. These inspections resulted in the seizure of 12.2 thousand workers, who violated the legal instructions and have been legally prosecuted.

Within the framework of the government's short-term plans to address the unemployment problem in the Kingdom, the Government's Priorities Plan for the years (2019-2020), includes several measures aimed at mitigating the unemployment through creating 30 thousand additional jobs, along with the regular job opportunities created yearly through vocational training, and by expanding the garment and clothing industries in the Qualified Industrial Zones (QIZs), in addition to improving the work environment by providing a woman friendly work environment, encouraging the electronic transfer of salaries and wages by companies to employees, and ensuring that all industrial zones are connected to public transport.

Moreover, during 2018 many related institutions pursued their efforts to create job opportunities through training and rehabilitation of unemployed to meet the labor market needs for skilled and well-qualified local labor. Within this context, the Vocational Training Corporation (VTC) trained approximately 24.4 thousand trainees in different programs. Also, King Abdullah II Fund for Development (KAFD) held about 1,175 training courses, benefiting about 25.3 thousand trainees.

Taking into consideration the importance of the role of small- and medium-sized enterprises (SMEs) in providing job opportunities, the National Microfinance Bank (NMB) and the Development and Employment Fund (DEF) extended loans worth JD 49.3 million and JD 28.1 million, respectively, in 2018. The volume of loans granted under the existing financing programs of the CBJ, which target high added value economic sectors, reached JD 159.3 million in 2018, distributed among 267 projects, and contributed to create 2,700 jobs.

Output, Employment, and Price Policies

Within the framework of the official efforts that aims at stimulating economic growth, improving the national economy's ability to overcome its economic slowdown, enhancing the investment climate and the business environment, attracting more domestic and foreign investments, regulating the domestic labor market, and raising the economic participation rate, the government adopted several measures and legislations in 2018 that are expected to contribute in achieving these goals. The following is a summary of what has been accomplished in this regard:

- **In terms of stimulating economic growth,** the government has adopted a number of measures and legislations aimed at stimulating economic growth in the Kingdom, most notably:
    - Launching the Innovative Start-ups and SMEs Fund (ISSF) with a capital of US$ 98 million (US$ 50 million from the World Bank and US$ 48 million from the CBJ). The Fund aims to increase financing to startups and small enterprises during their early stages, and create a stimulating environment for innovative Jordanian entrepreneurs, thereby reducing the funding problem facing many startups.
    - Launching the “Government Priorities for the years (2019-2020)”. The plan is based on three main pillars: state of law, state of production and state of solidarity. Eighteen national priorities emanate from these pillars that have a direct impact on raising the standard of living of citizens. The plan includes many objectives, such as, creating an additional 30 thousand jobs per year for Jordanians, increasing the volume of foreign direct investment by 10

percent, and increasing national exports by 5 percent annually.

- Signing an agreement between the Khalifa Fund for Enterprise Development (KFED) and the Crown Prince Foundation (CPF), with the aim of enabling entrepreneur projects to support economic growth and achieve economic and social development. Under the agreement, KFED will provide US$ 100 million to the CPF to be granted as concessional loans to entrepreneurs, startups and micro, small-and medium-sized development projects.

- **In terms of stimulating investments**, a number of laws and regulations were issued in 2018 aimed at improving the investment environment in the Kingdom, most prominently:

  - A decision was made to grant the Jordanian nationality or permanent residence to foreign investors, who meet certain criteria, of which depositing US$ 1.5 million at the CBJ or purchasing treasury bonds worth US$ 1.5 million, or establishing an investment project with a minimum capital of US$ 2 million in the capital (Amman), and at least US$ 1.5 million outside the capital. The purpose of this decision is to attract foreign investments and settle them in the Kingdom, thus contribute to stimulating economic activity and creating jobs.
  - Approving the Securities Investors Protection Fund By-law no. (47) for 2018, which aims to compensate the clients of brokerage companies, for of their losses resulting from the bankruptcy or compulsory liquidation of brokerage companies, and thus contribute to boosting confidence in the stock market and attracting more investments.
  - Approving the Venture Capital Company's By-law no. (143) for 2018. The By-law aims at regulating the provisions of these companies in terms of their capital, operations, and management, thus contributing to the provision of financing means to SME's in the establishment stages.
  - Approving the Insolvency Law no. (21) for 2018, which will fulfill a number of important requirements that is expected to contribute to

improve the economic conditions and the ranking of Jordan in international competitiveness reports, through establishing a legislative framework of a debtor insolvency (whether it is a corporate or an individual), and encouraging the debtor to adjust his financial position, thus enabling him to emerge from the financial insolvency, and providing effective mechanisms for cooperation with debtors and insolvents.

- Approving the Secured Lending Law no. (20) for 2018, which aims to increase access to finance by SMEs with preferential terms, by allowing SMEs to borrow from banks using their movable assets as collateral.

- **In terms of employment policies**, many measures were taken during 2018 that aims to regulate and encourage the participation of Jordanians in the labor market, most notably:
  - Issuing the instructions of the Flexible Employment Regulation for 2018 according to Article no. (13) of the Flexible Employment Regulation no. (22) for 2017, which aims at enhancing the participation in the labor market, especially women, through the activation of the part-time work and minimizing the number of working days and hours, conditional to providing at least 21 working hours per week. The instructions also allowed for remotely work, whether from home or elsewhere, so that the required work can be delivered personally through modern technology applications.
  - Within the bilateral international agreements, an agreement was signed between Jordan and Qatar aimed at providing 10 thousand jobs for Jordanians in Qatar. In this regard, the Ministry of Labor has launched the Jordanian-Qatari e-platform through which work applications are submitted under this agreement. The number of Jordanians with work permits, under this agreement, reached about 2.6 thousand at the end of 2018.

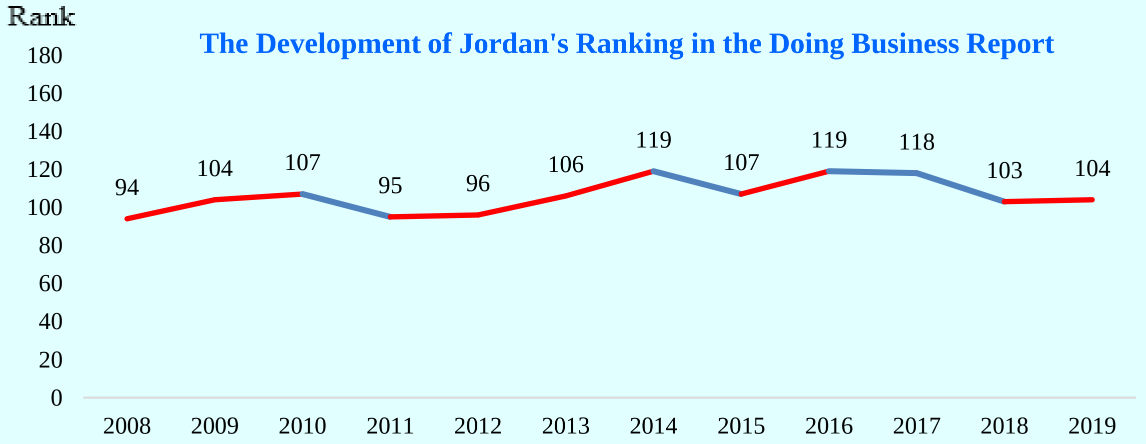
Box (1)

Jordan’s results in the Doing Business Report 2019*

- 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 helps decision makers to identify the sources of these obstacles, and thus make the necessary corrections to overcome them.

Jordan’s results in the DBR 2019

- The report shows that the overall ranking of Jordan declined by only one spot, ranking 104 out of the 190 countries covered by the report, compared to a rank of 103 in the 2018 report.



- The decline in the Kingdom’s ranking in the DBR 2019 came as a result of the decline in the ranking of a number of indicators, notably the “dealing with construction permits”, “getting electricity”, and “trading across borders”.
- Despite the slight decline in Jordan’s ranking, it has achieved a significant improvement in the “getting credit” indicator by 25 spots, for the second year in a row, bringing the total progress in this indicator to 51, since the establishment of Credit Information Company (CRIF) that began its operations at the end of 2015, ranked 134 in the report. In addition, Jordan made improvements in other indicators, mainly “protecting minority investors” and “enforcing contracts”.

*: Reflects Business Environment in 2018.

Box (1) Continued

The following table shows Jordan's ranking according to doing business indicators for 2018-2019:

Indicator		2018	2019	Change in Ranking
Overall Ranking (out of 190)		**103**	**104**	**-1**
1	**Starting a business**	105	106	**-1**
2	**Dealing with construction permits**	110	139	**-29**
3	**Getting electricity**	40	62	**-22**
4	**Registering property**	72	72	**-**
5	**Getting credit**	159	134	**+25**
6	**Protecting minority investors**	146	125	**+21**
7	**Paying taxes**	97	95	**+2**
8	**Trading across borders**	53	74	**-21**
9	**Enforcing contracts**	118	108	**+10**
10	**Resolving insolvency**	146	150	**-4**

- On the Arab country level, Jordan ranked 9th out of 17 Arab countries covered by the report, thus outperforming the business environment in many neighboring countries. The United Arab Emirates (UAE) ranked the first, followed by Morocco, Bahrain, 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, while the United States of America ranked 8th globally.

CHAPTER TWO
MONEY, BANKING, AND FINANCIAL MARKETS

The CBJ continued to adopt a monetary and banking policy in 2018 that is transparent, flexible, and responsive to domestic, regional, and international economic developments, in line with its objective of maintaining monetary and financial stability, as well as preserving the safety and resilience of the banking system.

Within this context, the CBJ has raised the interest rates on the overnight deposit window four times by a total of 100 basis points, and other monetary policy instruments three times by a total of 75 basis points. Meanwhile, the CBJ balanced between the requirements of monetary stability and the provision of funds for economic activity, specifically by continuing to provide concessional long-term loans, through banks, to nine economic sectors included in the CBJ's refinancing program, at preferential and fixed interest rates.

The performance of the licensed banks improved in 2018, as their total assets grew by 3.7 percent, their holdings of deposits also improved, growing at 2.0 percent. Further, credit facilities extended by licensed banks grew by 5.6 percent, most of which was extended to the private sector. As for the market interest rates, the interest rate margin decreased by 88 basis points, compared to the end of 2017, to reach 3.96 percent.

The CBJ has taken many measures to enhance the financial stability in the Kingdom and maintain the soundness of the banking system, through organizing banks' operations and strengthening their financial positions.

The CBJ has also made more efforts to enhance the financial inclusion and establish the required infrastructure to expand the range of financial services. In addition, it has institutionalized the credit decision of individuals, corporates, and banks, as well as the development of the payment and settlement systems.

Central Bank of Jordan and Monetary Policy

In 2018, the CBJ continued to conduct its monetary policy that aims to maintain monetary stability, preserve appropriate inflation rates, and enhance the confidence in the Jordanian dinar as a saving instrument, through the creation of an interest rates structure, that is compatible with domestic, regional, and global developments.

❒ Interest Rates on Key Monetary Policy Instruments:

The CBJ's decisions to raise interest rates, in 2018, were intended to maintain the competitiveness and attractiveness of the Jordanian dinar, through modifying the interest rates on the most influential instruments on the attractiveness of the Jordanian dinar. Within this context, the CBJ raised the interest rates on all its monetary policy instruments three times by a total of 75 basis points, and on the overnight deposit window four times by a total of 100 basis points. Consequently, the CBJ's key interest rates structure at the end of 2018 was as follows:

- The CBJ main rate was raised to 4.75 percent, compared to 4.00 percent at the end of 2017.
- The interest rates on the one-week and one-month repurchase (Repo) agreements were raised to 4.75 percent each, compared to 4.00 percent each at the end of 2017.
- The re-discount rate was raised to 5.75 percent, compared to 5.00 percent at the end of 2017.
- The overnight Repo agreements rate was raised to 5.50 percent, compared to 4.75 percent at the end of 2017.
- The overnight deposit window rate was raised to 4.00 percent, compared to 3.00 percent at the end of 2017.
- The interest rate on one-week certificates of deposit was raised to 4.75 percent, compared to 4.00 percent at the end of 2017.

Meanwhile, the CBJ maintained 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 all other governorates, in order to stimulate economic growth and promote the creation of new job opportunities, especially for youth.

❒ Exchange Rate and Foreign Reserves

• Jordanian Dinar Exchange Rate

The CBJ has operated a pegged exchange rate to the US dollar since October 1995. This exchange rate regime is the nominal anchor of the Jordanian monetary policy. It has served Jordan well, and still, maintaining price stability and proving its effectiveness. In 2018, the exchange rate of the Jordanian dinar appreciated by 4.0 percent against the euro, and 5.8 percent against the pound sterling, while depreciated by 0.4 percent against the Japanese yen, compared to the exchange rates registered at the end of 2017.

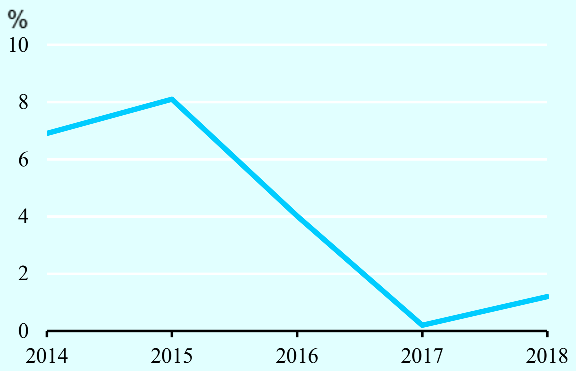
- **The CBJ's Foreign Exchange Reserves**

The CBJ's gross foreign reserves including gold and Special Drawing Rights (SDRs), stood at USD 13.4 billion at the end of 2018; of which, USD 11.5 billion in foreign currencies, USD 1.8 billion in gold, and USD 32.0 million in SDRs. According to international measures used to evaluate the foreign reserves adequacy, this level of reserves is considered comfortable and enhances the monetary stability in the Kingdom. It is also sufficient to cover more than seven months of the Kingdom's imports of goods and services, which is more than twice the international standards of foreign reserves adequacy.

❒ Domestic Liquidity

Broad money supply (M2) reached JD 33.4 billion at the end of 2018, compared to JD 33.0 billion at the end of 2017.

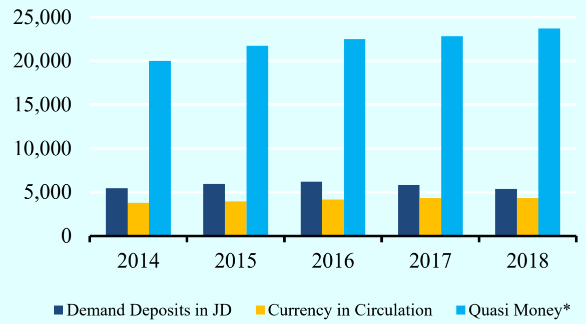
Growth Rate of Domestic Liquidity
2014-2018



The components and factors that influenced domestic liquidity developments are detailed as follows:

- **Components of Domestic Liquidity**
  - The currency in circulation amounted to JD 4.3 billion at the end of 2018, maintaining almost the same level recorded at the end of 2017.
  - The deposits amounted to JD 29.1 billion at the end of 2018 compared to JD 28.6 billion at the end of 2017, according to the liquidity definition.

Components of Domestic Liquidity
2014-2018, JD Million



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

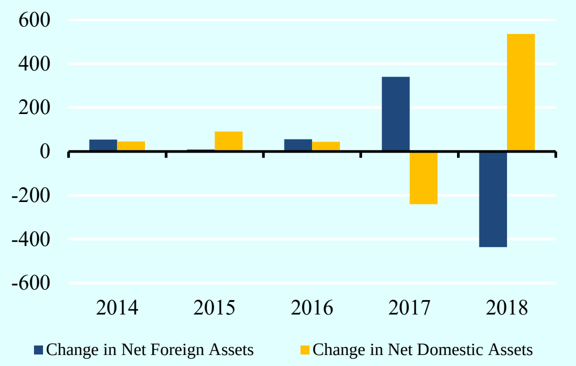
- **Factors Affecting Domestic Liquidity**
  - Net Domestic Assets

The net domestic assets of the banking system stood at JD 26.0 billion at the end of 2018, compared to JD 23.8 billion at the end of 2017.

  - Net Foreign Assets

The net foreign assets of the banking system stood at JD 7.4 billion at the end of 2018, compared to JD 9.1 billion at the end of 2017. Meanwhile, the net foreign assets of the CBJ reached JD 9.2 billion at the end of 2018.

Factors Affecting Domestic Liquidity
2014-2018, as a Percent of Change in M2



Factors Affecting Domestic Liquidity
2014-2018

	2014	2015	2016	2017	2018
	Growth rates (%)				
Foreign assets (net)	**14.6**	**2.6**	**8.7**	**3.1**	**-19.2**
Domestic assets (net)	**4.2**	**10.1**	**2.4**	**-0.8**	**9.0**
Net claims on public sector	-1.0	8.2	-6.3	-9.2	9.2
Claims on private sector (resident)	3.7	4.8	10.1	9.4	5.3
Claims on financial institutions	0.5	-1.0	68.9	77.7	25.8
Other items (net)	-4.3	-5.6	9.8	17.1	0.8
Domestic liquidity	**6.9**	**8.1**	**4.0**	**0.2**	**1.2**
	Percentage changes of the beginning stock of M2				
Foreign assets (net)	**3.7**	**0.7**	**2.2**	**0.8**	**-5.3**
Domestic assets (net)	**3.2**	**7.4**	**1.8**	**-0.6**	**6.5**
Net claims on public sector	-0.4	3.0	-2.3	-3.1	2.8
Claims on private sector (resident)	2.3	2.9	6.0	5.9	3.6
Claims on financial institutions	0.0	0.0	0.4	0.7	0.4
Other items (net)	1.2	1.5	-2.2	-4.1	-0.2

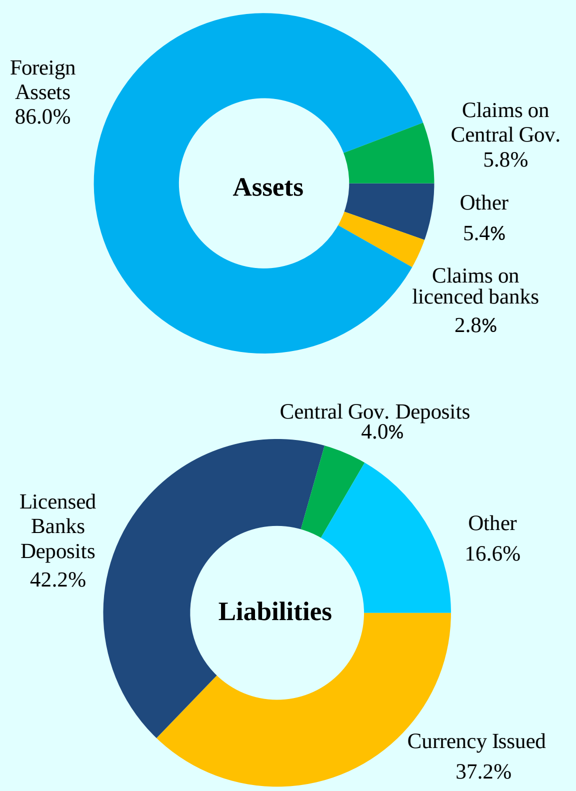
❒ The CBJ's Balance Sheet

The CBJ's balance sheet totaled JD 12.9 billion at the end of 2018, compared to JD 13.4 billion at the end of 2017 (Statistical Annex/Table 13).

- On the assets side, the total domestic assets increased by JD 246.2 million (15.8 percent). The increase was an outcome of the increase in other assets by JD 242.7 million, the claims on the financial institutions by JD 59.9 million (30.8 percent), and the claims on licensed banks by JD 15.6 million (4.5 percent). However, the claims on public sector decreased by JD 71.9 million (8.7 percent).
- On the other hand, the total foreign assets declined by JD 712.2 million (6.0 percent). This decrease was an outcome of the decrease in "bonds and treasury bills" by JD 1,060.0 million (22.8 percent), gold by JD 171.5 million (11.6 percent), and SDRs by JD 20.4 million (47.3 percent), meanwhile "cash, balances & deposits" increased by JD 539.7 million (11.0 percent).
- On the liabilities side, the total foreign liabilities increased by JD 748.6 million. This increase was mainly due to the increase in reserve deposits by JD 743.5 million. In addition, the international institutions' deposits increased by JD 5.1 million (5.0 percent).

- On the other hand, the total domestic liabilities decreased by JD 1,214.6 million (9.6 percent). This decrease was driven by the decrease in licensed banks' deposits by JD 773.2 million (12.4 percent), the central government deposits by JD 446.2 million (46.5 percent), the currency issued by JD 34.1 million (0.7 percent), and the demand deposits by JD 21.1 million, whereas, the "capital reserves and provisions" increased by JD 43.8 million (13.5 percent), and other liabilities by JD 16.2 million (6.8 percent).

Relative Importance of the CBJ's Balance Sheet Components, 2018



Components of the CBJ's Balance Sheet
2014-2018, JD Billion

	2014	2015	2016	2017	2018
Foreign assets	12.1	12.5	11.8	11.8	11.1
Domestic assets	1.9	1.8	1.7	1.6	1.8
Claims on central government	1.2	1.0	0.9	0.8	0.8
Claims on licensed banks	0.5	0.4	0.3	0.3	0.4
Other	0.2	0.4	0.5	0.5	0.6
Assets = Liabilities	**14.0**	**14.3**	**13.5**	**13.4**	**12.9**
Currency issued	4.2	4.3	4.6	4.8	4.8
Licensed banks' deposits, of which:	7.3	7.6	6.4	6.2	5.4
Certificates of deposit in JD	0.3	1.1	1.0	0.6	0.6
Central government deposits	1.0	0.9	1.0	1.0	0.5
Other	1.5	1.5	1.5	1.4	2.2

❒ Banking Legislations and Measures

The CBJ continued to prioritize the soundness of the banking system in the Kingdom with a sense of utmost importance through the implementation of financial policies, which are keen to improve banks' efficiency in conducting financial operations and protecting them against any possible risks.

Moreover, the CBJ took further actions during 2018 that aimed at organizing banks' operations, strengthening their financial positions, and enhancing their role in financing economic activity.

The following is a summary of the main policies and measures put in place:

- Issuing regulations no. (13) for the year 2018 of Implementing the International Financial Reporting Standard (IFRS9), which include, in addition to an accounting framework, a methodology for risk management, particularly credit risk management, aiming to maintain the safety and soundness of banks' financial positions. According to this standard, the bank's board of directors and its related committees has to ensure that appropriate credit risk management policies, including a suitable governance structure for the proper fulfillment of the (IFRS9) requirements, are in place and implemented, so as to enable adequate hedging against possible credit risks for the whole system.

- Issuing regulations no. (14) for the year 2018 of Anti Money Laundering and Counter Terrorism Financing for licensed banks. The regulations promote and prescribe the risk-based approach, where banks are required to implement an inclusive annual evaluation for money laundering and terrorism financing risks, based on a methodology approved by their board of directors. The evaluation focuses on banks defining, assessing, and understanding money laundering and terrorism financing risks related to customers, countries, geographical areas, products, services, operations, and service provision channels. The extent of risk management of a bank depends on the level, nature, and complexity of its operations and activities. The regulations also emphasize the necessity of putting in place policies, controllers, and procedures to manage and mitigate money laundering and terrorism financing risks, in addition to implement the necessary measures that correspond to the degree of risk identified in accordance with the assessment.

- Issuing regulations of the adaptation of cyber risks for banks and financial institutions on Feb. 6, 2018. This regulations aim to enhance the ability of banks, financial institutions, and credit information companies to confront cyberattacks in a highly technical way, thus enable them to continue to provide their services and carry out their operations safely, and to motivate them to invest in cybersecurity due to its importance in achieving a technological revolution that serves the national economy.

- In consideration of the importance of the SMEs in economic development, as one of the main drivers of economic development, through investment, job-creation and its contributing to expanding exports, the CBJ continued to provide incentives to the licensed banks, with the aim of supporting the SMEs as well as economic sectors with high added value, through its refinancing program, which is directed to support industry, tourism, agriculture, renewable energy, information technology, and engineering consultation sectors. In 2018 the CBJ raised the number of sectors benefiting from its program to nine, by adding three sectors due to their important role in economic growth and employment, these sectors are: health, transportation (transportation companies), and education (vocational and technical training).The total available fund of this program amounted to JD 1.2 billion. The value of approved loans totalled JD 620.0 million (51.7 percent of the total available fund), benefited 903 projects and created 9,400 job opportunities as of the end of 2018.

- In order to ensure access to banking services for all financially excluded categories of society, the CBJ issued the “Instructions of the Basic Bank Account”, which apply to all banks operating in the Kingdom. The regulations are intended to enable all legally eligible citizens to own banking accounts, thereby enhancing their saving culture, easing their access to bank services, contributing to improve their living standards, and accelerating economic development pace. The basic bank account is a low-cost account that is available to those categories with no bank accounts and are willing to have such accounts an acceptable cost that suits their incomes and spending capacities.
- In order to ensure equal access to financial services among all categories of society without discrimination, the CBJ issued the “Instructions of Financial Consumer Protection for Customers with Disabilities” on November 28, 2018. The regulations stipulate the necessity to set specific and written procedures to deal with customers with disabilities, and to include these procedures in the general and credit policies of all banks and non-banking financial institutions. The regulations also require that special requirements be taken into account to facilitate access to financial products for such customers when designing their financial products and services. These instructions apply to all banks and non-banking financial institutions operating under the supervision and oversight of the CBJ, aiming to protect the financial consumer, enhance the financial inclusion and enable all societal categories to access financial services.

Licensed Banks’ Operations

The indicators of the licensed banks operating in the Kingdom continued its improvement in 2018. The consolidated balance sheet grew by 3.7 percent, the pace of growth in deposits, accelerated to grow by 2.0 percent, and the credit facilities by 5.6 percent.

The number of licensed banks operating in Jordan stood at 24 banks at the end of 2018, while they were 25 banks over the past four years. This drop was due to the acquisition of Abu Dhabi Bank by Societe General-Jordan Bank. Among these banks, there are 16 Jordanian banks (3 of them are Islamic banks) and 8 branches of foreign banks, including one branch of a foreign Islamic bank. These banks carried out their operations through a network of 844 branches and 83 representative offices, compared to 818 branches and 76 representative offices at the end of 2017. Accordingly, the index of population to the total number of branches reached approximately 12.2 thousand citizens per branch at the end of 2018.

The number of Jordanian banks' branches operating abroad reached 188 branches, 6 representative offices, 21 offices, and 2 offshore units. Among these are 91 branches and 21 offices operating in the Palestinian territories.

❒ Consolidated Balance Sheet of Licensed Banks

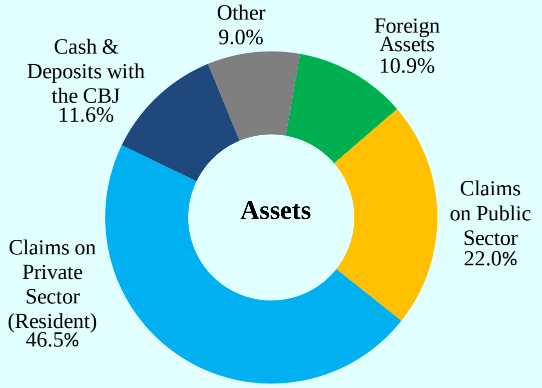
The consolidated balance sheet of licensed banks continued to increase at a faster pace in 2018, compared to the past two years. It grew by JD 1,815.3 million (3.7 percent) to reach JD 50.9 billion, compared to an increase of JD 1,250.3 million (2.7 percent) in 2017, and JD 719.0 million (1.5 percent) in 2016, which indicates the continuous improvement of banks' activities (Statistical Annex/Table 15).

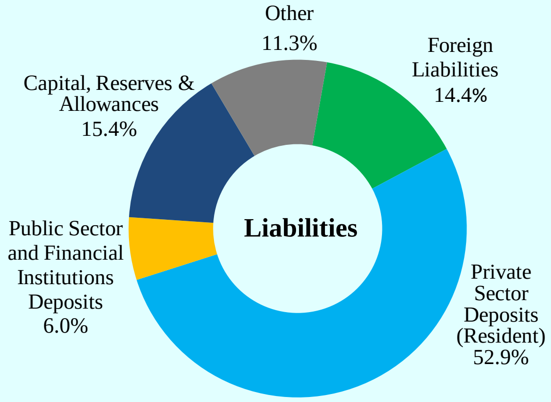
- The rise of assets was primarily driven by the increase in domestic assets by JD 1,925.1 million (4.4 percent), accompanied by a decrease in foreign assets by JD 109.8 million (1.9 percent). The growth in domestic assets was attributed to the increase in both claims on the private sector (resident) by JD 1,183.9 million (5.3 percent), and claims on the public sector by JD 888.2 million (8.6 percent), in addition to the increase in other assets by JD 569.1 million (15.6 percent). In contrast, banks' balances with the CBJ in Jordanian dinar decreased by JD 798.0 million (14.9 percent). The decrease in foreign assets was mainly due to the decrease in domestic banks' balances with foreign banks by JD 228.1 million (5.6 percent), the other foreign assets by JD 60.2 million (43.7 percent), and the portfolio of non-residents by JD 16.7 million (2.2 percent), accompanied by the increase in credit facilities extended to the private sector (non-resident) by JD 155.1 million

(31.0 percent), and cash in vaults (in foreign currencies) by JD 40.1 million (19.9 percent).

- The increase in liabilities was mainly influenced by the increase in the "saving and time deposits" by JD 944.8 million (4.7 percent), foreign liabilities by JD 535.8 million (7.9 percent), "other liabilities" by JD 307.6 million (6.6 percent), and the "capital, reserves, and provisions" by JD 301.6 million (4.0 percent), However, the "demand deposits" declined by JD 491.8 million (5.8 percent).

Relative Importance of the licenced Banks Consolidated Balance Sheet, 2018





Components of the Consolidated Balance Sheet of Licensed Banks
2014-2018, JD Billion

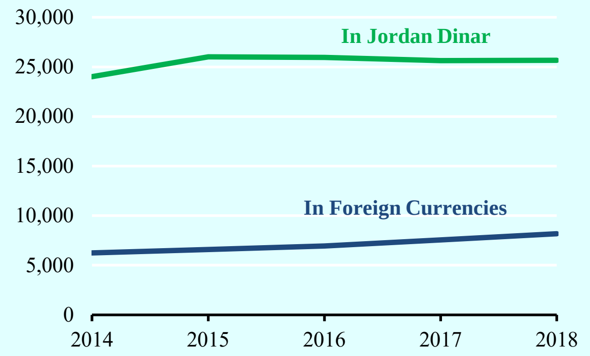
	2014	2015	2016	2017	2018
Foreign assets	4.7	4.7	5.4	5.7	5.6
Claims on public sector	11.0	11.5	11.1	10.3	11.2
Claims on private sector (resident)	17.8	18.7	20.6	22.5	23.7
Cash in vaults and balances with the Central Bank	7.6	8.0	6.8	6.7	5.9
Other	3.8	4.2	4.5	3.9	4.5
Assets = Liabilities	**44.9**	**47.1**	**48.4**	**49.1**	**50.9**
Foreign liabilities	6.7	6.7	6.4	6.8	7.3
Private sector (resident) deposits	24.0	25.8	27.0	26.9	26.9
Borrowing from Central Bank	0.6	0.5	0.5	0.5	0.8
Capital, reserves and allowances	6.8	7.1	7.3	7.6	7.9
Other	6.8	7.0	7.2	7.3	8.0

❒ Deposits Structure at Licensed Banks

The growth pace of total deposits at licensed banks increased in 2018, compared to the previous two years. It grew by JD 650.4 million (2.0 percent) to reach JD 33.8 billion, compared to an increase of JD 301.5 million (0.9 percent) and JD 297.7 million (0.9 percent) in 2016 and 2017, respectively (Statistical Annex/Table 16).

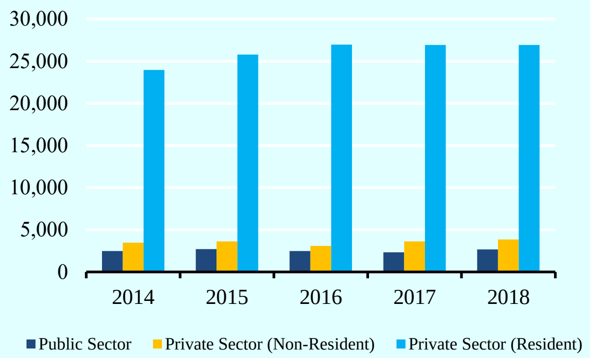
- The structure of deposits, according to currency, showed that JD deposits amounted to JD 25.7 billion at the end of 2018, compared to JD 25.6 billion at the end of 2017. Meanwhile, foreign currency deposits amounted to JD 8.2 billion at the end 2018, compared to JD 7.6 billion at the end of 2017.

Deposits at Licensed Banks According to Currency
2014-2018, JD Million



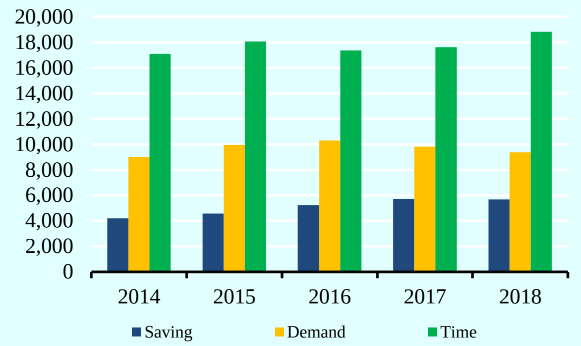
- In terms of deposit holders, deposits of the private sector (resident) reached JD 26.9 billion (79.6 percent of total deposits at licensed banks) at the end of 2018, while deposits of the private sector (non-resident) amounted to JD 3.8 billion. Furthermore, deposits of the public sector (central government and public entities) and the non-banking financial institutions amounted to JD 2.7 billion and JD 390.1 million, respectively at the end of 2018.

Deposits at Licensed Banks According to Depositor
2014-2018, JD Million



- According to maturity, the time deposits, accounted for more than half of the total deposits in licensed banks at 55.6 percent, followed by demand deposits (27.7 percent), and savings deposits (16.7 percent) at the end of 2018.

Deposits at Licensed Banks According to Maturity
2014-2018, JD Million



Relative Importance of Deposits at Licensed Banks
2014-2018, Percent

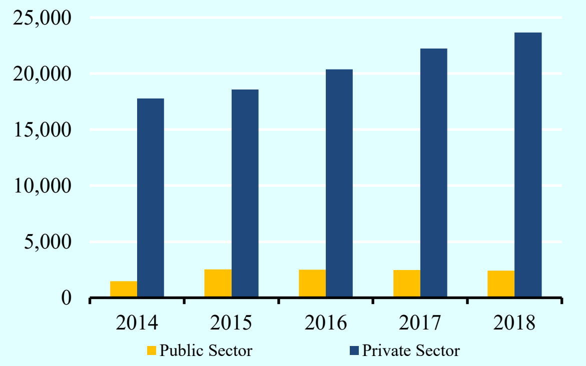
	2014	2015	2016	2017	2018
According to depositor					
Public sector	8.2	8.3	7.5	7.0	7.9
Private sector (resident)	79.2	79.1	81.9	81.1	79.6
Private sector (non-resident)	11.4	11.2	9.4	11.0	11.3
Non-banking financial institutions	1.2	1.4	1.2	0.9	1.2
According to maturity					
Demand deposits	29.7	30.5	31.3	29.6	27.7
Saving deposits	13.8	14.1	15.9	17.3	16.7
Time deposits	56.5	55.4	52.8	53.1	55.6
According to currency					
In Jordanian Dinar	79.4	79.8	78.9	77.2	75.8
In foreign currencies	20.6	20.2	21.1	22.8	24.2

❒ Credit Facilities Extended by Licensed Banks

- The outstanding balance of credit facilities extended by licensed banks continued its positive growth in 2018, increasing by JD 1,375.0 million (5.6 percent) to reach JD 26.1 billion, compared to JD 24.7 billion at the end of 2017 (Statistical Annex/Table 17).

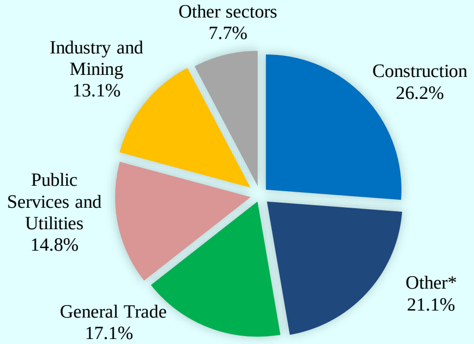
- According to borrowers, credit facilities extended to the private sector (resident) increased by JD 1,264.2 million (5.8 percent) to reach JD 23.0 billion at the end of 2018, accounting for 88.1 percent of total credit facilities extended by licensed banks. However, credit facilities extended to the public sector (central government and public entities) represented 9.3 percent.

Credit Facilities Extended by Licensed Banks According to Borrower
2014-2018, JD Million



- The structure of the credit according to economic activity revealed that credit facilities increased in most economic sectors in 2018. Credit facilities extended to the industrial sector increased by JD 340.1 million (12.5 percent) and to the general trade by JD 239.7 million (5.7 percent), in addition, credit facilities extended to "other" item increased by JD 237.0 million (4.5 percent). This item mainly consists of credit facilities extended to households for consumption purposes. Further, credit facilities extended to the construction sector increased by JD 229.9 million (3.5 percent), to "public services and utilities" sector by JD 145.7 million (3.9 percent), to financial services sector by JD 135.7 million (21.5 percent), and to mining sector by JD 100.5 million (39.4 percent). On the other hand, credit facilities extended to the "tourism, hotels, and restaurants" sector decreased by JD 25.4 million (4.5 percent), to transportation services sector by JD 25.5 million (7.2 percent), and to agriculture sector by JD 0.6 million (0.2 percent), compared to their levels registered at the end of 2017.

Relative Importance of Credit Facilities According to Economic Activity, 2018



*Represents the credit facilities extended to individuals for consumption.

- It is worth mentioning that credit facilities in foreign currency accounted for 11.2 percent of total credit facilities extended in 2018, compared to 10.5 percent in 2017.

❐ Market Interest Rates

The weighted average interest rates on all deposits increased in 2018. Meanwhile, interest rates on all credit facilities decreased, except on “loans and advances”, that increased slightly by 5 basis points compared to their levels in 2017. Detailed developments of interest rates in 2018 are as follows:

- **Interest Rates on Credit Facilities:**
  - The interest rate on overdraft accounts decreased by 36 basis points to reach 8.41 percent, compared to 8.77 percent at the end of 2017.
  - The interest rate on “loans and advances” increased slightly by 5 basis points to stand at 8.69 percent, compared to 8.64 percent at the end of 2017.
  - The interest rate on “discounted bills and bonds” declined by 59 basis points to reach 9.64 percent, compared to 10.23 percent at the end of 2017.
  - The prime lending rate increased by 74 basis points to reach 9.57 percent at the end of 2018, compared to its level at the end of 2017.
- **Interest Rates on Deposits:**
  - The interest rate on demand deposits increased by 4 basis points to stand at 0.38 percent, compared to 0.34 percent at the end of 2017.
  - The interest rate on saving deposits increased by 16 basis points to reach 0.71 percent, compared to 0.55 percent at the end of 2017.
  - The interest rate on time deposits increased by 93 basis points to reach 4.73 percent, compared to 3.80 percent at the end of 2017.
  - Accordingly, the interest rate margin, measured by the difference between the rate on “loans and advances” and the rate on time deposits, fell by 88 basis points to reach 3.96 percent, compared to its level at the end of 2017.

Banks' Weighted Average Interest Rates on Deposits and Credit Facilities *
2014-2018, Percent

	2014	2015	2016	2017	2018
Deposits					
Demand	0.43	0.32	0.26	0.34	0.38
Saving	0.79	0.62	0.56	0.55	0.71
Time	4.11	3.06	3.04	3.80	4.73
Credit facilities					
Overdrafts	9.15	8.01	7.60	8.77	8.41
Loans and advances	8.84	8.24	7.83	8.64	8.69
Discounted bills & bonds	9.95	8.70	10.42	10.23	9.64

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

❒ Jordanian Banks' Activities in the Palestinian Territories

The performance of Jordanian banks did not only improve locally, but they also continued to show a positive performance in the Palestinian territories. The consolidated balance sheet of the branches of Jordanian banks operating in the Palestinian territories exhibited an expansion in total assets/liabilities of JD 59.4 million (1.2 percent) to reach JD 4,812.1 million at the end of 2018, compared to JD 4,752.7 million at the end of 2017 (Statistical Annex/Table 18).

The increase in the assets side was an outcome of the increase in the portfolio by JD 57.7 million (11.7 percent), and the balances in the banking system by JD 24.0 million (1.6 percent), whereas, "other assets" decreased by JD 19. 9 million (10.6 percent).

The increase in liabilities was due to the increase in "capital reserves and provisions" by JD 27.5 million (4.3 percent), "deposits in the banking system" by JD 21.5 million (10.2 percent), and "other liabilities" by JD 16.4 million (5.7 percent).

Insurance Companies

The number of insurance companies operating in Jordan stood at 24 companies at the end of 2018; one of them specializes in life insurance, 8 are general insurance companies, and the remaining 15 companies offer both types of insurance.

The available data on the consolidated balance sheet of insurance companies for 2017 revealed that total assets/liabilities increased by JD 36.8 million (4.0 percent), compared to its level at the end of 2016, to reach JD 952.4 million (Statistical Annex/Table 19).

On the assets side, "investments and other assets" increased by JD 31.0 million (6.8 percent) and "cash balances and deposits" by JD 7.1 million (2.6 percent). In contrast, "accounts receivables" decreased by JD 1.3 million (0.7 percent), compared to their levels at the end of 2016.

On the liabilities side, it was noted that the expansion in liabilities was driven by the increase in “technical reserves” by JD 26.6 million (6.6 percent) and “other liabilities” by JD 15.1 million (22.5 percent), and the decrease in the provisions by JD 2.4 million (21.2 percent), “accounts payable” by JD 1.8 million (1.5 percent), and “paid-up capital and reserves” by JD 0.7 million (0.2 percent), compared to their levels registered at the end of 2016.

The collected premiums rose by JD 12.6 million (2.1 percent) to reach JD 606.7 million in 2018, the compensations paid by insurance companies increased by JD 7.6 million (1.7 percent) to reach JD 466.3 million.

The rise in the collected premiums was mainly attributed to the increase in the collected premiums of medical insurance by JD 13.3 million (7.9 percent), and the life insurance collected premiums by JD 6.4 million (8.0 percent). The collected premiums of motor vehicle insurance accounted for 37.6 percent of the total collected premiums, followed by medical insurance at 30.0 percent. Other insurance types, namely; life, fire, general accidents, and maritime accounted for 14.2 percent, 11.5 percent, 3.7 percent, and 3.0 percent of the total collected premiums, respectively (Statistical Annex/Table 20).

Relative Importance of Insurance Written Premiums
2014-2018, Percent

	2014	2015	2016	2017	2018*
Motor vehicle insurance	40.4	40.3	38.6	39.2	37.6
Medical insurance	27.1	28.1	29.4	28.4	30.0
Life insurance	10.1	11.1	12.1	13.4	14.2
Accident insurance	4.6	3.8	3.5	3.6	3.7
Maritime insurance	4.8	4.1	3.5	3.1	3.0
Fire insurance	13.0	12.6	12.8	12.3	11.5

Source : Ministry of Industry Trade and Supply.
* : Preliminary.

The increase in the paid-up compensations was mainly attributed to the increase in the compensations paid for motor vehicle insurance by JD 19.2 million (8.6 percent), which accounted for 52.1 percent of the total paid-up compensations, while medical insurance accounted for 34.2 percent. (Statistical Annex/Table 21).

Relative Importance of Paid Claims by Insurance Companies
2014-2018, Percent

	2014	2015	2016	2017	2018*
Motor vehicle insurance	48.1	51.9	46.4	48.8	52.1
Medical insurance	30.8	33.7	32.6	34.8	34.2
Life insurance	5.9	5.6	8.2	9.5	7.1
Accident insurance	1.8	1.5	1.4	1.3	1.3
Maritime insurance	1.9	2.0	0.9	1.0	1.2
Fire insurance	11.5	5.3	10.5	4.7	4.2

Source : Ministry of Industry Trade and Supply.
* : Preliminary.

Amman Stock Exchange

The performance of Amman Stock Exchange (ASE) indicators in 2018 showed mixed outcomes compared to 2017. The trading volume decreased by 20.7 percent, the share price index, weighted by the market value of the free floating shares, decreased by 10.2 percent, and the market capitalization fell by 5.0 percent to reach JD 16.1 billion (55.7 percent of GDP). On the other hand, the non-Jordanian net investments at ASE recorded an inflow of JD 484.5 million. The following is a summary of the performance of the main indicators of ASE in 2018:

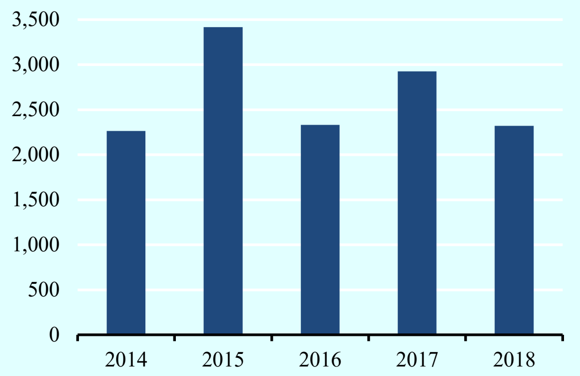
- The trading volume decreased by JD 606.9 million (20.7 percent) to reach JD 2,319.3 million, compared to an increase of JD 596.7 million (25.6 percent) in 2017. This decrease came as an outcome of the decrease in the trading volume in the financial sector by JD 795.5 million (42.0 percent), as well as the services sector by JD 144.0 million (38.4 percent), and the increase in the trading volume in the industry sector by JD 332.6 million (50.7 percent) (Statistical Annex/ Table 22).

Relative Importance of Shares Traded by Sectors
2014-2018, Percent

	2014	2015	2016	2017	2018
Industry	16.7	10.1	30.2	22.4	42.6
Services	16.5	21.4	18.2	12.8	10.0
Financial	66.8	68.5	51.6	64.8	47.4

Source: Amman Stock Exchange.

Trading Volume at Amman Stock Exchange
2014-2018, JD Million



- Market capitalization declined by JD 839.9 million (5.0 percent) to stand at JD 16.1 billion, representing 55.7 percent of GDP, compared to a decrease of JD 376.8 million (2.2 percent) in 2017, representing 58.7 percent of GDP.

- The number of traded shares decreased by 470.8 million shares (27.4 percent) to reach a total of 1,245.9 million shares, compared to a decrease of 120.0 million shares (6.5 percent) in 2017. Furthermore, the number of executed contracts decreased by 205.7 thousand (28.7 percent) to reach 511.8 thousand at the end of 2018. An analysis of the traded shares by sectors indicated that the financial sector accounted for the majority of traded shares at 60.6 percent, followed by the industrial and services sectors at 21.2 percent and 18.2 percent, respectively.

- The non-Jordanian net investments at ASE registered an inflow of JD 484.5 million, compared to an outflow of JD 334.3 million in 2017. The purchases of non-Jordanian investors amounted to JD 1,231.8 million in 2018, while their sales stood at JD 747.3 million.

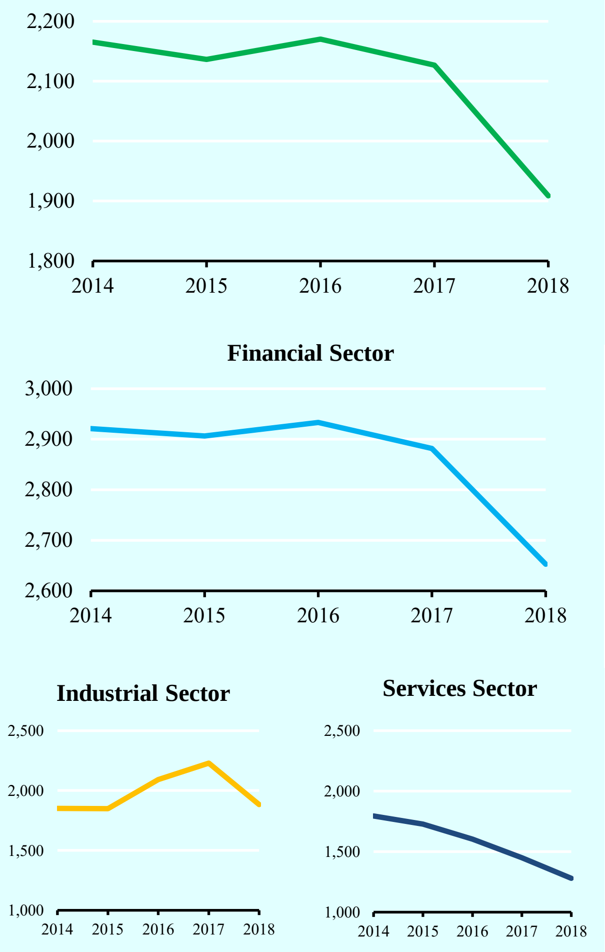
Shares Traded by Non-Jordanians at Amman Stock Exchange
2014-2018, JD Million

	2014	2015	2016	2017	2018
Total purchases	**362.7**	**981.7**	**666.5**	**994.9**	**1,231.8**
Arab	262.1	894.3	520.3	638.6	214.7
Foreigners	100.6	87.4	146.2	356.3	1,017.1
Total sales	**384.8**	**971.1**	**429.4**	**1,329.2**	**747.3**
Arab	247.8	873.5	304.1	1,177.6	177.2
Foreigners	137.0	97.6	125.3	151.6	570.1
Net investment	**-22.2**	**10.6**	**237.1**	**-334.3**	**484.5**
Arab	14.3	20.8	216.2	-539.0	37.4
Foreigners	-36.4	-10.2	20.9	204.7	447.1

Source: Amman Stock Exchange.

- **General Share Price Index (GSPI):**
  - The General Share Price Index (GSPI), weighted by the market capitalization, closed at 3,797.1 points at the end of 2018, decreasing by 212.3 points (5.3 percent), compared to its level at the end of 2017. This decrease was driven by the decline in the indices of the industrial sector by 304.5 points (11.6 percent), the services sector by 136.9 points (14.7 percent), the banking sector by 89.2 points (1.1 percent) and the increase in the index of the insurance sector by 115.3 points (9.1 percent) (Statistical Annex/Table 23).
  - The General Share Price Index (GSPI), weighted by the market value of the free-floating shares, closed at 1,908.8 points at the end of 2018, down by 218.0 points (10.2 percent) from its level in 2017, compared to a decline by 43.5 points (2.0 percent) registered in 2017. This decline was a result of the drop in the indices of the industrial sector by 346.8 points (15.6 percent), the financial sector by 228.8 points (7.9 percent), and the services sector by 169.9 points (11.7 percent) (Statistical Annex/Table 24).

General Share Price Index Weighted by Free Float Shares, 2014-2018
(Closing December 1999=1000), Points



Other Financial Institutions

In addition to the aforementioned institutions, many other non-banking financial institutions provide supportive financial services, including deposit insurance services, loans and export credit guarantee services, mortgage refinance services, and the Social Security Investment Fund. These institutions stand side by side with banks and financial institutions to draw the integrated features of the financial and banking sector of the Kingdom. The following is a review of other financial institutions' activities in 2018:

❐ Jordan Deposit Insurance Corporation

In 2018, Jordan Deposits Insurance Corporation (JDIC) continued its activities to achieve its objectives of protecting depositors with licensed banks, through guaranteeing their deposits in order to encourage savings, as well as strengthen confidence and stability in the banking system. At the legislative level, the Cabinet approved the draft amended law of the JDIC, according to its decision no. (6692) on February 26, 2018. The amendments include three pillars:

1- The mandatory membership of Islamic banks under the corporation's insurance umbrella, thus providing protection to a larger segment of depositors at the banks operating in the Kingdom.

2- Giving the corporation a role in finding solutions for troubled banks, which traditionally carried out by the CBJ, in line with the CBJ's proposed amendment on the Banking Law, thereby ensuring coordination and cooperation between the two institutions and 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.

The volume of insured deposits in 2018 reached JD 19,421.3 million (75.7 percent of the total JD deposits with the banking system), compared to JD 19,340.1 million (75.4 percent of the total JD deposits with the banking system) in 2017. At the financial aspect, the annual membership fees collected from member banks reached JD 48.4 million in 2018, while net investment income reached JD 36.4 million. Accordingly, the corporation's reserves grew by 12.1 percent to reach JD 774.5 million at the end of 2018, compared to JD 690.9 million at the end of 2017. The reserves coverage ratio reached 4.0 percent of insured deposits, compared to 3.6 percent at the end of 2017.

The book value of the corporation's investments portfolio increased by 15.9 percent to reach JD 760.8 million, with an average return of 5.2 percent, compared to JD 656.7 million in 2017.

❒ Jordan Loan Guarantee Corporation

In 2018, the Jordan Loan Guarantee Corporation (JLGC) signed 8 cooperation agreements with participating banks, and 8 bills of exports credit guarantee with exporters.

The JLGC also continued working towards achieving its objectives of providing loan guarantees for the SMEs, contributing to the bolstering of the national economy, and providing jobs opportunities. Accordingly, the corporation guaranteed 1,860 loans through all its guarantee programs, with a nominal value of JD 110.0 million.

In light of that, the number of outstanding guaranteed loans at the end of 2018 stood at 4,601 loans with a total guaranteed amount of JD 105.1 million, compared to 4,349 loans with a total guaranteed amount of JD 93 million at the end of 2017.

In addition, the JLGC continued to provide support to Jordanian exports through its Export Credit Guarantee (ECG) program in 2018, as it provided guarantees for 1,016 shipments at a value of JD 58.5 million, compared to 986 shipments at a value of JD 52.0 million in 2017.

In order to enable the JLGC to achieve better results for the promotion of the export credit guarantee (ECG) program, the CBJ provided an advance of JD 50.0 million to the JLGC to raise guarantees ceilings for the start-up projects within the ECG program. This program was established at the initiative of the CBJ, in cooperation with the licensed banks in Jordan, to enable the JLGC to provide fund with concessional terms to startups and newly established companies.

Within this program, the JLGC provided guarantees for 110 start-up projects with a nominal value of JD 6.2 million and a guaranteed value of JD 5.25 million.

Moreover, the JLGC raised the ceiling for each single loan, within the Services and Industrial Sector Fund program, to JD 1.0 million instead of JD 550.0 thousand, in order to meet the financial needs of the industrial and services sectors.

At the financial level, the JLGC's operational revenues stood at JD 1.7 million in 2018, compared to JD 1.4 million in 2017. The corporation's investment revenues reached JD 1.9 million, compared to JD 1.5 million in 2017. Further, the JLGC's net profits stood at about JD 697 thousand, compared to JD 731 thousand in 2017.

❐ Jordan Mortgage Refinance Company

The Jordan Mortgage Refinance Company (JMRC) continued its effective involvement in developing and stimulating the mortgage market, and meeting the housing needs for low-income segments of the population. In 2018, the JMRC signed 26 loan agreements, with maturities ranging from one year to less than five years at a total amount of JD 207.5 million. Since the inception of its operations in 1996, the JMRC has signed a total of 273 agreements for refinancing housing loans in the amount of JD 1,467.0 million, with an outstanding balance of JD 506.5 million at the end of 2018.

These loans have contributed to increasing the demand of Jordanian citizens for home ownership and increasing the amounts allocated by banks for the purpose of granting housing loans, which has led to increased competition among banks in terms of improving the terms of housing lending and increasing maturities, thus helps to enhance the ability to pay the installments of housing loans for a larger segment of the borrowers.

As for the JMRC fund sources, it relies on the issuance of corporate bonds in the local market to refinance housing loans. The company issued bonds worth JD 207.5 million in 2018, bringing the accumulated value of issued bonds (since the establishment) to JD 1,584.0 million, with maturities ranging from one year and less 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. The outstanding balance of corporate bonds issued by the JMRC stood at JD 490.5 million at the end of 2018.

❒ 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 covered by the social security umbrella. Moreover, the SSC invests in economic and financial projects based on investment experience, prudent investment decisions, and performance controlling. The investment strategy of the SSC helps in 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 and launched its operations in 2003.

The latest available data on the SSIF’s operations revealed that its balance sheet (total assets/liabilities) increased by JD 1.0 billion (10.8 percent), at the end of 2018 compared to the end of 2017, amounting to a total of JD 10.2 billion.

The increase in total assets was driven by the rise of the SSIF’s “bonds portfolio” by JD 467.7 million (10.0 percent). In addition, the “financial instruments portfolio” increased by JD 419.6 million (43.6 percent), the “other assets” by JD 70.0 million (15.1 percent), the “loans portfolio” by JD 44.6 million (19.4 percent), the “real estate portfolio” by JD 16.6 million (2.9 percent), and the “tourism investment portfolio” by JD 1.0 million (0.4 percent). In contrast, the “equity investment portfolio (public and private)” decreased by JD 19.5 million (0.9 percent); compared to their levels registered at the end of 2017 (Statistical Annex/Table 25).

The relative distribution of the SSIF’s assets revealed the increased reliance on investment in the “bonds portfolio”, which accounted for (50.3 percent) of the total assets, followed by the “equity investment portfolio” at 20.0 percent, and “financial instruments portfolio” at 13.5 percent of the total assets in 2018.

CHAPTER THREE

PUBLIC FINANCE SECTOR

In 2018, the government continued to implement the national economic and structural reform program, in cooperation with the International Monetary Fund (IMF), aiming at reforming public finance, addressing its imbalances, and enhancing self-reliance, through focusing on continuous and gradual fiscal reforms. Although the Jordanian economy continues influencing by challenges posed by the instability in the region, significant structural reforms have been made, notably the approval of the Amending Income Tax Law, which is considered the cornerstone of a more comprehensive, efficient and equitable tax system, that aims to tackles more rigorously the problems of tax avoidance and evasion. These are expected to be reflected positively on the overall deficit of the general budget and bringing public debt to GDP ratio to safe and sustainable levels, while taking into consideration that the reforms do not adversely affect middle- and low-income segments or their basic needs.

The implemented fiscal reforms by the government during 2018 have resulted in an improvement in the performance of public finance, as the overall fiscal deficit of the general budget, including foreign grants, declined by 0.2 percentage point to reach 2.4 percent of GDP, compared to 2.6 percent of GDP in 2017. This decline was the outcome of the rise in both public revenues (domestic revenues and foreign grants) by 5.6 percent, and public expenditures by 4.8 percent compared to 2017.

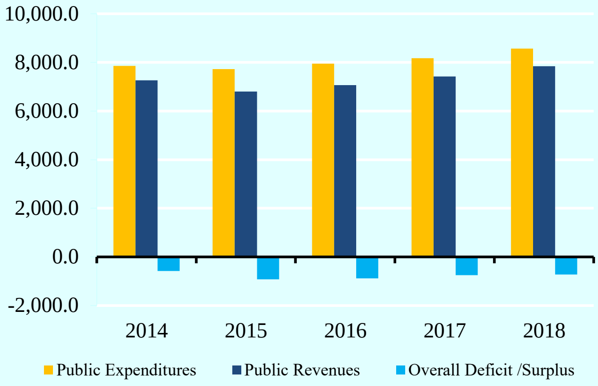
As for the public debt, the outstanding balance of gross public debt (domestic and external) increased by JD 1,039.1 million to reach JD 28,308.3 million, or 94.4 percent of GDP, at the end of 2018, compared to JD 27,269.2 million (94.3 percent of GDP) at the end of 2017. This increase was a result of financing the general budget deficit as well as guaranteed loans of the National Electric Power Company (NEPCO) and the Water Authority of Jordan (WAJ). The indebtedness of NEPCO and WAJ stood at about JD 7.4 billion at the end of 2018 (26.1 percent of the outstanding balance of the gross public debt). Moreover, the outstanding balance of net public debt increased to JD 26,900.6 million, or 89.7 percent of GDP, at the end of 2018 compared to JD 25,435.7 million (88.0 percent of GDP) at the end of 2017.

General Budget

The overall fiscal position of the central government improved in 2018; owing to the government's continued implementation of more fiscal reforms that focused, particularly, on boosting domestic revenues. The overall fiscal deficit of the general budget, including foreign grants, decreased by JD 20.3 million to reach JD 727.6 million (2.4 percent of GDP), compared to a deficit of JD 747.9 million (2.6 percent of GDP) in 2017. When foreign grants were excluded (JD 894.7 million), the overall fiscal deficit went up to JD 1,622.3 million, or 5.4 percent of GDP, compared to 5.0 percent of GDP in 2017. This improvement in the general budget performance was an outcome of the increase in both public revenues by JD 414.3 million and public expenditures by JD 394.1 million.

The improvement in public revenues during 2018 has contributed in narrowing the government revenues-expenditures gap, and hence, enhancing the coverage ratio of public revenues to public expenditures by 0.7 percentage point, compared to its level in 2017, to reach 91.5 percent.

Summary of Central Government Budget
2014-2018, JD Million



Developments in Public Revenues and Public Expenditures, 2015-2018, JD Million

	2015	2016	2017	2018
Public Revenues	**6,796.8**	**7,069.6**	**7,425.3**	**7,839.6**
Growth rate (%)	-6.5	4.0	5.0	5.6
Public Expenditures	**7,722.7**	**7,948.2**	**8,173.2**	**8,567.3**
Growth rate (%)	-1.6	2.9	2.8	4.8
Overall deficit/ surplus	**-925.9**	**-878.6**	**-747.9**	**-727.6**
Ratio to GDP (%)	-3.5	-3.2	-2.6	-2.4

❒ Public Revenues

Public revenues (domestic revenues and foreign grants) increased by JD 414.3 million (5.6 percent) in 2018, compared to its 2017 level, to reach JD 7,839.6 million. This increase was an outcome of the increase in domestic revenues by JD 227.5 million, and foreign grants by JD 186.8 million.

Main Indicators of Public Revenues
2015-2018, JD Million

	2015	2016	2017	2018
Domestic revenues	**5,910.6**	**6,233.6**	**6,717.4**	**6,944.9**
Ratio to public revenues (%)	87.0	88.2	90.5	88.6
Ratio to current expenditures (%)	89.2	90.1	94.4	91.1
Ratio to GDP (%)	22.0	22.4	23.2	23.2
Foreign grants	**886.2**	**836.0**	**707.9**	**894.7**
Ratio to public revenues (%)	13.0	11.8	9.5	11.4
Ratio to GDP (%)	3.3	3.0	2.4	3.0
Public revenues	**6,796.8**	**7,069.6**	**7,425.3**	**7,839.6**
Ratio to public expenditures (%)	88.0	88.9	90.8	91.5
Ratio to GDP (%)	25.2	25.4	25.7	26.1

- ## Domestic Revenues

Domestic revenues increased by JD 227.5 million (3.4 percent) to reach JD 6,944.9 million in 2018, compared to its 2017 level. This rise was a result of the increase in both tax revenues by JD 192.0 million (4.4 percent) to reach JD 4,535.6 million, and non-tax revenues by JD 35.5 million (1.5 percent) to reach JD 2,409.3 million. Accordingly, tax revenues accounted for the largest share of domestic revenues, amounting to 65.3 percent.

The developments in tax revenues components revealed that the proceeds of the general sales taxes on goods and services grew by JD 191.1 million (6.4 percent), reaching JD 3,184.6 million, compared to an increase of 3.8 percent in 2017. This component accounted for the bulk of tax revenues; amounting to 70.2 percent. This increase came, partially, as a result of the government cancellation of many sales tax exemptions, and raising tax rates imposed on a number of goods. The foremost items that witnessed an increase in their sales tax proceeds were domestic goods, services, and the commercial sector by 18.9 percent, 11.2 percent, and 9.4 percent, respectively. On the other hand, the proceeds of sales tax on imported goods decreased by 6.3 percent.

Moreover, the proceeds of income and profits taxes increased by JD 27.0 million (2.9 percent) to reach JD 965.0 million. This increase was mainly due to the rise of the proceeds of income tax from companies and other projects by JD 19.6 million to stand at JD 762.3 million, accounting for 79.0

percent of the total proceed of income and profit taxes. In addition, the proceeds of income tax from individuals increased by JD 7.5 million to reach JD 202.8 million, accounting for the remaining 21.0 percent of the total proceed of income and profit taxes.

On the other hand, the proceeds of taxes on international trade and transactions decreased by JD 11.4 million (3.7 percent) to reach JD 292.9 million in 2018.

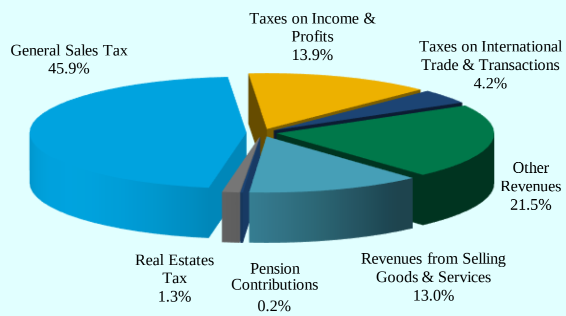
Regarding the non-tax revenues, which forms almost one third of total domestic revenues, the proceeds of "other revenues" item rose by JD 36.2 million (1.5 percent) to reach JD 2,398.4 million in 2018. This increase was an outcome of the rise in the proceeds of miscellaneous revenues by 9.5 percent, and the decrease in both the property income by 14.8 percent and the selling of goods and services by 1.6 percent.

Nonetheless, the proceeds of pension contributions item were down by JD 0.7 million (6.0 percent) to reach JD 10.9 million.

Components of Domestic Revenues
2015-2018, JD Million

	2015	2016	2017	2018
Tax revenues	**4,096.8**	**4,254.3**	**4,343.6**	**4,535.6**
Ratio to domestic revenues (%)	69.3	68.2	64.7	65.3
Ratio to GDP (%)	15.2	15.3	15.0	15.1
Other revenues	**1,795.2**	**1,964.1**	**2,362.2**	**2,398.4**
Ratio to domestic revenues (%)	30.4	31.5	35.2	34.5
Ratio to GDP (%)	6.7	7.1	8.2	8.0
Pension contributions	**18.6**	**15.2**	**11.6**	**10.9**
Ratio to domestic revenues (%)	0.3	0.2	0.2	0.2
Ratio to GDP (%)	0.1	0.1	0.04	0.04
Total domestic revenues	**5,910.6**	**6,233.6**	**6,717.4**	**6,944.9**

Structure of Domestic Revenues of the Budgetary Central Government, 2018



- **Foreign Grants**

Foreign grants, directed to support the general budget, increased by JD 186.8 million (26.4 percent) to reach JD 894.7 million, compared to its 2017 level.

Following are the allocation of these grants:

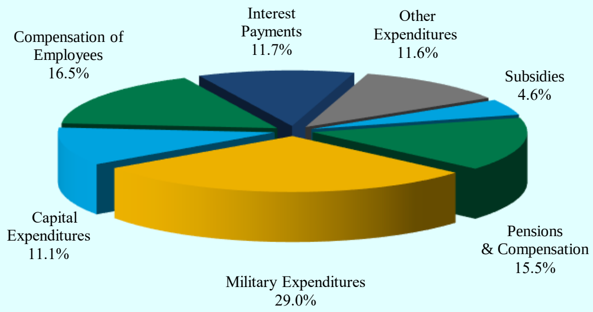
- The USA grant of JD 535.1 million.
- The Gulf Fund for Development grant of JD 158.8 million.
- The European Economic Community grant of JD 36.0 million.
- Other grants worth JD 164.8 million.

Within the context of the GCC grant, which has allocated USD 5.0 billion to finance development projects in the Kingdom over five years (2012-2016), the total disbursements amount reached JD 2.38 billion (USD 3.36 billion) by the end of 2018. It is worth noting that Qatar has not paid any part of its contribution to the GCC grant (USD 1.25 billion).

Public Expenditures

Public expenditures increased by JD 394.1 million (4.8 percent) to reach JD 8,567.3 million in 2018, compared to an increase of 2.8 percent in 2017. This rise was an outcome of the increase in the current expenditures by JD 506.6 million, and the decrease in the capital expenditures by JD 112.5 million.

Structure of Public Expenditures of the Budgetary Central Government, 2018



Main Indicators of Public Expenditures
2015-2018, JD Million

	2015	2016	2017	2018
Current expenditures	**6,624.5**	**6,919.1**	**7,113.0**	**7,619.6**
Ratio to total expenditures (%)	85.8	87.1	87.0	88.9
Ratio to GDP (%)	24.6	24.9	24.6	25.4
Capital expenditures	**1,098.2**	**1,029.1**	**1,060.2**	**947.7**
Ratio to total expenditures (%)	14.2	12.9	13.0	11.1
Ratio to GDP (%)	4.1	3.7	3.7	3.2
Public expenditures	**7,722.7**	**7,948.2**	**8,173.2**	**8,567.3**
Ratio to GDP (%)	28.7	28.6	28.3	28.6

- **Current Expenditures**

Current expenditures grew by 7.1 percent (JD 506.6 million) in 2018, compared to a growth of 2.8 percent in 2017, to stand at JD 7,619.6 million, accounting for the greater portion of the public expenditures with 88.9 percent, and 25.3 percent of GDP.

Because the growth rate of current expenditures was higher than that of domestic revenues, the self-reliance indicator, measured by the ratio of domestic revenues to current expenditures, fell to 91.1 percent compared to 94.4 percent in 2017.

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 34.3 percent, and the interest payments of public debt (domestic and external), on commitment basis, by 17.3 percent. In addition, the military expenditures went up by 6.8 percent and the compensation of employees by 2.4 percent. In contrast, the “purchases of goods and services” item was down by 22.2 percent.

Looking at the structure of current expenditures (Statistical Annex/Table 28), it is noted that non-flexible current expenditures items form the majority of total current expenditures, accounting for 81.9 percent, while flexible current expenditures accounted for the remaining 18.1 percent. Military expenditures represented the bulk of non-flexible current expenditures of 32.6 percent, whereas compensation of employees (salaries, wages, and social security contributions) accounted for 18.6 percent, followed by “pension and compensations” expenditures (17.5 percent), and interest payments (13.2 percent). However, the “purchases of goods and services” item constituted the largest portion of the flexible current expenditures, accounting for 3.9 percent of the total current expenditures, followed by subsidies (1.6 percent).

The functional classification of the current expenditures showed that the social protection expenses captured the largest share of current expenditures, accounting for

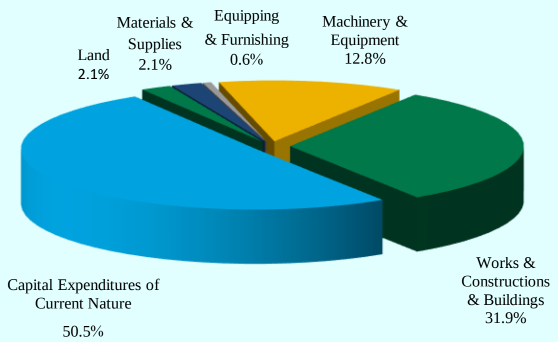
22.3 percent, followed by the expenditures of general public services (18.3 percent), then "public order and safety" (15.8 percent), defense (15.4 percent), health (12.3 percent), education (12.2 percent), and the remaining 3.7 percent was distributed among other expenses.

- **Capital Expenditures**

Capital expenditures decreased by 10.6 percent (JD 112.5 million) to reach JD 947.7 million, compared to an increase of 3.0 percent in 2017, accounting for 11.1 percent of public expenditures and they still constitute a modest percentage of GDP (3.1 percent). On the other hand, the ratio of achievement (the ratio of actual capital expenditures to planned capital expenditures in the Budget Law), decreased to reach 82.2 percent compared to 87.1 percent in 2017.

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 50.5 percent of capital expenditures, while "works and constructions" and buildings constituted about 31.9 percent. The remaining 17.6 percent was distributed among other items, particularly, machines, equipment, lands, furniture and supplies.

Economic Classification of Capital Expenditures, 2018



The functional classification of capital expenditures revealed that the expenditures on economic affairs acquired the largest share of capital expenditures, accounting for 29.7 percent. However, the expenditures on "housing and community facilities" accounted for 23.8 percent, followed by the expenditures on both health and education (19.4 percent), while the remaining share of 27.1 percent was distributed among other expenses.

Fiscal Deficit/Surplus

The developments in both public revenues and public expenditures during 2018 affected the various measures of the general budget deficit as follows:

- The overall fiscal deficit of the general budget, including foreign grants, decreased to JD 727.6 million (2.4 percent of GDP), compared to an overall fiscal deficit of JD 747.9 million (2.6 percent of GDP) in 2017. This level of deficit exceeded the re-estimated deficit stipulated in the Budget Law for 2018 by JD 204.3 million. When foreign grants were excluded, the overall fiscal deficit of the general budget went up to JD 1,622.3 million (5.4 percent of GDP), compared to an overall fiscal deficit of JD 1,455.9 million (5.0 percent of GDP) in 2017.
- The general budget recorded a primary surplus including foreign grants (public revenues *minus* public expenditures after excluding interest payments on public debt) of JD 276.7 million (0.9 percent of GDP), compared to a primary surplus of JD 108.3 million (0.4 percent of GDP) in 2017. When foreign grants were excluded, the general budget recorded a primary deficit of JD 618.0 million (2.1 percent of GDP), compared to a primary deficit of JD 599.6 million (2.1 percent of GDP) in 2017.
- Current deficit (domestic revenues *minus* current expenditures) stood at JD 674.8 million (2.3 percent of GDP), compared to a current deficit of JD 395.6 million (1.4 percent of GDP) in 2017.

Measures of Budget Deficit/Surplus
2015-2018, as a Percent of GDP

	2015	2016	2017	2018
Primary deficit/surplus (Including Grants)	-0.04	-0.2	0.4	0.9
Primary deficit/surplus (Excluding Grants)	-3.3	-3.2	-2.1	-2.1
Current deficit/surplus	-2.7	-2.5	-1.4	-2.3
Overall deficit/surplus (Including Grants)	-3.5	-3.2	-2.6	-2.4
Overall deficit/surplus (Excluding Grants)	-6.8	-6.2	-5.0	-5.4

Own-Budget Agencies

The fiscal deficit of the own-budget agencies increased during 2018 to reach JD 234.5 million, compared to a fiscal deficit of JD 96.8 million in 2017. The consolidated budget of own-budget agencies revealed that 11 governmental agencies (out of 57 governmental agencies) recorded a fiscal deficit of JD 476.5 million. It is worth mentioning that NEPCO, according to the re-estimate figures, registered a fiscal deficit of JD 174.2 million, compared to a fiscal deficit of JD 5.6 million in 2017. Furthermore, WAJ, according to re-estimate figures, recorded a fiscal deficit of JD 282.9 million, compared to a fiscal deficit of JD 239.9 million in 2017.

By analyzing the revenues and the expenditures of own-budget agencies during 2018, it is noted that their revenues declined by JD 40.7 million to reach JD 1,440.5 million. "Total revenues from sales goods and services" topped the list of own-budget agencies revenues with 80.1 percent (JD 1,154.5 million). Meanwhile, government subsidies, both current and capital, for these agencies totaled JD 153.8 million, and foreign grants amounted to JD 38.4 million.

The total expenditures of own-budget agencies were up by 6.2 percent to reach JD 1,675.0 million in 2018. This increase was a result of the rise in their capital expenditures by 10.4 percent, accounting for 33.0 percent of total expenditures, and the rise in current expenditures of these agencies by 4.2 percent, accounting for 67.0 percent of total expenditures (Statistical Annex/Table 26-B).

On the other hand, the government decided the transfer budgets of 29 own-budget agencies to the General Budget Law, and subjected them to the Government Financial Information Management System (GFIMS). This decision came within the government's efforts to enhance the inclusiveness of the general budget and its data, in addition to improve the governmental supervision over the expenses of own-budget agencies, as well as to control their accounting records and classifications.

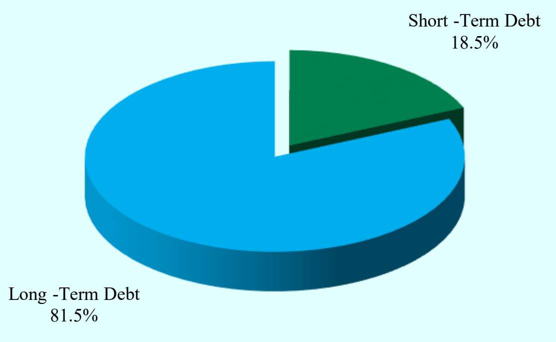
Public Debt

The outstanding balance of gross public debt (domestic and external) increased by JD 1,039.1 million to reach JD 28,308.3 million (94.4 percent of GDP) at the end of 2018, compared to 94.3 percent of GDP at the end of 2017. This increase was a result of the rise in the outstanding balance of domestic public debt by JD 818.6 million to reach JD 16,220.7 million (54.1 percent of GDP), and the rise in the external public debt by JD 220.3 million to reach JD 12,087.5 million (40.3 percent of GDP). The surge in the volume of gross 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 26.1 percent the gross public debt (24.7 percent of GDP) at the end of 2018.

On the other hand, government deposits at the banking system were down by JD 425.8 million at the end of 2018, compared to their level at the end of 2017, to reach JD 1,407.7 million. Accordingly, the outstanding balance of net domestic public debt increased by JD 1,244.5 million to reach JD 14,813.1 million (49.4 percent of GDP). The outstanding balance of net public debt also increased by JD 1,464.9 million to reach JD 26,900.6 million, or 89.7 percent of GDP compared to 88.0 percent of GDP at the end of 2017.

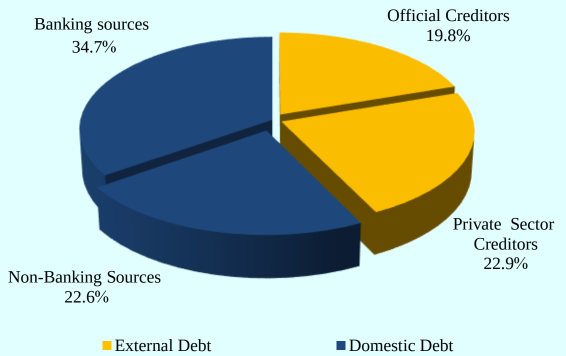
The structure of public debt, based on remaining maturity at the end of 2018 showed that the share of short-term debt (matures in one year or less) to gross public debt increased to 18.5 percent, compared to 17.1 percent at the end of 2017. Despite the government strategy of raising the medium- and long- term borrowing, in order to mitigate domestic refinancing and interest rate risks, the share of medium- and long-term debt (matures after one year or more) decreased, to 81.5 percent of gross public debt compared to 82.9 percent at the end of 2017.

Public Debt Structure, According to Maturity, 2018
(Based on Loan's Remaining Life)



The classification of public debt according to creditors revealed that domestic public debt held by licensed banks accounted for the largest proportion of the gross public debt, standing at 34.7 percent at the end of 2018, whereas debt held by non-bank institutions (mainly Social Security Investment Fund) accounted for 22.6 percent. Moreover, external public debt from private sector creditors made up 22.9 percent of the gross public debt, while external public debt from official creditors (governments, international and regional financial institutions) made up 19.8 percent.

Public Debt Structure, According to Sources, 2018



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

Major Public Debt Indicators
2015-2018, Percent

	2015	2016	2017	2018
First: financial solvency indicators				
Gross public debt/ GDP	**92.4**	**93.8**	**94.3**	**94.4**
Gross public debt/ Domestic revenues	**420.9**	**418.6**	**405.9**	**407.6**
External debt/ Domestic revenues	158.9	165.2	176.7	174.0
External debt/ Exports	93.8	106.8	116.9	113.1
Second: Liquidity indicators				
External debt service/ Domestic revenues	24.7	26.8	17.6	18.7
External debt service/ Exports	14.6	17.3	11.6	12.2
Public debt interests/ Domestic revenues	15.5	13.4	12.7	14.5
Short-term debt(1)/ Public debt	26.0	19.1	17.1	18.5

Source : Ministry of Finance/ General Government Finance Bulletin, January 2019.

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

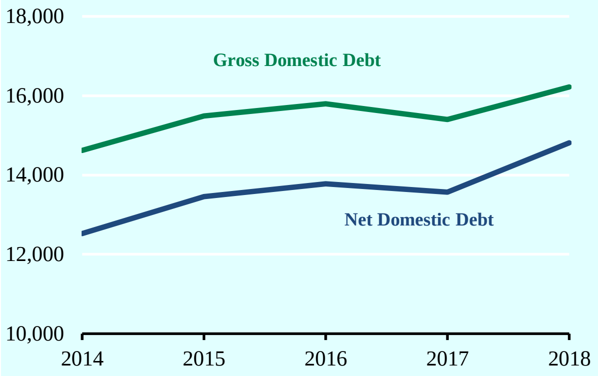
❐ Domestic Public Debt

The outstanding balance of gross domestic public debt (budgetary and own-budget) increased by JD 818.6 million, at the end of 2018 compared to its 2017 level, to stand at JD 16,220.7 million. This increase was a result of the government’s efforts to increase borrowing through the issuance of domestic bonds to finance the general budget and WAJ deficits, as well as to repay WAJ loans. Accordingly, the ratio of gross domestic public debt to GDP increased to reach 54.1 percent, compared to 53.3 percent of GDP at the end of 2017.

The increase in the outstanding balance of gross domestic public debt was an outcome of the rise in both the outstanding balance of gross budgetary debt of the central government by JD 805.5 million to reach JD 13,352.3 million, and the domestic debt of own-budget agencies by JD 13.2 million to reach JD 2,868.5 million. Thus, the domestic public debt of central government accounted for 82.3 percent of gross domestic public debt, whereas the domestic debt of own-budget agencies accounted for the remaining 17.7 percent.

The structure of gross domestic public debt according to its sources indicated that debt provided through banking system increased by JD 319.0 million to reach JD 9,824.1 million at the end of 2018, accounting for 60.6 percent of gross domestic public debt, compared to 61.7 percent at the end of 2017. This debt can be decomposed into "treasury bills and bonds" of JD 7,320.1 million (45.1 percent of gross domestic public debt), and loans and advances of JD 2,504.0 million (15.5 percent of gross domestic public debt). Debt extended through non-banking institutions amounted to JD 6,396.6 million, accounting for 39.4 percent of gross domestic public debt (Statistical Annex/Table 29).

Domestic Public Debt
2014-2018, JD Million



The turnover of domestic debt securities (treasury bills and bonds including those of own-budget agencies) showed that the issues of these securities stood at JD 4,166.4 million at the end of 2018, an increase of JD 235.4 million compared to their levels in 2017. The securities were distributed as follows:

- Treasury bills for JD 885.0 million.
- Treasury bonds for JD 3,281.4 million.

In contrast, The amortization of domestic debt securities decreased by JD 1,003.1 million during 2018, standing at JD 3,411.9 million. Since the issuance exceeded the amortization, the net issuance amounted to JD 754.5 million, compared to a net amortization of JD 484.0 million in 2017.

In light of the government's continuous efforts to diversify financing sources, and broaden the investors base, it issued, for the third times, Islamic Sukuk in favor of NEPCO in August 2018 worth JD 150.0 million, with an average return of 5.47 percent and a 5-year maturity. It is noteworthy that the first issuance of Islamic Sukuk was in 2016, with a value of JD 75.0 million and an average return of 3.5 percent, while the second issuance was in 2017 with the same value (JD 75.0 million) and an average return of 4.1 percent.

Due to the increase in the securities issues during 2018, the interests paid on domestic public debt securities increased by JD 59.8 million to reach JD 684.8 million, accounting for 9.9 percent of domestic revenues, up by 0.6 percentage point compared to its level in 2017.

As for the interest rates on domestic public debt securities, they stood at 5.25 percent on the 5-year maturity treasury bonds, 6.29 percent on a 7-year maturity, 6.79 percent on a 10-year maturity, and 7.9 percent on a 15-year maturity, compared to 5.56 percent, 6.41 percent, 6.92 percent, and 8.00 percent in 2017, respectively.

Selected Domestic Public Debt Indicators
2015-2018, JD Million

	2015	2016	2017	2018
Gross outstanding domestic public debt	**15,486.3**	**15,793.7**	**15,402.1**	**16,220.7**
Ratio to GDP (%)	57.5	56.8	53.3	54.1
Gross government's deposits with the banking system	2,028.9	2,013.3	1,833.5	1,407.7
Net outstanding domestic public debt	**13,457.4**	**13,780.4**	**13,568.6**	**14,813.1**
Ratio to GDP (%)	50.0	49.5	46.9	49.4
Transactions in domestic public debt instruments (1)				
Issue	3,620.0	5,546.0	3,931.0	4,166.4
Amortization	3,833.1	5,317.0	4,415.0	3,411.9
Interests	752.9	658.1	625.0	684.8

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 220.3 million at the end of 2018, standing at JD 12,087.5 million (40.3 percent of GDP), compared to JD 11,867.2 million (41.1 percent of GDP) at the end of 2017. This increase was attributed to the government issuance of domestic bonds in the US dollar of 700 million (JD 497.0 million) in October 2018, with a return of 5.25 percent and a 5-year maturity. On the other hand, the government paid off external debt, mainly the IMF loans of JD 364.8 million (mostly Stand-By Arrangement (SBA) repayments).

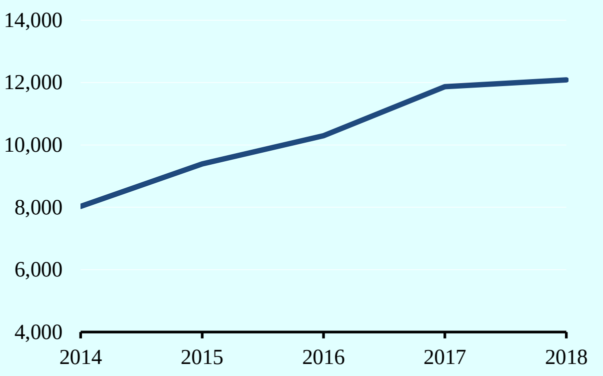
Net external borrowing raised the total outstanding balance of external debt by JD 283.8 million (USD 399.7 million). The decline in the exchange rates of major creditors' currencies against the Jordanian dinar reduced it by JD 63.5 million (USD 89.4 million).

External public debt according to its sources showed that the stock of bonds (including the Eurobonds and domestic bonds in the US dollar) captured about 53.5 percent of the external public debt at the end of 2018. While the debt from the regional and international institutions accounted for 27.0 percent, most of it owed to the World Bank (13.2 percent) and the International Monetary Fund (4.4 percent). Meanwhile, the debt owed to Arab and foreign governments (bilateral and export credit guarantees) accounted for 19.5 percent of the external public debt. The stock of bilateral loans accounted for the highest share of these loans, amounting to JD 2,131.6 million compared to JD 2,169.8 million at the end of 2017, whereas, the outstanding balance of export credit guarantees declined at JD 36.2 million, compared to JD 50.6 million in 2017. It is worth mentioning that Japan topped the list of creditor countries with 6.1 percent of the gross external indebtedness, followed by loans from France of 5.1 percent (Statistical Annex/Table 30).

The currency composition of the outstanding balance of external debt revealed that the largest portion of it was denominated in the US dollar, accounting for 72.4 percent, followed by debt denominated in euro (8.5 percent), then the Japanese yen (6.0 percent), the SDRs (5.6 percent), and Kuwaiti dinar (5.3 percent). Debt in other currencies accounted for the remaining 2.2 percent. The high US dollar-denominated debt was due to the government's strategy of raising borrowing in the US dollar instead of other currencies, in order to reduce the risk of exchange rate fluctuations.

On the other hand, the total disbursements of external loans declined by JD 1,038.6 million during 2018, standing at JD 1,193.8 million. Disbursements from the regional and international institutions stood at JD 584.1 million, accounting for 48.9 percent of the total disbursements, whereas disbursements from several creditors (domestic bonds in the US dollar) accounting for 41.6 percent, standing at JD 497.0 million. Furthermore, disbursements from the industrial countries captured 9.3 percent (JD 111.6 million), and from other sources captured 0.1 percent (Statistical Annex/Table 31).

External Public Debt
2014-2018, JD Million



Regarding the external public debt management, the volume of contracted external loans (budget and guaranteed) reached JD 1,387.1 million (USD 1,953.6 million) during 2018. The largest share of these loans was allocated for financing the general budget deficit in the amount of JD 1,198.9 million. Meanwhile, the remaining amount was allocated to support the energy sector (Statistical Annex/Table 32).

The contracted external loans of 2018 were detailed as follows:

- Issuing domestic bonds in the US dollar in the amount of JD 497.0 million.
- A loan from the World Bank and the International Development Association in the amount of JD 276.2 million.
- A loan from the Japan government in the amount of JD 213.0 million.
- A loan from the European Bank for Reconstruction and Development in the amount of JD 188.1 million
- A loan from the German government in the amount of JD 109.8 million.
- A loan from the Arab Monetary Fund in the amount of JD 103.0 million.

The external public debt service showed that the cash payments (interests and principals) stood at JD 1,300.1

million (4.3 percent of GDP) during 2018, compared to JD 1,179.7 million in 2017 (4.1 percent of GDP), an increase of JD 120.4 million. Accordingly, the external public debt service ratio (measured by the ratio of cash payments to total exports of goods and non-factor services) increased to 12.2 percent, compared to 11.6 percent during 2017.

Selected External Public Debt Indicators
2015-2018, JD Million

	2015	2016	2017	2018
Outstanding external public debt (1)	**9,390.5**	**10,299.0**	**11,867.2**	**12,087.5**
Ratio to GDP (%)	34.9	37.0	41.1	40.3
Repayments	**1,462.5**	**1,670.5**	**1,179.7**	**1,300.1**
Principal	1,230.2	1,434.0	888.3	921.9
Interest	232.4	236.5	291.4	378.2
Debt service ratio (%) (2)	14.6	17.3	11.6	12.2

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 has taken a bundle of fiscal, price and administrative measures, within the framework of economic reforms, during 2018, targeted towards controlling the public finance, and addressing the general budget imbalances, particularly in the areas of boosting domestic revenues, and preventing the financial waste, which are expected to anchor self-reliance. The measures focused on continuing tax system reforms, represented by approving the law amending the Income Tax Law, and implementing some decisions aimed at increasing tax revenues, such as the abolition of some sales tax exemptions. In addition, the government continued adjusting oil derivatives' prices on monthly basis, according to the developments in crude oil prices in the international markets.

The government's measures taken in 2018 can be detailed as follows:

- **Taxes Revenues:**
  - Issuing the Amending By-law for the year 2018, for the Special Tax By-law no. (80) for the year 2000, which includes raising the special tax on the following items (January 2018):
    - Soft drinks to become 20 percent.
    - Gasoline octane 95 and 98 to become 30 percent.

- Cigarettes by 200 fils per packet sold for domestic consumption, according to retail.

- Imposing a special tax on every imported car vehicle based on its weight as follows (January 2018):

The Special Tax Imposed for each Car Ride are Imported According to its Weight

Amount charged	Car weight
JD 500	for each car less than 1,000 Kg
JD 750	for each car higher than 1,000 Kg to 1,250 Kg
JD 1,000	for each car higher than 1,250 Kg to 1,500 Kg
JD 1,500	for each car higher than 1,500 Kg

- Canceling the tax exemption on hybrid vehicles, which has been applied by the government since 2012, thus hybrid vehicles will be subject to 55 percent special tax instead of 25 percent if the new hybrid vehicle is purchased without writing off the old vehicle. If the old vehicle is written off and replaced by a hybrid vehicle, the rate will be 40 percent instead of 12.5 percent (January 2018). These rates were reviewed in July 2018 and the following measures were taken:

  - Reducing the special tax on hybrid vehicles with 2500 cc engine and less, as follows:

The Special Tax on Hybrid Vehicles with 2500 cc Engine and Less

Proportion	Date of implemention of the resolution
30%	Starting from 1/7/2018 to 31/12/2018
35%	Starting from 1/1/2019 to 31/12/2019
40%	Starting from 1/1/2020 to 31/12/2020
45%	Starting from 1/1/2021 to 31/12/2021

  - Reducing the special tax imposed on hybrid cars that are replaced by old cars, which are written off, to become as follows:

The Special Tax of Scrapping Old Fuel-run Cars and Replacing them for Hybrid Vehicles

Proportion	Date of implemention of the resolution
12.5%	Starting from 1/7/2018 to 31/12/2018
20%	Starting from 1/1/2019 to 31/12/2019
25%	Starting from 1/1/2020 to 31/12/2020
30%	Starting from 1/1/2021 to 31/12/2021

- Amending the special tax imposed on each imported car vehicle based on its weight, as follows:

The Special Tax Imposed for Each Car Ride are Imported According to its Weight

Amount charged	Car weight
JD 350	for each car less than 1,000 Kg
JD 500	for each car higher than 1,000 Kg to 1,250 Kg
JD 1,000	for each car higher than 1,250 Kg to 1,500 Kg
JD 1,500	for each car higher than 1,500 Kg

General Sales Tax (GST):

- Raising the GST on exempted goods and those that were subject to zero and 4 percent, to become 10 percent, meanwhile keeping the basic commodities unchanged in order to provide social and economic protection to low-and- middle income segments (January 2018).
- Imposing a zero sales tax rate on books, newspapers, periodicals, journals, children's picture books, and "drawing and coloring" books (February 2018).
- Imposing a 4 percent GST on frozen chicken, and add non-chemically treated olive oil to the exempted goods from the GST (February 2018).
- Reducing the GST to 4 percent on pharmacy and pharmaceutical products (excluding aid kit and pharmaceuticals), and subjecting the following items to the same rate: pharmaceutical industry input, industrial machinery and equipment used in pharmaceutical industry, laboratory equipment and related accessories for pharmaceuticals, and spare parts both imported and domestically produced (February 2018).
- Exempting the below items from the sales tax, as they were subject to 5 percent (March 2018):
  - All types of silver.
  - Half-manufactured gold.
  - Non-manufactured and manufactured Diamond.
  - Trinkets, jewelry and their gold parts.

  - Manufacturing of jewelry and its parts of silver and other precious metals.
  - Manufacturing of normal metal with a crust of other precious metals.
  - Services of manufacturing, goldsmithing, trinkets, and jewelry.
- Continuing to implement the decision that was expired at the end of 2017, which included a deduction of 10 percent of the total monthly salary for all workers in the public sector whose monthly salary exceeds JD 2,000. This decision was applied to the Prime Minister and Ministers, starting from July 1, 2018 until the end of 2018 (July 2018).
- Exempting renewable energy sources, equipment, and energy saving inputs from customs duties, and subjecting them to a zero sales tax rate (July 2018).
- Exempting some fresh food commodities (fruits and vegetables) from the GST, after they were subject to a sales tax rate of 10 percent, and reducing the sales tax rate to 4 percent instead of 10 percent on agricultural products, in addition to exempting agriculture production inputs from the GST (September 2018).
- Approval the Income Tax Law of 2018 amending the Income Tax Law no. (34) for the year 2014, effective January 1, 2019 (December 2018), Box (2).

Customs Duties:

- Reducing the tariffs main plant materials, such as agricultural soil (Cocopeat), and subjecting them to a zero rate, instead of 30 percent (January 2018).
- Raising the tariff on equipment designed for scaffolding or supporting entrances or buildings, which are imported by factories as production inputs, to 20 percent instead of zero (January 2018).
- Reducing the tariff on A4 writing and printing sheets to become 5 percent, instead of 10 percent (April 2018).

Non-Taxes Revenues:

- Lowering the fees of the ownership transfer of any vehicle from one person to another for both individual and corporate (except public, agricultural and construction vehicles) , as follows (January 2018):

Fees for the Ownership Transfer of Vehicles, Except Public, Agricultural and Construction Vehicles, JD

Engine Category cc	Vehicles aged 10 years or less		Vehicles aged more than 10 years	
	Previous fees	Current fees	Previous fees	Current fees
Less than 1,500	50	40	40	30
Higher than 1,500 to 2,000	100	80	80	60
Higher than 2,000	400	200	120	100

- Issuing the Control Instructions for Gold, Silver and Platinum Jewelry no. (4) for the year 2018, which include the amendment of services fees charged by Jordan Standards and Metrology Organization to become as follows (November 2018):
  - JD 350 for stamping one kilogram of locally produced gold jewelry.
  - JD 850 for stamping one kilogram of imported manufactured gold jewelry.
  - JD 100 for stamping one kilogram of imported manufactured silver jewelry.
  - JD 1,000 for stamping of one kilogram of imported manufactured or locally produce platinum jewelry.

Other Measures:

- Determining the price of flour by JD 222 per ton, and the price of unpacked bread in bakeries, effective until 31 December 2018 , as follows:
  - 320 fils for large pita bread per kilogram.
  - 400 fils for small pita bread per kilogram.
  - 350 fils for Arabic bread (Mashrouh) per kilogram.
- Raising public transport fares by 10 percent as of February 7, 2018. The raise includes medium and large public buses and all taxis (February 2018).

- Amending the fuel price band item, on monthly basis during 2018, to become 18 fils as of December 2018 up from 4 fils in January 2018, while exempting segments that consume less than 300 kilowatts.

- Transferring 29 governmental own-budget agencies to the General Budget Law, with the aim of controlling and rationalizing public expenditures, and enhancing transparency and supervision (October 2018).

Liberalization of Fuel Prices Policy:

- Prices of all oil derivatives have been adjusted at varying rates, ranging from 1.8 percent to 16.0 percent, meanwhile keeping the price of liquid gas cylinder unchanged. The details are in the following table:

Developments in the Prices of Oil Derivatives, 2018

Product	Unit	December 2017	December 2018	Change (%)
Unleaded Gasoline 90	Fils/Liter	720.0	750.0	4.2
Unleaded Gasoline 95	Fils/Liter	945.0	965.0	2.1
Unleaded Gasoline 98	Fils/Liter	1,095.0	1,115.0	1.8
Gas Oil (Diesel)	Fils/Liter	540.0	605.0	12.0
Kerosene	Fils/Liter	540.0	605.0	12.0
Liquid Gas (12.5kg)	JD/Unit	7.0	7.0	0.0
Fuel Oil for industry	JD/Ton	385.4	446.5	15.9
Fuel for airplanes (local companies)	Fils/Liter	419.0	465.0	11.0
Fuel for airplanes (foreign companies)	Fils/Liter	424.0	470.0	10.8
Fuel for unplanned flights	Fils/Liter	439.0	485.0	10.5
Asphalt	JD/Ton	380.3	441.2	16.0

Source: Jordan Petroleum Refinery Company.

Box (2)

The Amending Income Tax Law

The Royal Decree was issued with the approval of the Amending Income Tax Law no. (38) for the year 2018 of the Income Tax Law no.(34) for the year 2014, which has been effective since January 1, 2019. This law is considered one of the fiscal measures aimed at enhancing the performance of public finance in the Kingdom, and one of the structural benchmarks included in the EFF agreement signed in August 2016. The amendments aim to enhance government revenues by simplifying procedures, ensuring fairness and equal treatment of tax, and reforming economic distortions resulting from the expansion of tax exemptions, therefore stimulating economic growth.

The amendments focused on broadening the tax base, and adopting a progressive tax rate scheme by narrowing the scope of tax exemptions to individuals, and increasing the number of tax brackets and tax rates imposed on natural and legal persons (individuals and corporations). They also included procedures concerning tax evasion; for the first time, a clear definition of tax evasion and adopting a billing system in the Kingdom were introduced, in addition to imposing strict penalties on tax evaders. It is expected that the implementation of the law will contribute to encourage investment in development zones, by granting them many exemptions and reductions within clear bases and criteria, based on geographical area, employing local labor, and increasing the domestic value added.

The most prominent amendments included in the Amending Income Tax Law of 2018:

- Reducing the personal exemption granted to a natural person from JD 12 thousand to JD 10 thousand for the year 2019, and to JD 9 thousand for the year 2020 onwards.
- Reducing the personal exemption granted to the family from JD 24 thousand to JD 20 thousand for the year 2019, and to JD 18 thousand for the year 2020 onwards.
- Reducing the exemptions granted for education, medical treatment, rent, housing loans interests, and Murabaha from JD 4 thousand to be as follows:
  - JD 1,000 for the taxpayer starts from 2020 onwards.
  - JD 1,000 for the taxpayer’s spouse starts from 2020 onwards.
  - JD 1,000 for each child of taxpayer, with a maximum of JD 3 thousand.

Box (2) Continued

❖ Adopting the principle of progressive tax brackets by increasing the number of natural person tax brackets from three to six, as follows:

The Income Tax Law no. (34) for the year 2014	The Amending Income Tax Law no. (38) for the year 2018
✓ Income tax is collected from the natural person taxable income at the following percentages: - 7 percent for each JD of the first JD 10 thousand. - 14 percent for each JD of the following JD 10 thousand. - 20 percent for each JD of what followed	✓ Income tax is collected from the natural person taxable income at the following percentages: - 5 percent for each JD of the first JD 5 thousand. - 10 percent for each JD of the following JD 5 thousand. - 15 percent for each JD of the following JD 5 thousand. - 20 percent for each JD of the following JD 5 thousand. - 25 percent for each JD thereafter up to JD 1 million. - 30 percent for each JD of the taxable income exceeding JD 1 million.

❖ Removing the exemption granted to the entire gross income earned from agricultural activity inside the Kingdom, and replacing it by exempting the first JD 1 million of the gross income generated from sales of the natural person from an agricultural activity inside the Kingdom, in addition to exempting the first JD 50 thousand of the net income of the legal person, earned from an agricultural activity in the Kingdom,.

❖ Raising the tax rate imposed on the industrial sector gradually to reach 20 percent within five years, instead of the current rate (14 percent) as follows:

	2019	2020	2021	2022	2023	2024 onwards
	Percentages					
Industrial activities except pharmaceuticals and clothing industry	15	16	17	18	19	20
Pharmaceutical and clothing industry	10	14	16	18	19	20

Box (2) Continued

❖ Maintaining the tax rate imposed on main telecommunications companies, “electricity distribution and generation” companies, basic material mining companies, “insurance and reinsurance” companies, brokerage firms, financial companies, and financial leasing companies at 24 percent.

❖ Maintaining the tax rate imposed on the banking sector at 35 percent.

❖ Establishing a National Contribution Account under the supervision of the general budget to ensure repaying public debt. The revenues of this account include the following:

- 3 percent of the taxable income of banks and “electricity distribution and generation” companies.
- 7 percent of the taxable income of mining companies.
- 4 percent of the taxable income of financial intermediaries, financial companies, and financial leasing companies.
- 2 percent of the taxable income of telecommunications, and “insurance and reinsurance” companies.
- 1 percent of the taxable income of all other legal persons.
- 1 percent of the taxable income exceeding JD 200 thousand of the natural person.
- Donations and grants.

CHAPTER FOUR
THE EXTERNAL SECTOR

The current account deficit, excluding grants, declined to 10.3 percent of GDP in 2018, compared to 13.3 percent of GDP in 2017. The current account deficit, including grants, decreased to 7.0 percent of GDP, compared to 10.6 percent of GDP in 2017.

The decrease in the current account deficit resulted from, first, the continued high growth of travel receipts in 2018 for the second consecutive year, growing by 13.1 percent, driven by the increase in the number of tourists as well as the change in the relative importance of the nationality of tourists, which positively affected the surplus of the services account. Second, the decrease in the trade balance due to the increase in total exports by 3.5 percent and the decrease in imports by 1.4 percent. Despite, the increase in imports of energy by 23.5 percent, the relative impact of non-energy imports, which decreased by 6.4 percent, pulled the total imports down, thus shifting the non-oil current account deficit to a surplus of 3.0 percent of GDP.

On the other hand, capital and financial transactions during 2018 have resulted in a net inflow of JD 2,740.6 million. Direct investment recorded a net inflow of JD 679.8 million, while, portfolio investments recorded an outflow of JD 146.5 million. Accordingly, the overall balance of payments recorded a deficit of JD 1,684.8 million, compared to a surplus of JD 100.2 million in 2017.

The international investment position (IIP) at the end of 2018 showed an increase in the Kingdom’s net obligations amounting to JD 32,094.7 million, compared to JD 29,432.7 million at the end of 2017. This was due to the decrease of the stock of external financial assets for all resident economic sectors by 883.3 million to reach JD 17,811.7 million, and the increase in the stock of external financial liabilities for all resident economic sectors by JD 1,778.7 million to reach JD 49,906.4 million.

External Trade

In light of the increase in domestic exports by 3.6 percent and the decrease in imports by 1.4 percent, the volume of external trade (domestic exports plus imports) relatively levelled off during 2018, recording JD 19,021.6 million, a decrease of 0.2 percent compared to an increase of 5.2 percent during 2017. Thus, the trade openness ratio (the volume of external trade to GDP) fell to 63.4 percent, compared to 65.9 percent during 2017. On the other hand, the coverage ratio of total exports to imports increased by 1.8 percentage points from its level in 2017 to reach 38.4 percent.

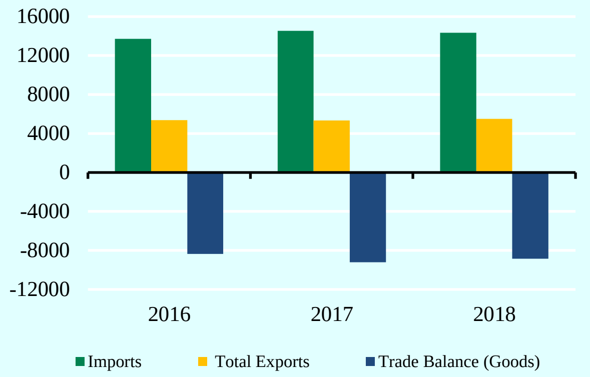
External Trade Indicators
2014-2018, Percent

	2014	2015	2016	2017	2018[1]
Annual Growth Rate					
External Trade	**4.7**	**-9.8**	**-6.3**	**5.2**	**-0.2**
Total Exports	6.0	-6.6	-3.6	-0.5	3.5
Domestic Exports	7.4	-7.1	-8.4	2.5	3.6
Re-exports	-2.8	-3.3	26.1	-13.9	2.6
Imports*	3.9	-10.7	-5.6	6.1	-1.4
Trade Balance	**2.8**	**-13.1**	**-6.8**	**10.3**	**-4.2**
As a Percent of GDP					
External Trade	**83.8**	**71.8**	**65.1**	**65.9**	**63.4**
Total Exports	23.3	20.7	19.3	18.5	18.4
Domestic Exports	20.2	17.8	15.8	15.6	15.6
Re-exports	3.1	2.8	3.5	2.9	2.8
Imports*	63.6	54.0	49.3	50.4	47.9
Trade Balance	**-40.3**	**-33. 3**	**-30.0**	**-31.9**	**-29.5**

* : Including imports of non-residents.
(1) : Preliminary

Accordingly, the trade balance deficit in 2018 decreased by 4.2 percent to reach JD 8,834.7 million. The above developments were an outcome of the following:

Trade Balance
2016-2018, JD Million



❒ Total Merchandize Exports

Total merchandize exports increased by 3.5 percent, reaching JD 5,518.5 million in 2018. This increase was mainly a result of an increase in both domestic exports by 3.6 percent to reach JD 4,668.4 million, and re-exports by 2.6 percent to reach JD 850.1 million.

- **Domestic Exports**

Analyzing the commodity composition of domestic exports in 2018 reveals the following:

- An increase of clothes exports by JD 127.4 million (11.6 percent) to stand at JD 1,228.9 million, compared to an increase of 9.5 percent in 2017. This increase was a result of the increase in both the exported quantities and prices by 8.4 percent and 3.0 percent, respectively. The exports of clothes accounted for 26.3 percent of domestic exports. The USA was the main destination markets, accounting for 87.8 percent of these exports.
- An increase of potash exports by JD 53.4 million (16.1 percent) to stand at JD 384.4 million, compared to an increase of 9.6 percent in 2017. This increase was a result of the increase in both exported quantities and prices by 4.9 percent and 10.7 percent, respectively. The exports of potash accounted for 8.2 percent of domestic exports, and the main destination markets were India, China, Malaysia, and Egypt, collectively accounted for 65.3 percent of potash exports.
- An increase of fertilizers exports by JD 40.9 million (27.6 percent) to reach JD 189.3 million, compared to a decrease of 3.6 percent in 2017. This increase was a result of the increase in both exported quantities and prices by 23.1 percent and 3.6 percent, respectively. The exports of fertilizers accounted for 4.1 percent of domestic exports. The markets of India, Turkey, and Sudan were the main destinations, collectively accounted for 74.4 percent of these exports.

Major Domestic Exports by Commodity
2017-2018, JD Million, Percent

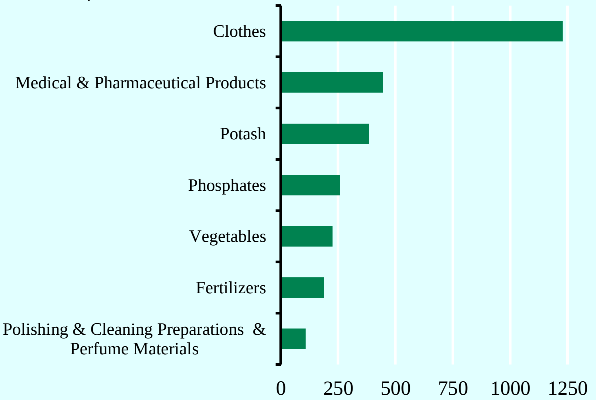
	2017	2018 (1)	Growth Rate
Domestic Exports	**4,504.2**	**4,668.4**	**3.6**
Clothes	**1,101.5**	**1,228.9**	**11.6**
USA	967.4	1,079.3	11.6
Medical &Pharmaceutical Products	**447.0**	**446.8**	**0.0**
Saudi Arabia	115.6	87.8	-24.0
Iraq	60.3	84.6	40.3
Algeria	45.0	50.1	11.3
UAE	37.3	36.5	-2.1
Potash	**331.0**	**384.4**	**16.1**
India	89.3	103.3	15.7
China	83.9	63.9	-23.8
Malaysia	27.5	42.0	52.7
Egypt	30.4	42.0	38.2
Phosphates	**282.0**	**259.1**	**-8.1**
India	178.7	181.3	1.5
Indonesia	68.1	55.2	-18.9
Vegetables	**282.3**	**226.4**	**-19.8**
Saudi Arabia	72.1	61.8	-14.3
Kuwait	53.5	53.2	-0.6
UAE	60.2	39.8	-33.9
Fertilizers	**148.4**	**189.3**	**27.6**
India	36.2	90.5	150.0
Turkey	40.0	29.8	-25.5
Sudan	7.2	20.5	184.7
Polishing & cleaning preparations & perfume materials	**91.5**	**108.5**	**18.6**
Iraq	45.8	59.2	29.3
Saudi Arabia	19.0	27.1	42.6
Paper and cardboard	**110.1**	**108.4**	**-1.5**
Saudi Arabia	53.2	38.2	-28.2
Iraq	21.9	31.2	42.5
Lebanon	5.1	5.3	3.9

Source : Department of Statistics.
(1) : Preliminary.

- An increase of exports of “polishing & cleaning preparations & perfume materials” by JD 17.0 million (18.6 percent) to reach JD 108.5 million, compared to an increase of 3.2 percent in 2017. This increase was an outcome of the increase in prices by 43.6 percent, and the decrease in exported quantities by 17.5 percent. Consequently, exports of this item accounted for 2.3 percent of domestic exports. The markets of Iraq and Saudi Arabia combined accounted for 79.5 percent of the exports of this item.
- A decrease of vegetables exports by JD 55.9 million (19.8 percent) to stand at JD 226.4 million, compared to a decrease of 7.7 percent during 2017. This decrease was a result of the decline in both exported quantities and prices by 9.4 percent and 11.5 percent, respectively; leading the exports of vegetables to account for 4.8 percent of domestic exports. Saudi Arabia, Kuwait, and the UAE were the main destination markets of these exports, collectively accounted for 68.4 percent.
- A decrease of phosphates exports by JD 22.9 million (8.1 percent) to reach JD 259.1 million, compared to a decrease of 14.7 percent in 2017. This decrease was an outcome of the decline in exported quantities by 21.0 percent and the increase in prices by 16.3 percent. The exports of Phosphates accounted for 5.6 percent of domestic exports. India, and Indonesia were the main destination markets for phosphates exports, accounted combined for 91.3 percent of phosphates exports.
- A decrease of “paper and cardboard” exports by JD 1.7 million (1.5 percent) to reach JD 108.4 million, compared to a decrease of 0.9 percent in 2017. This decrease was due to the decline in exported quantities by 6.5 percent and the increase in prices by 5.3 percent. Exports of “paper and cardboard” accounted for 2.3 percent of domestic exports. Saudi Arabia, Iraq, and Lebanon were the main destination markets, collectively accounted for 68.9 percent of these exports.

Given the above-mentioned developments, exports of clothes, “medical & pharmaceutical products”, potash, phosphates, vegetables, fertilizers, “polishing & cleaning preparation & perfume materials”, and “paper and cardboard” topped the list of domestic exports in 2018; accounting for 63.2 percent compared to 62.0 percent in 2017.

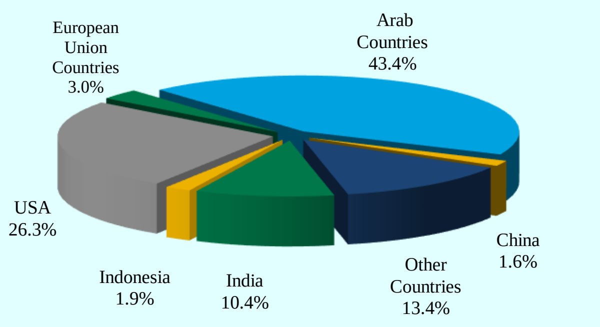
Major Exported Items
2018, JD Million



The commodity structure of exports according to economic functions in 2018, compared to 2017, showed that the exports of "raw materials and intermediate goods" increased by 8.3 percent, accounting for 42.2 percent of exports. The exports of consumer goods increased by 0.6 percent, accounting for 55.7 percent of exports, and the exports of capital goods increased by 3.1 percent.

As for the geographical distribution of domestic exports, the markets of the USA, Saudi Arabia, India, Iraq, the UAE, Kuwait, and Qatar were the main destination markets during 2018, collectively accounted for 67.2 percent, compared with 66.4 percent during 2017.

Geographic Distribution of Domestic Exports, 2018



- **Re-Exports**

Re-exported goods increased by JD 21.2 million (2.6 percent) to reach JD 850.1 million in 2018, compared to a decrease of 13.9 percent in 2017, maintaining their ratio to total exports recorded in 2017 at about 15.4 percent. The markets of the UAE, Saudi Arabia, Iraq, and the USA collectively accounted for 18.8 percent of total re-exported goods during 2018.

The commodity structure of the re-exports according to economic functions during 2018 showed that capital goods accounted for 46.3 percent of total re-exported goods, while "crude materials and intermediate goods" as well as consumer goods accounted for 32.0 percent and 21.6 percent, respectively.

❒ Merchandize Imports

The merchandize imports decreased by JD 200.5 million (1.4 percent) to reach JD 14,353.2 million during 2018, compared to an increase of JD 833.3 million (6.1 percent) during 2017. This decrease was an outcome of the decline of the non-energy imports bill by 6.4 percent to reach JD 11,358.6 million, and the increase of the energy imports bill by 23.5 percent to reach JD 2,994.6 million, which accounted for 20.9 percent of total imports. The commodity composition of imports in 2018 can be detailed as follows:

- A decrease in the imports of "transport equipment & spare parts" by JD 341.7 million (20.9 percent) to reach JD 1,293.2 million, compared to an increase of 8.0 percent during 2017, accounting for 9.0 percent of total imports. This decrease was attributed to the decline in both imported quantities and prices by 16.7 percent and 5.0 percent, respectively. The USA, Germany, and Mexico were the main markets, collectively accounted for 51.8 percent of these imports.
- A decrease in the imports of "electrical machinery, apparatus and appliances" by JD 10.0 million (1.9 percent) to reach JD 515.3 million, compared to an increase of 14.4 percent in 2017, accounting for 3.6 percent of total imports. This decrease was due to the decline in prices by 4.4 percent, and the rise in imported quantities by 2.6 percent. China, Turkey, and Italy were the main markets, collectively accounted for 56.5 percent of these imports.

Major Imports by Commodity

2017-2018, JD Million, Percent

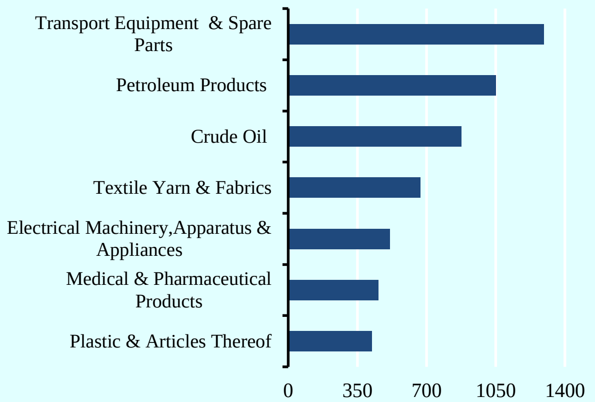
	2017	2018(1)	Growth Rate
Total Imports	**14,553.7**	**14,353.2**	**-1.4**
Transport Equipment & Spare Parts	**1,634.8**	**1,293.2**	**-20.9**
USA	372.6	284.7	-23.6
Germany	200.8	195.4	-2.7
Mexico	198.5	190.3	-4.1
Petroleum Products	**763.6**	**1,051.7**	**37.7**
Saudi Arabia	276.4	506.4	83.2
Latvia	-	165.3	-
UAE	106.5	160.5	50.7
Crude Oil	**776.8**	**875.8**	**12.7**
Saudi Arabia	776.8	845.8	8.9
Textile Yarn, Fabrics and Related Products	**655.5**	**668.9**	**2.0**
China	254.4	295.0	16.0
Taiwan	197.5	164.5	-16.7
Turkey	62.4	60.0	-3.8
Electrical Machinery, Apparatus and Appliances	**525.3**	**515.3**	**-1.9**
China	222.6	201.7	-9.4
Turkey	45.4	57.8	27.3
Italy	34.9	31.4	-10.0
Medical & Pharmaceutical Products	**440.0**	**457.1**	**3.9**
Germany	59.1	62.8	6.3
USA	52.6	54.6	3.8
France	51.5	44.0	-14.6
Plastic &Articles thereof	**404.9**	**424.6**	**4.9**
Saudi Arabia	211.3	230.7	9.2
China	26.6	37.2	39.8
UAE	29.8	29.7	-0.3

Source : Department of Statistics.
(1) : Preliminary

- An increase in the imports of petroleum products by JD 288.1 million (37.7 percent) to reach JD 1,051.7 million, compared to an increase of 18.1 percent in 2017, accounting for 7.3 percent of total imports. This increase was due to the increase in both imported quantities and prices by 16.0 percent and 18.8 percent, respectively. Saudi Arabia, Latvia, and the UAE were the main markets, collectively accounted for 79.1 percent of imported petroleum products.
- An increase in the imports of crude oil by JD 99.0 million (12.8 percent) to reach JD 875.8 million, compared to an increase of 19.8 percent in 2017. This increase was an outcome of the rise in prices by 33.8 percent, and the decline in imported quantities by 15.8 percent. The imported crude oil accounted for 6.1 percent of total imports, noting that 96.6 percent of crude oil was imported from Saudi Arabia, which is considered the main source to supply Jordan with its needs of crude oil.
- An increase in the imports of "plastic & articles thereof" by JD 19.7 million (4.9 percent) to stand at JD 424.6 million, compared to an increase of 4.4 percent in 2017, accounting for 3.0 percent of total imports. This increase was a result of the rise in both imported quantities and prices by 0.2 percent and 4.7 percent, respectively. Saudi Arabia, China, and the UAE were the main markets, collectively accounted for 70.1 percent of these imports.
- An increase in the imports of "medical & pharmaceutical products" by JD 17.1 million (3.9 percent) to stand at JD 457.1 million, compared to a decline of 4.0 percent in 2017, accounting for 3.2 percent of total imports. This increase was an outcome to the rise in prices by 21.3 percent, and the decline in imported quantities by 14.4 percent. Germany, the USA, and France were the main markets, collectively accounted for 35.3 percent of these imports.
- An increase in the imports of "textile yarn, fabrics and related products" by JD 13.4 million (2.0 percent) to reach JD 668.9 million, compared to an increase of 7.5 percent during 2017, accounting for 4.7 percent of total imports. This increase was an outcome of the rise in prices by 2.7 percent, and the decline in imported quantities by 0.6 percent. China, Taiwan, and Turkey, were the main markets, collectively accounted for 77.7 percent of these imports.

In light of the above developments, the imports of "transport equipment and spare parts", petroleum products, crude oil, "textile yarn, fabrics and related products", "electrical machinery apparatus, and appliances", "medical and pharmaceutical products", and "plastic articles thereof", topped the list of imports during 2018, accounting for 36.8 percent, compared to 35.7 percent during 2017.

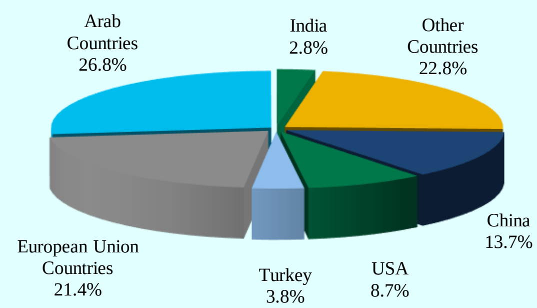
Major Imported Items
2018, JD Million



- The commodity structure of imports, according to economic function in 2018, showed that the imports of capital goods and consumer goods decreased by 12.3 percent and 10.1 percent respectively. However, imports of "crude materials and intermediate goods" increased by 8.5 percent compared to 2017. These imported goods accounted for 15.6 percent, 29.8 percent, and 52.8 percent of total imports during 2018, respectively.

- The geographical distribution of imports showed that the markets of Saudi Arabia, China, the USA, Germany, the UAE, Turkey, and Italy were the main markets of imports during 2018, collectively accounted for 54.7 percent of total imports, compared to 53.3 percent during 2017.

Geographic Distribution of Imports, 2018



❒ Commodity Terms of Trade

- The price terms of trade indicator (the ratio of exports price index to imports price index) increased by 6.7 percent in 2018 to reach 69.4 points, compared to 65.0 points in 2017. This increase was a result to the increase in both exports price index by 7.3 percent and imports price index by 0.6 percent.

- Moreover, the quantum terms of trade indicator (the ratio of imports quantity index to exports quantity index) registered an increase of 1.6 percent in 2018, to stand at 72.5 points. This increase was due to the decrease in the quantity indices of imports and exports by 1.6 percent and 3.2 percent, respectively.
- The indicator of capacity to import increased by 3.3 percent to reach 170.0 points in 2018. This indicator is calculated by multiplying the price terms of trade by the exports quantity index, and reflects the purchasing power of exports value measured by the prices of imports.

Commodity Terms of Trade
2014-2018, (1994=100)

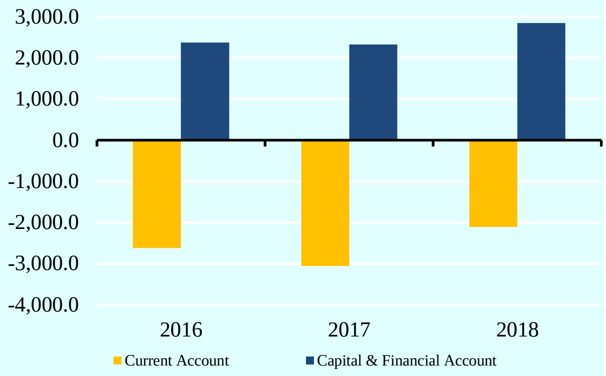
	2014	2015	2016	2017(1)	2018(1)
Price terms of trade	66.2	70.1	63.5	65.0	69.4
Quantum terms of trade	70.1	69.3	67.6	71.4	72.5
Capacity to import	172.9	178.6	155.7	164.6	170.0

(1) : Preliminary

Balance of Payments

Jordan's economic transactions with the rest of the world in 2018 resulted in a decrease in the current account deficit (including grants) by 31.0 percent, compared to 2017. The current account deficit (excluding grants), also decreased by 19.0 percent. Meanwhile, capital and financial transactions resulted in an increase in the Kingdom's obligations to abroad by JD 2,740.6 million. Accordingly, the overall balance of payments recorded a deficit of JD 1,684.8 million in 2018, compared to a surplus of JD 100.2 million in 2017.

Balance of Payments
2016-2018, JD Million



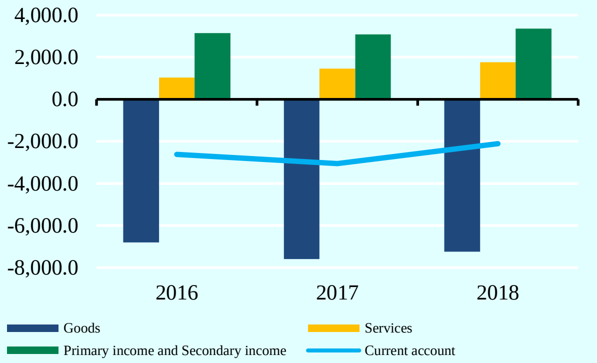
Current Account

The current account deficit (including grants) declined in 2018 to reach JD 2,107.8 million (7.0 percent of GDP), compared to a deficit of JD 3,053.9 million (10.6 percent of GDP) in 2017. This decrease was mainly attributed to the decline in the trade balance and the increase in the net surplus of the secondary income account. Furthermore, the current account deficit (excluding grants) declined; reaching JD 3,103.3 million (10.3 percent of GDP) compared to JD 3,831.4 million (13.3 percent of GDP) in 2017. This decrease was an outcome of the developments in the current transactions with the rest of the world as follows:

- A decrease in the deficit of the trade balance by JD 353.8 million (4.7 percent) to reach JD 7,239.4 million.
- An increase in the surplus of the services account by JD 310.5 million (21.3 percent), as a result of the increase in both service exports and service imports by JD 351.3 million and JD 40.8 million, respectively. This increase was mainly attributed to the rise in the surplus registered in the net travel by JD 432.5 million.

- A decrease in the primary income account deficit by JD 4.9 million to reach JD 141.6 million. This decrease was mainly due to the decrease in the net investment income deficit by JD 11.4 million and the decrease in the surplus of compensation of employees by JD 6.5 million. It is worth mentioning that the primary current account deficit (current account excluding interest payments) declined to 5.9 percent of GDP in 2018 compared to 9.6 percent of GDP in 2017.
- An increase in the secondary income account surplus by JD 276.9 million to reach JD 3,506.9 million. This increase was due to the rise in both the surplus of net public current transfers (foreign grants) by JD 218.0 million, and the net current transfers of other sectors by JD 58.9 million. On the other hand, net worker's remittances decreased by 2.6 percent to reach JD 1,967.2 million.

Current Account Components
2016-2018, JD Million



Accordingly, the coverage ratio of current receipts to current payments increased to 87.9 percent, compared to 82.5 percent in 2017, with current receipts reaching to JD 15,333.6 million, while current payments amounted to JD 17,441.4 million .It is worth mentioning that the non-oil current account (including grants) recorded a surplus of 3.0 percent of GDP, compared to a deficit of 2.2 percent of GDP in 2017.

❒ Capital and Financial Account

Capital and financial transactions with the rest of the world resulted in an increase in the obligations to abroad by JD 2,740.6 million in 2018, compared to a rise of JD 2,267.0 million in 2017. This increase was driven by the following developments:

- Direct investment registered a net inflow of JD 679.8 million compared to a net inflow of JD 1,436.4 million during 2017, a decrease of 52.7 percent. The direct investment inflows were concentrated in the following:
  - Purchase of land and real estate by non-residents (Arabs and foreigners) for JD 284.4 million.
  - Investments in energy projects of JD 186.0 million.

- New and added investments of JD 97.6 million by Arabs and foreigners, as registered at the Ministry of Industry and Trade.
- Re-invested earnings in the amount of JD 20.6 million.

- Portfolio investment registered a net outflow of JD 146.5 million, compared to a net inflow of JD 676.7 million during 2017.

- Other investments recorded a net inflow of JD 1,586.0 million, compared to a net inflow of JD 91.5 million in 2017. This was mainly a result of the increase in loans drawings by other sectors by JD 450.5 million, and the increase of non-residents deposits at the Jordanian banking system by JD 1,160.8 million.

- Reserve assets of the CBJ declined by JD 676.2 million, compared to a decline of JD 92.4 million in 2017. This decline was an outcome of the decrease in the CBJ's portfolio of foreign investments in securities by JD 1,060.0 million, the decrease in holdings of monetary gold by JD 136.9 million, and the increase in "currency and deposits" by 526.6 million.

International Investment Position

The international investment position (which represents the stock of net positions of external financial assets and liabilities) at the end of 2018 recorded a net obligation to abroad of JD 32,094.7 million, compared to JD 29,432.7 million at the end of 2017. This was an outcome of the following developments:

❒ External Assets

The stock of external assets (the stock of claims, obligations, and financial assets) for all resident economic sectors decreased by JD 883.3 million, reaching JD 17,811.7 million at the end of 2018. This decrease was mainly attributed to the decline in both the banking system's holdings of currency and deposits abroad by JD 188.0 million, and the reserve assets of the CBJ by JD 712.4 million.

❒ External Liabilities

The stock of external liabilities (the stock of claims, obligations, and financial assets) on all resident economic sectors increased by JD 1,778.7 million, reaching JD 49,906.4 million, at the end of 2018, as a result of the following:

- An increase in the stock of foreign direct investment (FDI) by JD 609.7 million to reach JD 24,927.5 million.
- An increase in the outstanding balance of the general government long-term loans by JD 298.9 million to stand at JD 4,527.8 million.
- An increase in the deposits of non-residents at the banking system by JD 1,160.8 million to reach JD 8,733.9 million (non-residents deposits with the CBJ increased by JD 748.6 million and those with the licensed banks increased by JD 412.2 million).
- A decrease in the outstanding balance of the IMF credit facilities by JD 364.8 million to stand at JD 536.6 million.
- A decrease in the stock of portfolio investments by JD 264.9 million to reach JD 7,944.9 million.

STATISTICAL TABLES ANNEX

STATISTICAL TABLES ANNEX

THE REAL SECTOR

MONEY, BANKING, AND FINANCIAL MARKETS

PUBLIC FINANCE SECTOR

THE EXTERNAL SECTOR

Table 1

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

(JD Million)

	2014(1)	**2015(1)**	**2016(1)**	**2017(1)**	**2018(1)**
Agriculture, Hunting, Forestry and Fishing	1,187.7	1,376.6	1,460.2	1,601.8	1,687.9
Mining and Quarrying	579.9	666.6	556.1	563.8	631.5
Manufacturing	5,152.9	5,256.9	5,329.3	5,545.2	5,700.9
Electricity and Water	718.1	856.0	966.1	1,017.2	1,066.4
Construction	821.7	837.1	860.1	865.2	871.1
Trade, Restaurants, and Hotels	2,630.7	2,677.9	2,742.3	2,810.9	2,906.5
Transport, Storage and Communications	2,126.6	2,231.5	2,337.6	2,465.1	2,596.9
Finance, Insurance, Real Estate and Business Services	5,482.5	5,859.5	6,192.7	6,450.3	6,717.6
Social and Personal Services	1,590.0	1,672.4	1,782.9	1,882.2	1,974.1
Producers of Government Services	3,540.7	3,672.4	3,752.7	3,821.5	3,920.7
Producers of Private Non-Profit Services for Households	154.2	170.1	180.7	190.7	199.5
Domestic Services of Households	198.1	208.1	226.2	226.3	226.4
Less: Imputed Bank Service Charge	-1,535.7	-1,595.2	-1,683.7	-1,761.5	-1,831.2
GDP at Basic Prices	**22,647.4**	**23,889.9**	**24,703.1**	**25,678.8**	**26,668.4**
Net Taxes on Products	2,948.4	3,035.2	3,126.5	3,224.6	3,315.9
GDP at Market Prices	**25,595.8**	**26,925.1**	**27,829.6**	**28,903.4**	**29,984.2**
Net Factor Income from Abroad	-295.9	-307.1	-216.6	-146.5	-141.6
GNP at Market Prices	**25,299.9**	**26,618.0**	**27,613.0**	**28,756.9**	**29,842.6**

Source : Department of Statistics.
* : New Methodology.
(1) : Preliminary.

Table 2

Expenditure on Gross Domestic Product at Current Prices

(JD Million)

	2012(1)	2013(1)	2014(1)	2015(1)	2016(1)
Total Consumption	**22,652.5**	**25,677.0**	**26,805.1**	**27,426.9**	**28,209.2**
Public	3,810.7	3,966.6	4,232.1	4,334.6	4,337.6
private	18,841.8	21,710.4	22,573.0	23,092.3	23,871.6
Gross Capital Formation	**5,465.8**	**5,252.1**	**5,507.4**	**5,598.5**	**5,392.6**
Gross Fixed Capital Formation	4,761.0	4,766.2	5,069.0	5,213.0	4,946.6
Change in Stocks	704.8	485.9	438.4	385.5	446.0
Total Domestic Demand	**28,118.3**	**30,929.1**	**32,312.5**	**33,025.3**	**33,601.7**
Net Exports of Goods and Non-Factor Services	**-6,154.3**	**-7,060.6**	**-6,716.7**	**-6,100.3**	**-5,772.1**
Exports	10,158.3	10,101.6	11,022.7	10,012.4	9,644.8
Imports	16,312.6	17,162.2	17,739.4	16,112.7	15,416.9
GDP at Market Prices	**21,964.0**	**23,868.4**	**25,595.8**	**26,925.1**	**27,829.6**

Source : Department of Statistics.
(1) : Preliminary.

Table 3

Production of Main Agricultural Crops

(Thousand Ton)

	2013	2014	2015	2016	2017[1]
Field Crops, of which:					
Wheat	28.5	27.5	21.9	31.2	12.1
Barley	40.9	38.9	40.5	37.9	49.0
Garlic	0.3	1.3	1.0	2.3	2.6
Lentils	0.2	0.1	0.1	0.1	0.4
Maize and Sorghum	32.7	24.4	32.9	30.1	38.2
Clover	232.4	277.2	244.2	337.3	100.9
Vegetables, of which:					
Tomatoes	869.1	744.6	870.0	837.3	690.5
Eggplant	109.4	80.7	77.0	74.6	65.3
Cucumbers	179.0	279.6	235.6	284.7	195.6
Cauliflowers and Cabbages	95.2	98.9	98.5	149.9	96.9
Melons	136.5	169.7	168.6	149.3	155.7
Potatoes	103.2	204.1	188.3	273.9	155.6
Zucchini	78.7	60.0	64.8	75.9	72.1
Fruitful Trees, of which:					
Olives	128.2	155.8	200.9	115.8	145.3
Grapes	35.2	34.6	62.3	62.3	53.5
Citrus Fruits	98.7	95.2	127.2	125.3	108.4
Bananas	42.0	37.5	46.8	41.0	33.9
Apple	40.6	39.9	56.6	55.2	24.5
Peach	30.7	32.0	37.3	64.8	69.5

Source : Department of Statistics.

(1) : Preliminary.

Table 4

Industrial Production Quantity Index

(2010=100)

	Weight	2014	2015	2016	2017	2018[1]
Mining Quarrying:	**8.224**	**100.5**	**117.5**	**106.9**	**121.1**	**121.8**
Extraction of petroleum and natural gas	0.077	100.0	61.7	58.4	50.4	47.3
Quarrying of stone, sand and clay	0.370	99.7	44.3	84.8	82.7	82.4
Mining of chemical and fertilizer minerals	7.777	100.8	123.9	108.8	124.5	125.2
Manufacturing:	**86.013**	**106.5**	**97.2**	**95.7**	**93.4**	**86.9**
Food products	13.101	101.8	101.3	84.8	80.7	70.4
Beverages	2.939	100.2	92.9	90.5	87.5	96.5
Tobacco products	5.074	102.2	149.0	138.2	133.9	124.2
Textiles	0.771	100.1	91.4	108.1	113.5	111.1
Wearing apparel	4.760	102.7	168.3	328.2	307.6	294.3
Leather and related	0.146	100.1	211.9	282.9	288.9	253.5
Wood and of products of wood except furniture	0.447	100.0	107.5	147.5	208.5	248.6
Paper and paper products	1.839	100.2	103.4	97.8	93.4	77.4
Printing and reproduction of recorded media	1.607	99.6	69.0	66.2	63.6	59.1
Refind petroleum products	20.430	98.6	96.9	84.0	77.9	64.7
Chemicals and chemical products	7.970	101.2	90.3	87.7	88.0	112.4
Pharmaceuticals, medicinal chemical and botanical products	4.891	98.9	70.2	78.1	86.8	87.2
Rubber and plastic products	2.763	100.2	99.5	146.3	200.8	192.6
Other non-metallicmineral products	5.659	99.9	103.3	91.3	93.0	87.8
Basic metals	3.589	100.1	102.0	78.0	73.5	70.2
Fabricated metal products, except machinery and equipment	3.886	99.8	60.2	76.3	83.0	69.2
Computer, electronic and optical products	0.206	100.0	72.3	48.4	41.1	30.3
Electrical equipment	2.901	100.0	74.4	100.8	61.4	37.7
Machinery and equipment n.e.c.	1.015	99.7	159.1	64.2	71.5	61.3
Motor vehicles, trailers and semi-trailers	0.294	100.0	85.5	66.1	61.7	79.1
Furniture	1.584	101.1	208.2	226.4	254.0	351.5
Other manufacturing	0.143	100.0	72.8	83.1	81.9	105.6
Electricity, Gas, Steam and air conditioning supply	**5.763**	**100.9**	**123.9**	**125.6**	**129.1**	**126.3**
General Index	**100.0**	**108.1**	**100.0**	**97.9**	**97.2**	**91.3**

Source : Department of Statistics.
(1) : Preliminary.

Table 5

Quantities Produced by Major Industries

	Unit	2014	2015	2016	2017	2018[1]
Mining and Quarrying						
Phosphate	1000 Ton	7,108.9	8,263.5	7,988.9	8,665.6	7,986.6
Potash	1000 Ton	2,086.2	2,355.0	2,003.5	2,320.0	2,434.5
Manufacturing						
Fertilizers	1000 Ton	886.0	619.4	547.4	695.3	882.0
Chemical Acids	1000 Ton	1,441.5	1,205.8	1,083.0	1,308.6	1,375.4
Clinker	1000 Ton	865.0	652.5	574.5	543.0	587.2
Petroleum Products	1000 Ton	3,007.1	3,211.9	2,793.3	2,603.8	2,212.8
Electricity	**Mill.K.W.H.**	**8,147.9**	**6,557.4**	**4,536.2**	**4,721.8**	**2,270.2**

Source : Industrial Companies in Jordan.
(1) : Preliminary.

Table 6

Registered Companies According to Economic Activity

(Capital in JD Million)

	2014		2015		2016		2017		2018[1]	
	Number	Capital	Number	Capital	Number	Capital	Number	Capital	Number	Capital
Agriculture	751	30.4	720	12.5	810	15.5	816	120.8	811	21.7
Industry	2,179	58.2	1,891	49.1	2,455	42.1	2,189	67.0	1,706	35.9
Construction	224	11.1	148	7.7	121	5.2	147	4.9	122	3.9
Trade	1,707	43.1	1,356	22.3	1,374	20.5	1,436	23.9	957	18.7
Services	2,660	52.9	2,222	67.4	2,301	44.1	2,237	133.2	1,879	70.7
Total	**7,521**	**195.7**	**6,337**	**158.9**	**7,061**	**127.4**	**6,825**	**349.8**	**5,475**	**150.8**

Source : Ministry of Industry and Trade / Companies Control Department.
(1) : Preliminary.

Table 7

Construction Activity in the Kingdom

(Area in Thousands of Sq. M.)

	2014	2015	2016	2017	2018[1]
(A) Residential					
No. of Permits	**36,642**	**32,882**	**36,367**	**39,792**	**29,451**
Amman	8,904	7,596	7,172	7,164	6,520
Irbid	11,118	10,496	11,293	11,392	8,071
Zarqa	3,103	2,765	3,292	5,010	4,067
Other	13,517	12,025	14,610	16,226	10,793
Area	**12,578.4**	**10,879.0**	**10,799.7**	**10,987.4**	**8,219.4**
Amman	6,084.1	4,967.3	4,019.7	3,968.1	3,266.0
Irbid	2,611.9	2,378.1	2,599.3	2,353.3	1,608.4
Zarqa	983.4	888.8	1,076.3	1,374.6	1,145.5
Other	2,899.0	2,644.8	3,104.3	3,291.4	2,199.5
(B) Other Purposes					
No. of Permits	**2,936**	**2,893**	**3,043**	**3,485**	**3,033**
Amman	1,334	1,322	1,373	1,519	1,516
Irbid	672	657	547	520	430
Zarqa	471	477	600	942	695
Other	459	437	523	504	392
Area	**2,413.9**	**2,243.8**	**2,510.5**	**2,920.7**	**2,697.4**
Amman	1,616.8	1,457.0	1,618.5	1,857.8	1,937.0
Irbid	233.6	268.9	188.6	194.4	195.5
Zarqa	265.2	217.3	294.4	473.3	296.9
Other	298.3	300.6	409.0	395.2	268.0
Total (A+B)					
No. of Permits	**39,578**	**35,775**	**39,410**	**43,277**	**32,484**
Area	**14,992.3**	**13,122.8**	**13,310.1**	**13,908.1**	**10,916.8**

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 8

Jordan Real Estate Price Index by Governorates

(2012=100)

	Weight	2014	2015	2016	2017	2018(1)
Amman	74.3	114.3	118.5	120.5	119.1	119.6
Irbid	9.0	123.4	126.7	131.0	130.1	129.3
Zarqa	4.5	112.0	117.7	123.1	123.7	123.7
Balqa	4.5	120.2	120.7	123.7	122.3	122.9
Mafraq	1.5	120.4	121.6	121.6	122.0	122.2
Karak	0.8	122.8	124.4	129.1	128.0	127.9
Tafiela	0.2	105.7	110.5	114.2	116.0	117.0
Ma’an	0.3	120.7	123.5	125.1	116.3	114.9
Madaba	1.8	106.3	108.0	98.5	107.4	103.4
Jarash	1.4	109.7	109.7	108.2	105.0	105.4
Ajloun	0.7	111.2	110.4	111.5	111.7	108.7
Aqaba	1.1	106.7	114.0	119.4	121.0	118.7
General Index	**100.0**	**115.1**	**119.0**	**121.2**	**120.1**	**120.3**

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

(1) : Preliminary

Table 9

Consumer Price Index

(2010=100)

	Weight	2014	2015	2016	2017	2018
Food and non-Alcoholic Beverages	**33.365**	**114.0**	**115.2**	**111.2**	**110.8**	**114.4**
Food items of which:	**30.505**	**113.7**	**115.1**	**110.7**	**110.1**	**113.7**
Cereal and its Products	4.993	97.9	98.1	98.6	98.4	119.3
Meat and Poultry	8.224	118.4	118.8	106.7	101.4	101.3
Dairy Products and Eggs	4.233	122.7	123.4	120.2	120.2	122.0
Oils and Fats	1.915	102.3	106.1	108.7	112.5	117.4
Fruits and Nuts	2.735	122.1	128.0	124.1	120.0	119.7
Vegetables and Legumes Dry and Canned	3.886	111.4	113.4	108.3	113.7	111.6
Sugar and its Products	2.771	114.6	114.9	115.0	117.9	117.8
Fish and sea Products	0.817	119.3	120.7	121.1	120.5	122.3
Spices and Food additives	0.912	116.4	119.9	120.9	122.0	120.9
Non-Alcoholic Beverages	**2.860**	**116.8**	**116.5**	**117.0**	**118.4**	**120.9**
Alcohol and Tobacco and Cigarettes	**4.431**	**108.5**	**112.3**	**115.9**	**125.0**	**143.3**
Alcoholic Beverages	0.028	120.3	121.6	124.9	128.3	130.9
Tobacco and Cigarettes	4.403	108.4	112.2	115.8	125.0	143.4
Clothing and Footwear	**3.549**	**125.2**	**131.3**	**133.3**	**130.2**	**128.3**
Housing, of which:	**21.920**	**120.2**	**120.9**	**122.3**	**125.7**	**130.1**
Rents	15.570	120.8	126.8	130.0	133.3	136.9
Fuels and Lighting	4.847	122.5	106.2	101.5	104.4	113.0
Household Furnishings and Equipment	**4.186**	**110.8**	**112.9**	**114.0**	**115.8**	**117.8**
Health	**2.212**	**114.6**	**117.5**	**121.9**	**132.2**	**139.6**
Transportation	**13.575**	**132.3**	**113.5**	**109.1**	**123.2**	**135.4**
Communication	**3.504**	**95.2**	**95.2**	**95.0**	**96.7**	**96.8**
Culture and Recreation	**2.274**	**106.4**	**112.2**	**117.4**	**126.1**	**128.8**
Education	**5.407**	**114.8**	**118.3**	**120.6**	**124.0**	**127.3**
Restaurants and Hotels	**1.834**	**128.6**	**130.3**	**131.8**	**132.1**	**141.7**
Other Goods and Services	**3.746**	**116.6**	**117.6**	**120.2**	**127.7**	**130.0**
Consumer Price Index	**100.0**	**117.4**	**116.4**	**115.5**	**119.3**	**124.7**

Source : Department of Statistics.

Table 10

Relative Distribution of Jordanian Workers Aged 15 Years and Above by Economic Activity

	2014	2015	2016	2017*	2018*
Total Labor Force	**1,460,337**	**1,607,630**	**1,660,256**	**1,794,860**	**1,734,247**
Total Number of Workers	**1,286,688**	**1,398,030**	**1,406,640**	**1,465,746**	**1,411,265**
Relative Distribution of Workers by Economic Activity					
Agriculture, Forestry and Fishing	1.8	1.7	1.9	1.7	1.7
Mining and Quarrying	0.8	0.8	0.8	0.7	0.6
Manufacturing	10.2	10.0	9.7	10.0	9.6
Construction	6.6	6.0	6.1	4.9	5.0
Wholesale and Retail Trade	15.3	15.3	15.4	15.8	15.3
Transport, Storage and Communications	9.6	9.3	8.9	8.6	8.5
Financial and Insurance Activities	2.1	1.7	1.9	1.8	1.9
Public Aadministration, Defense and Social Security	26.2	26.3	26.1	25.9	26.4
Education	11.9	12.4	11.5	12.8	13.3
Human Health and Social Service	4.9	5.0	5.1	5.1	5.5
Others	10.6	11.5	12.6	12.7	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 11

Monetary Survey of the Banking System [1]

(JD Million)

	2014	2015	2016	2017	2018
Foreign Assets (Net)	**7,932.3**	**8,137.3**	**8,845.4**	**9,122.6**	**7,368.3**
Central Bank	9,939.5	10,124.2	9,831.5	10,260.0	9,151.3
Licensed Banks	-2,007.2	-1,986.9	-986.1	-1,137.4	-1,783.0
Domestic Assets (Net)	**21,308.1**	**23,468.2**	**24,030.8**	**23,835.0**	**25,991.0**
Net Claims on Public Sector	**10,854.3**	**11,739.8**	**10,999.1**	**9,989.7**	**10,909.4**
A) Net Claims on Central Government General Budget	9,265.5	9,173.5	8,244.9	7,342.2	8,118.6
B) Net Claims on Central Government Own-Budget	1,208.4	2,212.9	2,208.9	2,007.5	1,993.9
C) Claims on Public Entities	380.4	353.4	545.3	640.0	796.9
Claims on Private Sector (Resident)	**17,852.8**	**18,704.5**	**20,590.3**	**22,525.8**	**23,709.6**
Claims on Financial Institutions	**167.4**	**165.7**	**279.8**	**497.2**	**625.7**
Other Items (Net)	**-7,566.4**	**-7,141.8**	**-7,838.4**	**-9,177.7**	**-9,253.7**
Money Supply (M2)	**29,240.4**	**31,605.5**	**32,876.2**	**32,957.6**	**33,359.3**
Money Supply (M1)	**9,231.7**	**9,880.2**	**10,386.9**	**10,135.2**	**9,676.3**
Currency in Circulation	3,804.4	3,933.2	4,181.3	4,326.5	4,296.4
Demand Deposits in Jordan Dinar	5,427.3	5,947.0	6,205.6	5,808.7	5,379.9
Quasi-Money	**20,008.7**	**21,725.3**	**22,489.3**	**22,822.4**	**23,683.0**
Demand Deposits in Foreign Currencies	2,242.3	2,510.4	2,776.9	2,660.8	2,576.7
Time and Saving Deposits, of which:	17,766.4	19,214.9	19,712.4	20,161.6	21,106.3
In Foreign Currencies	2,221.2	2,199.2	2,642.0	3,035.7	3,591.3

Source : Central Bank of Jordan, Monthly Statistical Bulletin.
(1) : Includes the Central Bank and licensed banks.

Table 12

Factors Affecting Money Supply [(1)]

(JD Million)

	2014	2015	2016	2017	2018
Foreign Assets (Net)	**1,008.9**	**205.0**	**708.1**	**277.2**	**-1,754.3**
Central Bank	1,452.1	184.7	-292.7	428.5	-1,108.7
Licensed Banks	-443.2	20.3	1,000.8	-151.3	-645.6
Domestic Assets (Net)	**868.1**	**2,160.1**	**562.6**	**-195.8**	**2,156.0**
Net Claims on Public Sector	**-104.8**	**885.5**	**-740.7**	**-1,009.4**	**919.7**
A) Net Claims on Central Government General Budget	261.0	-92.0	-928.6	-902.7	776.4
B) Net Claims on Central Government Own-Budget	-281.9	1,004.5	-4.0	-201.4	-13.6
C) Claims on Public Entities	-83.9	-27.0	191.9	94.7	156.9
Claims on Private Sector (Resident)	**630.3**	**851.7**	**1,885.8**	**1,935.5**	**1,183.8**
Claims on Financial Institutions	**0.8**	**-1.7**	**114.1**	**217.4**	**128.5**
Other Items (Net)	**341.8**	**424.6**	**-696.6**	**-1,339.3**	**-76.0**
Money Supply (M2)	**1,877.0**	**2,365.1**	**1,270.7**	**81.4**	**401.7**
Money Supply (M1)	**823.3**	**648.5**	**506.7**	**-251.7**	**-458.9**
Currency in Circulation	197.8	128.8	248.1	145.2	-30.1
Demand Deposits in Jordan Dinar	625.5	519.7	258.6	-396.9	-428.8
Quasi-Money	**1,053.7**	**1,716.6**	**764.0**	**333.1**	**860.6**
Demand Deposits in Foreign Currencies	66.7	268.1	266.5	-116.1	-84.1
Time and Saving Deposits, of which:	987.0	1,448.5	497.5	449.2	944.7
In Foreign Currencies	-238.4	-22.0	442.8	393.7	555.6

Source : Central Bank of Jordan, Monthly Statistical Bulletin.
(1) : Includes the Central Bank and licensed banks.

Table 13

Assets and Liabilities of the Central Bank of Jordan

(JD Million)

	2014	2015	2016	2017	2018
Foreign Assets	**12,142.2**	**12,514.7**	**11,784.8**	**11,813.8**	**11,101.6**
Gold & SDRs	655.2	1,095.2	1,146.3	1,516.8	1,324.9
Cash, Balances & Deposits	5,892.1	4,823.1	4,851.3	4,889.7	5,429.4
Bonds & Treasury Bills	4,828.0	5,829.5	5,020.3	4,640.4	3,580.4
Other Foreign Assets(1)	766.9	766.9	766.9	766.9	766.9
Domestic Assets	**1,890.6**	**1,814.7**	**1,668.2**	**1,553.8**	**1,800.0**
Claims on Central Government	1,169.7	1,003.8	938.4	824.8	752.9
Claims on Deposit-Money Banks	511.2	355.6	338.2	349.8	365.4
Claims on Financial Institutions	76.3	76.2	97.0	194.3	254.2
Claims on Private Sector	22.4	23.2	22.9	22.9	22.8
Other Assets	111.0	355.9	271.7	162.0	404.7
Assets = Liabilities	**14,032.8**	**14,329.4**	**13,453.0**	**13,367.6**	**12,901.6**
Currency Issued	4,177.9	4,336.8	4,620.8	4,836.5	4,802.4
Banks' Deposits	7,279.8	7,614.9	6,406.2	6,216.6	5,443.4
In Jordan Dinar, of which:	6,541.6	6,997.0	5,668.7	5,373.5	4,603.8
Certificates of Deposit	259.3	1,076.5	1,030.9	600.0	600.0
In Foreign Currencies	738.2	617.9	737.5	843.1	839.6
Public Entities Deposits	1.9	1.1	1.4	0.5	0.3
Central Government Deposits	956.9	914.1	1,031.0	959.7	513.5
Financial Institutions Deposits	5.7	4.5	15.1	24.5	3.6
Foreign Liabilities	1,196.5	961.2	817.7	765.7	1,514.3
Total Capital and Reserves	154.1	240.1	293.5	325.0	368.8
Other Liabilities	260.0	256.7	267.3	239.1	255.3

Source : Central Bank of Jordan, Monthly Statistical Bulletin.
(1) : Includes Loans Arising From Payment Agreements.

Table 14

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

	2014	2015	2016	2017	2018
Euro	1.061	1.296	1.337	1.192	1.240
US Dollar	1.410	1.410	1.410	1.410	1.410
Pound Sterling	0.856	0.940	1.128	1.053	1.114
Japanese Yen	148.9	171.6	163.5	159.2	158.5

Source : Central Bank of Jordan.

Table 15

Assets and Liabilities of Licensed Banks

(JD Million)

	2014	2015	2016	2017	2018
Foreign Assets	**4,731.1**	**4,684.5**	**5,444.6**	**5,661.7**	**5,551.9**
Cash in Vaults (In Foreign Currencies)	210.5	184.2	174.5	201.6	241.7
Balances with Foreign Banks	3,289.6	3,258.5	3,934.9	4,064.8	3,836.7
Portfolio (Non-Resident)	641.9	692.6	716.9	757.2	740.5
Credit Facilities to Private Sector (Non-Resident)	481.9	477.1	479.8	500.2	655.3
Other Foreign Assets	107.2	72.1	138.5	137.9	77.7
Domestic Assets	**40,137.0**	**42,448.7**	**42,938.9**	**43,440.8**	**45,365.9**
Claims on Public Sector	11,015.4	11,514.1	11,086.2	10,292.6	11,180.8
Claims on Central Government	10,635.0	11,160.6	10,540.9	9,652.5	10,383.9
Claims on Public Entities(1)	380.4	353.4	545.3	640.0	796.9
Claims on Private Sector (Resident)	17,830.3	18,681.3	20,567.4	22,502.9	23,686.8
Claims on Financial Institutions	91.1	89.4	182.8	302.9	371.4
Cash in Vaults & Deposits with the CBJ	7,591.0	7,972.4	6,768.0	6,690.6	5,906.0
Other Assets	3,609.2	4,191.5	4,334.5	3,651.8	4,220.9
Assets = Liabilities	**44,868.1**	**47,133.2**	**48,383.5**	**49,102.5**	**50,917.8**
Capital, Reserves and Provisions	6,773.7	7,107.8	7,261.2	7,564.2	7,865.8
Foreign Liabilities	6,738.3	6,671.4	6,430.7	6,799.1	7,334.9
Central Government Deposits	1,380.0	1,293.2	1,130.2	955.9	946.8
Public Entities Deposits(1)	1,091.2	1,423.8	1,339.9	1,380.3	1,724.4
Private Sector Deposits (Resident)	23,976.8	25,799.8	26,952.9	26,916.3	26,944.5
Financial Institutions Deposits	360.4	443.2	385.5	309.5	390.2
Credit from the CBJ	645.6	500.6	499.3	527.4	753.8
Other Liabilities	3,902.1	3,893.4	4,383.8	4,649.8	4,957.4

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

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

Table 16

Deposits Structure at Licensed Banks According to Currency and Depositor

(JD Million)

	2014	2015	2016	2017	2018
Public Sector	**2,471.1**	**2,717.1**	**2,470.2**	**2,336.2**	**2,671.2**
Demand Deposits	293.9	378.0	461.9	251.5	307.7
In Jordan Dinar	281.0	362.6	419.1	231.9	274.2
In Foreign Currencies	12.9	15.4	42.8	19.6	33.5
Saving Deposits	1.9	0.6	2.8	18.9	3.1
In Jordan Dinar	1.9	0.6	2.7	18.9	2.8
In Foreign Currencies	0.0	0.0	0.1	0.0	0.3
Time Deposits	2,175.3	2,338.5	2,005.5	2,065.8	2,360.4
In Jordan Dinar	2,164.4	2,305.2	1,895.5	1,943.0	2,228.9
In Foreign Currencies	10.9	33.3	110.0	122.8	131.5
Private Sector (Resident)	**23,976.9**	**25,799.7**	**26,952.9**	**26,916.3**	**26,944.5**
Demand Deposits	7,419.0	8,163.8	8,647.7	8,261.8	7,716.3
In Jordan Dinar	5,222.6	5,709.9	5,894.1	5,619.0	5,172.6
In Foreign Currencies	2,196.4	2,453.9	2,753.6	2,642.8	2,543.7
Saving Deposits	3,651.6	4,034.9	4,725.2	5,116.9	5,041.8
In Jordan Dinar	2,906.6	3,262.6	3,758.6	4,071.5	3,970.6
In Foreign Currencies	745.0	772.3	966.6	1,045.4	1,071.2
Time Deposits	12,906.3	13,601.0	13,580.0	13,537.6	14,186.4
In Jordan Dinar	11,445.7	12,190.5	11,920.2	11,567.7	11,703.2
In Foreign Currencies	1,460.6	1,410.5	1,659.8	1,969.9	2,483.2
Private Sector (Non-Resident)	**3,452.6**	**3,638.5**	**3,091.4**	**3,635.6**	**3,842.3**
Demand Deposits	1,187.3	1,308.8	1,135.6	1,255.7	1,229.2
In Jordan Dinar	301.2	347.3	392.5	445.6	399.2
In Foreign Currencies	886.1	961.5	743.1	810.1	830.0
Saving Deposits	533.6	550.1	488.8	603.3	625.4
In Jordan Dinar	192.9	227.3	235.1	257.8	278.0
In Foreign Currencies	340.7	322.8	253.7	345.5	347.4
Time Deposits	1,731.7	1,779.6	1,467.0	1,776.6	1,987.7
In Jordan Dinar	1,175.8	1,217.2	1,086.2	1,194.0	1,275.0
In Foreign Currencies	555.9	562.4	380.8	582.6	712.7
Non-Banking Financial Institutions	**360.4**	**443.2**	**385.5**	**309.6**	**390.1**
Demand Deposits	87.1	97.6	67.4	64.2	110.9
In Jordan Dinar	56.3	56.7	53.7	53.0	86.6
In Foreign Currencies	30.8	40.9	13.7	11.2	24.3
Saving Deposits	1.6	1.0	1.3	0.2	1.2
In Jordan Dinar	0.7	0.1	0.5	0.2	1.0
In Foreign Currencies	0.9	0.9	0.8	0.0	0.2
Time Deposits	271.7	344.6	316.8	245.2	278.0
In Jordan Dinar	264.0	334.5	310.0	239.6	275.5
In Foreign Currencies	7.7	10.1	6.8	5.6	2.5
Total	**30,261.0**	**32,598.5**	**32,900.0**	**33,197.7**	**33,848.1**

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

Table 17

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

(JD Million)

	2014	2015	2016	2017	2018
	By Economic Activity				
Agriculture	243.4	217.1	304.5	337.3	336.7
Mining	196.1	170.2	288.4	255.2	355.7
Industry	2,531.2	2,145.8	2,203.4	2,724.2	3,064.3
General Trade	3,683.8	3,883.8	4,075.5	4,230.9	4,470.6
Construction	4,552.8	4,904.5	5,827.7	6,601.0	6,830.9
Transportation Services	292.7	259.8	355.8	354.3	328.9
Tourism, Hotels and Restaurants	571.5	593.1	597.7	619.7	592.1
Public Services and Utilities	2,170.0	3,232.0	3,296.2	3,707.2	3,852.9
Financial Services	539.5	515.2	577.2	632.5	768.2
Other, of which:	4,493.5	5,182.0	5,379.4	5,274.5	5,511.5
Buying Shares	210.1	178.5	168.6	158.0	152.1
Total	**19,274.5**	**21,103.5**	**22,905.8**	**24,736.8**	**26,111.8**
of which in Foreign Currencies	2,567.7	2,821.8	2,719.2	2,595.4	2,931.5
	By Borrower				
Central Government	1,133.2	2,193.7	2,154.9	2,114.8	1,994.7
Public Entities	348.6	325.6	358.2	357.6	429.0
Financial Institutions	6.6	9.0	11.6	17.0	21.5
Private Sector (Resident)	17,304.1	18,098.1	19,901.4	21,747.1	23,011.3
Private Sector (Non-Resident)	482.0	477.1	479.7	500.3	655.3

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

Table 18

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

(JD Million)

	2014	2015	2016	2017	2018
Cash in Vaults	**201.5**	**206.9**	**202.5**	**275.1**	**268.3**
Balances with the Banking System	**1,726.8**	**1,637.4**	**1,788.3**	**1,529.6**	**1,553.6**
Credit Facilities	**1,567.2**	**1,761.3**	**1,917.5**	**2,266.3**	**2,270.7**
In Jordan Dinar	216.8	247.7	244.1	297.4	351.3
In US Dollar	892.4	816.1	855.2	920.5	950.2
In Other Foreign Currencies	458.0	697.5	818.2	1,048.4	969.2
Portfolio	**497.8**	**436.1**	**504.6**	**494.8**	**552.5**
Other Assets	**131.2**	**127.6**	**153.9**	**186.9**	**167.0**
Assets = Liabilities	**4,124.5**	**4,169.3**	**4,566.8**	**4,752.7**	**4,812.1**
Deposits of Banking System	**159.5**	**183.0**	**280.8**	**211.6**	**233.1**
Customers' Deposits	**3,126.2**	**3,185.8**	**3,438.3**	**3,610.7**	**3,604.7**
In Jordan Dinar	933.5	957.4	974.6	1,028.1	974.5
In US Dollar	1,136.2	1,097.4	1,270.3	1,273.2	1,290.9
In Other Foreign Currencies	1,056.5	1,131.0	1,193.4	1,309.4	1,339.3
Capital, Reserves and Provisions	**586.3**	**556.8**	**593.5**	**641.2**	**668.7**
Other Liabilities	**252.5**	**243.7**	**254.2**	**289.2**	**305.6**

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

Table 19

Assets and Liabilities of Insurance Companies

(JD Million)

	2013	2014	2015	2016	2017
Balances and Deposits	235.4	272.8	271.5	268.2	275.3
Accounts Receivable	143.9	143.4	163.7	192.6	191.3
Customers (Debtors)	122.2	121.1	135.2	158.8	158.8
Re-Insurance Companies	21.7	22.3	28.5	33.8	32.5
Investments and Other Assets	418.7	426.0	434.5	454.8	485.8
Assets = Liabilities	**798.0**	**842.2**	**869.7**	**915.6**	**952.4**
Paid-up Capital and Reserves	319.2	309.0	312.1	312.9	312.2
Accounts Payable	89.5	93.8	100.5	119.3	117.5
Creditors	32.4	33.2	37.5	45.3	46.6
Re-Insurance Companies	57.1	60.6	63.0	74.0	70.9
Provisions	12.4	14.2	11.5	11.3	8.9
Technical Reserves	327.7	355.8	386.8	405.1	431.7
Accounting Reserve	76.3	83.6	93.3	105.6	122.6
Unexpired Risks Reserve	120.4	124.3	133.2	139.4	146.7
Outstanding Claims Reserve	131.0	147.9	160.3	160.1	162.4
Other Liabilities	49.2	69.4	58.8	67.0	82.1

Source : Ministry of Industry Trade and Supply.

Table 20

The Premiums Underwritten of Insurance Companies

(JD Million)

	2014	2015	2016	2017	2018(1)
Maritime	25.5	22.5	20.6	18.0	17.8
Fire	69.1	69.5	74.8	73.2	70.0
Motor vehicle	212.5	221.9	225.2	233.0	228.2
Accidents (2)	23.9	21.0	20.4	21.2	22.3
Life	53.1	61.0	70.6	79.8	86.2
Medical	141.7	154.4	171.5	168.9	182.2
Total	**525.8**	**550.4**	**583.1**	**594.1**	**606.7**

Source : Ministry of Industry Trade and Supply.
(1) : Preliminary.
(2) : Includes insurance on credit, liability, aviation and other general classes.

Table 21

Compensations Paid by Insurance Companies

(JD Million)

	2014	2015	2016	2017	2018(1)
Maritime	6.8	7.3	4.0	4.7	5.4
Fire	42.1	19.9	46.8	21.4	19.7
Motor vehicle	175.7	188.5	207.3	223.7	242.9
Accidents (2)	6.3	4.9	6.2	5.9	6.0
Life	28.5	27.2	36.7	43.4	32.9
Medical	113.4	124.0	145.8	159.6	159.4
Total	**372.9**	**371.8**	**447.0**	**458.7**	**466.3**

Source : Ministry of Industry Trade and Supply.
(1) : Preliminary.
(2) : Includes insurance on credit, liability, aviation and other general classes.

Table 22

Sectorial Distribution of Shares Traded

Sector	Value of Shares Traded (JD Million)					Number of Shares Traded (Millions of Shares)				
	2014	**2015**	**2016**	**2017**	**2018**	**2014**	**2015**	**2016**	**2017**	**2018**
Industry	379.1	346.6	703.7	655.7	988.3	390.4	347.6	362.9	281.7	264.3
Services	373.5	729.6	423.6	375.0	231.0	423.1	460.4	396.5	383.8	226.2
Financial	1,510.8	2,340.9	1,202.1	1,895.5	1,100.0	1,508.2	1,777.8	1,077.3	1,051.2	755.4
Total	**2,263.4**	**3,417.1**	**2,329.5**	**2,926.2**	**2,319.3**	**2,321.8**	**2,585.8**	**1,836.7**	**1,716.7**	**1,245.9**

Source : Amman Stock Exchange.

Table 23

Share Price Index Weighted by Market Capitalization(1)

(Closing December 1991=1000)

Sector	2014	2015	2016	2017	2018
Industry	2,691.3	2,731.2	2,648.7	2,615.8	2,311.4
Banks	8,373.0	8,463.7	8,444.5	8,335.2	8,246.0
Services	1,211.2	1,141.0	954.5	933.7	796.8
Insurance companies	1,337.7	1,369.6	1,385.4	1,261.2	1,376.5
General Index	**4,237.6**	**4,229.9**	**4,069.7**	**4,009.4**	**3,797.1**

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

Table 24

Share Price Index Weighted by Free Floating Shares

(Closing December 1999=1000)

Sector	2014	2015	2016	2017	2018
Industrial	1,852.0	1,848.8	2,093.0	2,229.5	1,882.7
Services	1,794.8	1,726.7	1,604.7	1,449.7	1,279.8
Financial (1)	2,920.9	2,906.2	2,933.2	2,881.5	2,652.7
General Index	**2,165.5**	**2,136.3**	**2,170.3**	**2,126.8**	**1,908.8**

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

Table 25

Assets of Social Security Investment Fund

(JD Million)

	2014	2015	2016	2017	2018[1]
Assets					
Financial instruments portfolio	689.0	934.0	854.9	962.8	1,382.4
Bonds portfolio	2,868.0	3,412.0	3,957.3	4,680.7	5,148.4
Loans portfolio	138.0	161.0	168.0	229.6	274.2
Equity Investment for trading portfolio	2,169.0	2,232.0	2,131.1	2,071.3	2,051.8
Real estate portfolio	412.0	538.0	581.1	581.1	597.7
Investments in hotels	287.0	252.0	250.3	250.3	251.3
Other assets	297.0	114.0	382.6	462.2	532.2
Total Assets	**6,860.0**	**7,643.0**	**8,325.3**	**9,238.0**	**10,238.0**

Source: Social Security Corporation.
(1) : Preliminary.

Table 26

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

(JD Million)

	2014	2015	2016	2017	2018	
					Budget Law	Actual
Budgetary Central Government						
Total Revenues and Grants	**7,267.6**	**6,796.8**	**7,069.6**	**7,425.3**	**8,496.0**	**7,839.6**
Domestic Revenues	6,031.1	5,910.6	6,233.6	6,717.4	7,796.0	6,944.9
Foreign Grants	1,236.5	886.2	836.0	707.9	700.0	894.7
Total Expenditures	**7,851.1**	**7,722.7**	**7,948.2**	**8,173.2**	**9,019.3**	**8,567.3**
Current Expenditures	6,713.6	6,624.5	6,919.1	7,113.0	7,866.4	7,619.6
Capital Expenditures	1,137.5	1,098.2	1,029.1	1,060.2	1,152.9	947.7
Overall Deficit/Surplus	**-583.5**	**-925.9**	**-878.6**	**-747.9**	**-523.3**	**-727.6**
Own-Budget Agencies						
Total Revenues and Grants	**617.4**	**1,364.5**	**1,642.2**	**1,481.2**	**1,663.9**	**1,440.5**
Domestic Revenues	556.4	1,283.8	1,586.0	1,451.5	1,608.9	1,402.1
Foreign Grants	61.0	80.7	56.1	29.7	55.0	38.4
Total Expenditures	**1,663.8**	**1,602.7**	**1,660.1**	**1,577.9**	**1,812.3**	**1,675.0**
Current Expenditures	1,097.0	1,027.9	1,079.9	1,077.9	1,168.7	1,123.0
Capital Expenditures	566.9	574.8	580.2	500.0	643.6	552.0
Overall Deficit/Surplus	**-1,046.4**	**-238.2**	**-17.9**	**-96.8**	**-148.3**	**-234.5**
Central Government (Budgetary and Own-Budget Agencies)						
Total Revenues and Grants	**7,885.0**	**8,161.3**	**8,711.8**	**8,906.5**	**10,159.9**	**9,280.1**
Domestic Revenues	6,587.5	7,194.4	7,819.6	8,168.9	9,404.9	8,347.0
Foreign Grants	1,297.5	966.9	892.1	737.6	755.0	932.7
Total Expenditures	**9,514.9**	**9,325.6**	**9,608.3**	**9,751.1**	**10,831.6**	**10,242.3**
Current Expenditures	7,810.6	7,652.4	7,999.0	8,190.9	9,035.1	8,742.6
Capital Expenditures	1,704.4	1,673.2	1,609.3	1,560.2	1,796.5	1,499.7
Overall Deficit/Surplus	**-1,629.9**	**-1,164.1**	**-896.5**	**-844.7**	**-671.6**	**-962.1**

Source : Ministry of Finance.

Table 26-A

Summary of Central Government Budget

(JD Million)

	2014	2015	2016	2017	2018	
					Budget Law	Actual
Total Revenues and Grants	**7,267.6**	**6,796.8**	**7,069.6**	**7,425.3**	**8,496.0**	**7,839.6**
Domestic Revenues	6,031.1	5,910.6	6,233.6	6,717.4	7,796.0	6,944.9
Tax Revenues	4,037.1	4,096.8	4,254.3	4,343.6	5,145.8	4,535.6
Pension Contributions	21.0	18.6	15.2	11.6	12.5	10.9
Other Revenues	1,973.0	1,795.2	1,964.1	2,362.2	2,637.6	2,398.4
Foreign Grants	1,236.5	886.2	836.0	707.9	700.0	894.7
Total Expenditures	**7,851.1**	**7,722.7**	**7,948.2**	**8,173.2**	**9,019.3**	**8,567.3**
Current Expenditures, of which:	6,713.6	6,624.5	6,919.1	7,113.0	7,866.4	7,619.6
Interest Payments (Commitment Basis)	925.9	914.4	835.3	856.2	1,020.0	1,004.4
Capital Expenditures	1,137.5	1,098.2	1,029.1	1,060.2	1,152.9	947.7
Overall Deficit/Surplus						
Including Grants	-583.5	-925.9	-878.6	-747.9	-523.3	-727.6
Excluding Grants	-1,820.0	-1,812.1	-1,714.6	-1,455.9	-1,223.3	-1,622.3
Primary Deficit/Surplus (Excluding Grants)	**-894.1**	**-897.7**	**-879.3**	**-599.6**	**-238.3**	**-618.0**

Source : Ministry of Finance.

Table 26-B

Summary of Government Units Budgets

(Own-Budget Agencies)

(JD Million)

	2014	2015	2016	2017	2018	
					Budget Law	Preliminary
Total Revenues and Grants	**617.4**	**1,364.5**	**1,642.2**	**1,481.2**	**1,663.9**	**1,440.5**
Domestic Revenues, of which:	556.4	1,283.8	1,586.0	1,451.5	1,608.9	1,402.1
Tax Revenues	9.0	6.3	7.0	7.0	7.6	7.6
Government Subsidy	253.6	168.0	168.0	136.6	191.2	153.8
Revenues from Selling Goods and Services	184.1	1,026.3	1,340.9	1,240.8	1,309.0	1,154.5
Foreign Grants	61.0	80.7	56.1	29.7	55.0	38.4
Total Expenditures	**1,663.8**	**1,602.7**	**1,660.1**	**1,577.9**	**1,812.3**	**1,675.0**
Current Expenditures	1,097.0	1,027.9	1,079.9	1,077.9	1,168.7	1,123.0
Wages, Salaries and Allowances	295.7	347.6	359.2	362.3	383.7	372.5
Interest Payments	160.3	151.8	161.5	164.4	190.3	177.5
Purchases of Goods and Services	496.7	469.0	494.9	486.0	526.7	507.4
Other Current Expenditures	144.3	59.5	64.3	65.2	68.1	65.5
Capital Expenditures	566.9	574.8	580.2	500.0	643.6	552.0
Overall Deficit/Surplus	**-1,046.4**	**-238.2**	**-17.9**	**-96.8**	**-148.3**	**-234.5**

Source : General Budget Department/ Government Units Budgets Law.

Table 27

Components of Domestic Revenues

(Budgetary Central Government)

(JD Million)

	2014	2015	2016	2017	2018
First: Tax Revenues	**4,037.1**	**4,096.8**	**4,254.3**	**4,343.6**	**4,535.6**
1- Taxes on Income and Profits:	766.3	858.7	944.7	938.0	965.0
Income Tax from Individuals	154.0	206.9	193.9	195.3	202.8
Income Tax from Companies & Projects	612.3	651.8	750.8	742.7	762.3
2- Taxes on Financial Transactions	132.1	124.7	114.8	107.7	93.0
3- Taxes on Goods and Services*	2,811.4	2,780.0	2,883.8	2,993.5	3,184.6
4- Taxes on International Trade & Transactions**	327.3	333.5	311.0	304.3	292.9
Second: Pension Contributions	**21.0**	**18.6**	**15.2**	**11.6**	**10.9**
Third: Other Revenues	**1,973.0**	**1,795.2**	**1,964.1**	**2,362.2**	**2,398.4**
1- Revenues from Selling Goods & Services	883.0	852.8	828.3	916.1	901.8
2- Property Income, of which:	516.0	336.2	292.2	358.0	305.1
Financial Surplus	476.7	296.4	261.0	319.4	271.3
3- Miscellaneous Revenues, of which:	574.0	606.2	843.6	1,088.1	1,191.5
Mining Revenues	25.1	27.4	54.3	36.9	42.9
Repayments	21.5	39.2	28.7	19.6	36.3
Total Domestic Revenues	**6,031.1**	**5,910.6**	**6,233.6**	**6,717.4**	**6,944.9**

Source : Ministry of Finance.

* : Represents general sales taxes on goods & services.

** : Represents customs duties & fees.

Table 28

Components of Public Expenditures

(Budgetary Central Government)

(JD Million)

	2014	2015	2016	2017	2018
First: Current Expenditures	**6,713.6**	**6,624.5**	**6,919.1**	**7,113.0**	**7,619.6**
1- Compensations of Employees	1,320.1	1,344.6	1,370.0	1,385.5	1,418.9
Wages, Salaries and Allowances	1,234.1	1,245.2	1,264.1	1,272.7	1,297.8
Social Security	86.0	99.4	105.9	112.8	121.2
2- Purchases of Goods & Services	479.5	402.6	443.8	379.6	295.5
3- Interest Payments (commitment Basis)	925.9	914.4	835.3	856.2	1,004.4
Internal	750.2	710.0	622.0	587.3	647.7
External	175.7	204.4	213.3	268.8	356.8
4- Subsidies	297.9	291.0	241.4	291.5	391.4
Subsidies for Non Financial Public Institutions	78.3	94.1	108.4	170.5	170.4
Goods Subsidies	218.4	195.4	131.4	119.2	55.7
Social Safety Net / Cash Support	0.0	0.0	0.0	0.0	161.1
5- Grants	205.8	117.2	123.5	110.0	122.4
6- Social Benefits, of which:	1,472.6	1,442.0	1,476.1	1,480.2	1,541.8
Pensions and Compensation	1,115.9	1,162.8	1,212.7	1,277.1	1,331.5
Social Assistances	356.7	279.2	263.4	203.1	210.3
7- Miscellaneous Expenditures, of which:	91.7	115.8	213.4	284.9	363.1
Scholarships and Training	21.5	24.8	24.8	1.5	0.9
8- Military Expenditures	1,920.1	1,996.9	2,215.5	2,325.1	2,482.1
Second: Capital Expenditures	**1,137.5**	**1,098.2**	**1,029.1**	**1.060.2**	**947.7**
Total Expenditures	**7,851.1**	**7,722.7**	**7,948.2**	**8,173.2**	**8,567.3**

Source : Ministry of Finance.

Table 29

Central Government Domestic Debt

(Budgetary Central Government and Own-Budget Agencies)

(JD Million)

	2014	**2015**	**2016**	**2017**	**2018**
Gross Domestic Public Debt	**14,621.5**	**15,486.3**	**15,793.7**	**15,402.1**	**16,220.7**
1) Budgetary Central Government	13,073.7	12,935.1	13,174.8	12,546.8	13,352.3
A) Treasury Bills and Bonds	12,471.1	12,384.0	12,723.0	12,193.9	13,075.3
Held by the Banking System	9,003.7	8,438.8	7,875.7	6,601.2	6,979.7
Held by Non Banks	3,467.4	3,945.2	4,847.3	5,592.8	6,095.6
B) Loans and Advances	602.6	551.1	451.9	352.8	276.9
From Central Bank	591.7	511.7	431.7	351.7	271.7
From Commercial Banks	10.9	39.4	20.2	1.1	5.2
From Non Banks	0.0	0.0	0.0	0.0	0.0
2) Own-Budget Government Agencies	1,547.8	2,551.2	2,618.9	2,855.3	2,868.5
A) Corporate Bonds	608.5	562.5	532.5	657.5	610.5
Held by the Banking System	538.2	455.2	410.2	381.9	340.4
Held by Non Banks	70.3	107.3	122.3	275.9	270.1
B) Direct Credit Facilities	939.3	1,988.7	2,086.4	2,197.8	2,258.0
From Banks	893.1	1,950.2	2,050.1	2,169.2	2,227.1
Gross Government's Deposits with the Banking System	**2,096.1**	**2,028.9**	**2,013.3**	**1,833.5**	**1,407.7**
1) Budgetary Central Government's Deposits	1,878.1	1,813.6	1,816.4	1,506.0	1,134.9
A) Ministry of Finance Deposits	-143.9	-188.3	-86.5	-207.9	-664.1
With the Central Bank(1)	-164.7	-196.4	-94.2	-221.4	-699.9
With Commercial Banks	20.8	8.1	7.7	13.5	35.8
B) Other Ministries Deposits	2,022.1	2,001.9	1,902.9	1,713.9	1,799.0
With the Central Bank	863.0	912.7	966.5	930.5	1,039.2
With Commercial Banks	1,159.1	1,089.2	936.3	783.4	759.8
2) Own-Budget Government Agencies Deposits	217.9	215.2	196.9	327.5	272.8
Net Budgetary Central Government Domestic Debt(2)	**11,195.6**	**11,121.5**	**11,358.4**	**11,040.8**	**12,217.4**
Net Central Government Domestic Debt (Budgetary and Own-Budget Agencies) (3)	**12,525.4**	**13,457.4**	**13,780.4**	**13,568.6**	**14,813.1**

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 30

Outstanding External Public Debt [1]

(JD Million)

	2014	2015	2016	2017	2018
1) Long-Term Loans	**5,032.2**	**5,515.4**	**5,724.0**	**5,882.5**	**5,616.3**
A) Arab and Foreign Governments, of which:	**1,810.1**	**1,895.4**	**2,060.2**	**2,408.9**	**2,353.7**
Japan	627.6	699.0	714.3	794.7	736.4
Germany	235.6	224.7	233.5	235.0	329.5
United States	67.6	60.5	53.2	46.9	40.7
France	203.6	254.8	415.1	567.1	618.0
B) Regional and International Institutions, of which:	**3,037.1**	**3,444.6**	**3,544.2**	**3,418.6**	**3,262.6**
World Bank	990.5	1,100.2	1,318.6	1,332.2	1,599.1
Arab Fund for Economic and Social Development	580.7	557.2	517.9	506.4	472.1
European Investment Bank	93.0	84.3	76.2	75.7	82.3
Arab Monetary Fund	151.2	151.2	191.8	203.1	167.6
Islamic Development Bank	91.3	83.9	76.0	70.1	77.2
International Monetary Fund	964.3	1,310.5	1,137.4	901.4	536.6
C) Foreign Banks & Companies	**185.0**	**175.4**	**119.6**	**55.0**	**0.0**
2) Others[2], of which:	**2,998.0**	**3,875.2**	**4,574.9**	**5,984.6**	**6,471.3**
Eurobonds & domestic bonds in dollar	2,946.5	3,834.0	4,544.0	5,964.0	6,461.0
Outstanding External Public Debt	**8,030.1**	**9,390.5**	**10,299.0**	**11,867.2**	**12,087.5**

Source : Ministry of Finance.
(1) : Represents balance of disbursed loans *minus* repayments.
(2) : Including bonds, leasing contracts and Eurobonds.

Table 31

Distribution of External Loans Disbursed in 2018 According to Source

Source	Disbursements (JD Million)	Relative Importance (%)
Regional & International Institutions:	**584.1**	**48.9**
International Bank for Reconstruction and Development	320.8	26.9
Arab Monetary Fund	109.6	9.2
European Bank for Reconstruction and Development	76.0	6.4
Arab Fund for Economic and Social Development	19.5	1.6
Islamic Development Bank	18.5	1.5
European Investment Bank	14.2	1.2
International Development Foundation	10.7	0.9
Saudi Fund for Development	10.3	0.9
International Fund for Agricultural Development	2.5	0.2
International Islamic Trade Finance Corporation	2.0	0.2
Multiple Creditors (Bonds)	**497.0**	**41.6**
Industrial Countries:	**111.6**	**9.3**
France	80.9	6.8
Germany	23.1	1.9
Korea	7.6	0.6
Other	**1.1**	**0.1**
Total	**1,193.8**	**100.0**

Source : Ministry of Finance.

Table 32

Distribution of External Loans Contracted in 2018 According to Source and Economic Sector

(JD Million)

Sector \ Source	Arab & Foreign Governments	Regional & International Institutions	Multiple Creditors	Total	Sector's Relative Importance (%)
Supporting Budget	322.8	379.2	497.0	1,199.0	86.4
Energy	0.0	188.1	0.0	188.1	13.6
Total	**322.8**	**567.3**	**497.0**	**1,387.1**	**100.0**

Source : Ministry of Finance.

Table 33

Balance of Payments

(JD Million)

	2014[1]	2015[1]	2016[1]	2017[1]	2018[1]
Current account	**-1,851.7**	**-2,418.1**	**-2,619.2**	**-3,053.9**	**-2,107.8**
Goods	**-8,495.6**	**-7,336.2**	**-6,807.3**	**-7,593.2**	**-7,239.4**
Exports (FOB):	**5,953.6**	**5,561.4**	**5,359.6**	**5,333.1**	**5,518.5**
Imports (FOB):	**14,449.2**	**12,897.6**	**12,166.9**	**12,926.3**	**12,757.9**
Services	**1,778.9**	**1,235.9**	**1,035.1**	**1,455.8**	**1,766.3**
Credit	**5,069.1**	**4,451.0**	**4,285.2**	**4,818.1**	**5,169.4**
Debit	**3,290.2**	**3,215.1**	**3,250.1**	**3,362.3**	**3,403.1**
Transport	-763.7	-924.7	-921.0	-936.5	-910.5
Credit	1,137.0	877.2	885.7	891.4	947.5
Debit	1,900.7	1,801.9	1,806.7	1,827.9	1,858.0
Travel	2,295.9	2,062.7	1,977.9	2,309.5	2,742.0
Credit	3,106.6	2,886.0	2,870.9	3,293.5	3,726.6
Debit	810.7	823.3	893.0	984.0	984.6
Construction	-3.8	21.2	33.6	37.5	21.7
Credit	7.4	36.1	45.5	49.8	41.2
Debit	11.2	14.9	11.9	12.3	19.5
Insurance and pension services	-324.7	-289.9	-273.5	-290.6	-286.7
Credit	0.0	0.0	0.0	0.0	0.0
Debit	324.7	289.9	273.5	290.6	286.7
Financial services	26.2	27.3	18.9	3.3	28.8
Credit	56.9	68.1	68.6	43.2	59.4
Debit	30.7	40.8	49.7	39.9	30.6
Charges for the use of intellectual property	6.0	-1.4	-1.4	9.4	-1.2
Credit	7.7	9.1	15.7	24.5	15.5
Debit	1.7	10.5	17.1	15.1	16.7
Telecommunications, computer, and information services	-36.2	-11.8	-14.9	-14.0	-29.9
Credit	21.0	31.1	28.8	17.3	11.1
Debit	57.2	42.9	43.7	31.3	41.0
Other business services	272.9	126.2	135.3	108.9	79.1
Credit	321.4	218.1	192.2	167.5	128.8
Debit	48.5	91.9	56.9	58.6	49.7
Personal, cultural, and recreational services	-21.3	10.4	17.3	24.0	31.7
Credit	25.7	46.9	42.1	49.3	54.7
Debit	47.0	36.5	24.8	25.3	23.0
Government goods and services	327.6	216.0	62.9	204.3	91.3
Credit	385.4	278.5	135.7	281.6	184.6
Debit	57.8	62.5	72.8	77.3	93.3

(1) : Preliminary.

Table 33

Balance of Payments (Continued)

(JD Million)

	2014(1)	2015(1)	2016(1)	2017(1)	2018(1)
Primary income	**-295.9**	**-307.1**	**-216.6**	**-146.5**	**-141.6**
Credit	**624.8**	**522.6**	**540.1**	**616.0**	**737.0**
Debit	**920.7**	**829.7**	**756.7**	**762.5**	**878.6**
Compensation of employees	223.6	229.0	222.7	216.5	210.0
Credit	265.4	269.3	262.9	263.5	260.6
Debit	41.8	40.3	40.2	47.0	50.6
Investment income	-519.5	-536.1	-439.3	-363.0	-351.6
Credit	359.4	253.3	277.2	352.5	476.4
Debit	878.9	789.4	716.5	715.5	828.0
Monetary authorities	87.6	63.4	89.6	119.1	178.4
Credit	97.6	75.0	104.8	138.3	206.9
Debit	10.0	11.6	15.2	19.2	28.5
Deposit - taking corporations, except central bank	177.0	106.7	107.4	131.5	161.5
Credit	199.3	128.6	127.8	165.4	207.2
Debit	22.3	21.9	20.4	33.9	45.7
General Government	-204.6	-191.9	-198.4	-255.6	-335.7
Credit	0.0	0.0	0.0	0.0	0.0
Debit	204.6	191.9	198.4	255.6	335.7
Other Sectors	-579.5	-514.3	-437.9	-358.0	-355.8
Credit	62.5	49.7	44.6	48.8	62.3
Debit	642.0	564.0	482.5	406.8	418.1
Secondary income	**5,160.9**	**3,989.3**	**3,369.6**	**3,230.0**	**3,506.9**
Credit	**5,599.4**	**4,373.8**	**3,734.6**	**3,660.9**	**3,908.7**
Debit	**438.5**	**384.5**	**365.0**	**430.9**	**401.8**
General government	1,341.4	844.7	891.0	777.5	995.5
Credit	1,342.3	845.8	891.5	777.7	995.5
Debit	0.9	1.1	0.5	0.2	0.0
Other Sectors	3,819.5	3,144.6	2,478.6	2,452.5	2,511.4
Credit	4,257.1	3,528.0	2,843.1	2,883.2	2,913.2
Debit	437.6	383.4	364.5	430.7	401.8
Personal transfers	3,819.5	3,144.6	2,478.6	2,452.5	2,511.4
Credit	4,257.1	3,528.0	2,843.1	2,883.2	2,913.2
Debit	437.6	383.4	364.5	430.7	401.8
Of which: Workers' remittances	2,075.5	2,122.6	2,064.1	2,020.2	1,967.2
Credit	2,388.0	2,423.3	2,365.7	2,371.9	2,345.7
Debit	312.5	300.7	301.6	351.7	378.5
Capital account	**58.3**	**80.0**	**53.0**	**30.0**	**55.0**
Credit	**58.3**	**80.0**	**53.0**	**30.0**	**55.0**
Debit	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Nonproduced nonfinancial assets	0.0	0.0	0.0	0.0	0.0
Capital transfers	58.3	80.0	53.0	30.0	55.0
Credit	58.3	80.0	53.0	30.0	55.0
Debit	0.0	0.0	0.0	0.0	0.0

(1) : Preliminary.

Table 33

Balance of Payments (Continued)

(JD Million)

	2014(1)	2015(1)	2016(1)	2017(1)	2018(1)
Financial account	**-1,026.0**	**-1,865.4**	**-2,322.7**	**-2,297.0**	**-2,795.5**
Direct investment	**-1,487.5**	**-1,135.5**	**-1,100.3**	**-1,436.4**	**-679.8**
Net acquisition of financial assets	**59.2**	**0.7**	**2.3**	**4.7**	**-5.4**
Net incurrence of liabilities	**1,546.7**	**1,136.2**	**1,102.6**	**1,441.1**	**674.4**
Portfolio investment	**-825.0**	**-919.6**	**-845.9**	**-676.7**	**146.5**
Net acquisition of financial assets	**73.7**	**50.0**	**22.0**	**10.8**	**22.1**
Net incurrence of liabilities	**898.7**	**969.6**	**867.9**	**687.5**	**-124.4**
Financial derivatives	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Other investment	**-391.5**	**-357.9**	**406.6**	**-91.5**	**-1,586.0**
Net acquisition of financial assets	**-167.9**	**-302.0**	**577.4**	**115.1**	**-177.0**
Other equity	2.3	12.2	9.6	11.4	13.4
Currency and deposits	-239.1	-294.3	505.4	57.6	-305.6
Deposit - taking corporations, except central bank	-86.7	-57.4	666.7	157.0	-188.0
Loans	213.4	-4.8	2.7	20.4	155.1
Deposit - taking corporations, except central bank - *Long term*	213.4	-4.8	2.7	20.4	155.1
Trade credit and advances	-16.7	17.3	-12.1	15.6	5.9
Other sectors - *Short term*	-16.7	17.3	-12.1	15.6	5.9
Other accounts receivable	-127.8	-32.4	71.8	10.1	-45.8
Monetary authorities - *Short term*	3.4	2.6	5.4	10.7	14.2
Deposit - taking corporations, except central bank - *Short term*	-131.2	-35.0	66.4	-0.6	-60.0
Net incurrence of liabilities	**223.6**	**55.9**	**170.8**	**206.6**	**1,409.0**
Other equity	0.0	0.0	0.0	0.0	0.0
Currency and deposits	-158.6	-323.2	-465.9	384.7	1,160.8
Monetary authorities - *Short term*	-152.3	-235.3	-194.4	-102.8	748.6
Deposit - taking corporations, except central bank	-6.3	-87.9	-271.5	487.5	412.2
Loans	395.0	485.4	287.0	-110.7	182.5
Monetary authorities	259.8	390.8	-113.4	-270.7	-381.4
Credit and loans with the IMF	276.5	393.5	-139.1	-293.9	-349.4
Drawings	276.5	425.1	50.9	50.8	0.0
Repayments	0.0	-31.6	-190.0	-344.7	-349.4
Other long-term	-16.7	-2.7	25.7	23.2	-32.0
Drawings	11.9	41.9	44.8	39.1	0.0
Repayments	-28.6	-44.6	-19.1	-15.9	-32.0

(1) : Preliminary.

Table 33

Balance of Payments (Continued)

(JD Million)

	2014(1)	**2015(1)**	**2016(1)**	**2017(1)**	**2018(1)**
Deposit - taking corporations, except central bank - *Long term*	2.7	-1.8	78.3	-37.4	113.0
General government - *Long term*	113.3	223.4	347.6	270.2	180.1
Drawings	686.2	697.0	664.9	618.8	549.0
Repayments	-572.9	-473.6	-317.3	-348.6	-368.9
Other sectors - *Long term*	19.2	-127.0	-25.5	-72.8	270.8
Drawings	162.1	31.7	99.2	74.3	450.5
Repayments	-142.9	-158.7	-124.7	-147.1	-179.7
Trade credit and advances	-18.5	-129.1	285.2	14.2	20.3
Other sectors - *Short term*	-18.5	-129.1	285.2	14.2	20.3
Other accounts payable	5.7	22.8	64.5	-81.6	45.4
Deposit - taking corporations, except central bank - *Short term*	5.7	22.8	64.5	-81.6	45.4
Special drawing rights	0.0	0.0	0.0	0.0	0.0
Reserve assets	**1,678.0**	**547.6**	**-783.1**	**-92.4**	**-676.2**
Monetary gold	110.0	611.0	32.8	268.3	-136.9
Special drawing rights	-24.6	-29.9	-29.5	-24.7	-20.4
Reserve position in the IMF	0.0	0.0	0.0	0.0	0.0
Other reserve assets	1,592.6	-33.5	-786.4	-336.0	-518.9
Currency and deposits	1,763.7	-1037.6	17.2	32.8	526.6
Securities	-174.5	1,001.6	-809.3	-379.9	-1,060.0
Deb Securities	-174.5	1,001.6	-809.3	-379.9	-1,060.0
Other claims	3.4	2.5	5.7	11.1	14.5
Net error and omissions	**767.6**	**472.8**	**243.4**	**726.8**	**-742.7**
	Memorandum Items				
Overall Balance	**1,634.7**	**407.0**	**411.2**	**100.2**	**-1,684.8**
Financing, o/w:	**-1,634.7**	**-407.0**	**-411.2**	**-100.2**	**1,684.8**
Net Foreign Assets	-1,897.6	-802.6	-297.8	170.5	2,066.2
Central Bank	-1,830.3	-782.9	588.7	-10.4	1,424.8
Commercial Banks	-67.3	-19.7	-886.5	180.9	641.4
International Monetary Fund (Net)	276.5	393.5	-139.1	-293.9	-349.4
Arab Monetary Fund (Net)	-16.7	-2.7	25.7	23.2	-32.0
Exceptional Financing	3.1	4.8	0.0	0.0	0.0

(1) : Preliminary.

Table 34

External Trade by Economic Functions

(JD Million)

	2014		2015		2016		2017		2018(1)	
	Value	%	Value	%	Value	%	Value	%	Value	%
Domestic Exports	**5,163.0**	**100.0**	**4,797.6**	**100.0**	**4,396.5**	**100.0**	**4,504.2**	**100.0**	**4,668.4**	**100.0**
Consumer Goods	2,712.7	52.5	2,685.5	56.0	2,562.7	58.3	2,582.3	57.3	2,598.7	55.7
Crude Materials and Intermediate Goods	2,311.1	44.8	1,986.0	41.4	1,741.9	39.6	1,818.0	40.4	1,968.9	42.2
Capital Goods, o/w:	138.8	2.7	125.9	2.6	90.9	2.1	95.0	2.1	97.9	2.1
Parts and Accessories	17.4	0.3	18.7	0.4	15.2	0.3	10.9	0.2	9.0	0.2
Other goods	0.4	0.0	0.2	0.0	0.9	0.0	8.9	0.2	2.8	0.0
Re-Exports	**790.2**	**100.0**	**763.8**	**100.0**	**963.0**	**100.0**	**828.9**	**100.0**	**850.1**	**100.0**
Consumer Goods	240.4	30.4	220.4	28.9	194.7	20.2	183.5	22.1	183.2	21.6
Crude Materials and Intermediate Goods	221.0	28.0	196.2	25.7	176.6	18.3	178.2	21.5	272.2	32.0
Capital Goods, o/w:	314.0	39.7	305.8	40.0	585.8	60.8	462.9	55.8	393.5	46.3
Parts and Accessories	126.3	16.0	103.2	13.5	326.8	33.9	228.9	27.6	175.7	20.7
Other goods	14.9	1.9	41.5	5.4	5.9	0.7	4.2	0.6	1.2	0.1
Imports	**16,280.2**	**100.0**	**14,537.2**	**100.0**	**13,720.4**	**100.0**	**14,553.7**	**100.0**	**14,353.2**	**100.0**
Consumer Goods	4,376.9	26.9	4,523.2	31.1	4,715.1	34.4	4,755.2	32.7	4,276.6	29.8
Crude Materials and Intermediate Goods	9,587.2	58.9	7,453.5	51.3	6,602.6	48.1	6,993.0	48.0	7,584.0	52.8
Capital Goods, o/w:	2,048.8	12.6	2,286.2	15.7	2,181.0	15.9	2,549.5	17.5	2,236.9	15.6
Parts and Accessories	562.7	3.5	606.7	4.2	474.0	3.5	616.9	4.2	623.4	4.3
Other goods	267.3	1.6	274.3	1.9	221.7	1.6	256.1	1.8	252.7	1.8
Trade Balance	**-10,327.0**	**100.0**	**-8,975.8**	**100.0**	**-8,360.8**	**100.0**	**-9,220.6**	**100.0**	**-8,834.7**	**100.0**
Consumer Goods	-1,423.8	13.8	-1,617.3	18.0	-1,957.7	23.4	-1,989.3	21.6	-1,494.6	16.9
Crude Materials and Intermediate Goods	-7,055.1	68.3	-5,271.3	58.7	-4,684.0	56.0	-4,996.7	54.2	-5,342.9	60.5
Capital Goods, o/w:	-1,596.0	15.5	-1,854.5	20.7	-1,504.3	18.0	-1,991.5	21.6	-1,745.5	19.8
Parts and Accessories	-419.0	4.1	-484.7	5.4	-132.1	1.6	-377.1	4.1	-438.7	5.0
Other goods	-252.0	2.4	-232.6	2.6	-214.8	2.6	-243.0	2.6	-251.7	2.8

Source : Central Bank of Jordan, Monthly Statistical Bulletin.
(1) : Preliminary.

Table 35

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

(JD Million)

	Domestic Exports				Re-Exports				Imports			
	2015	**2016**	**2017**	**2018 (1)**	**2015**	**2016**	**2017**	**2018 (1)**	**2015**	**2016**	**2017**	**2018(1)**
0. Food and Live Animals	920.1	736.1	727.1	649.6	88.7	65.2	62.9	123.8	2,438.0	2,573.4	2,461.8	2,358.6
1. Beverages and Tobacco	78.7	67.3	62.7	58.9	1.5	2.4	1.8	8.7	145.5	144.5	142.2	135.7
2. Crude Materials, Inedible, Except Fuels	863.7	706.5	711.1	742.1	28.6	6.0	4.6	10.0	261.3	250.8	229.1	251.6
3. Mineral Fuels, Lubricants and Related Materials	5.8	4.6	5.5	80.1	1.4	1.2	1.8	28.1	2,508.2	1,989.7	2,425.0	2,994.7
4. Animal and Vegetable Oils, Fats and waxes	4.6	6.3	3.1	2.4	0.8	1.4	0.6	0.5	116.0	124.2	118.4	118.6
5. Chemicals	1,038.2	1,052.3	1,091.7	1,162.4	139.7	121.8	119.5	129.6	1,539.4	1,494.7	1,479.2	1,576.8
6. Manufactured Goods Classified by Material	431.2	374.6	389.4	364.4	60.1	46.2	45.4	47.7	2,253.0	2,116.4	2,072.0	2,233.5
7. Machinery and Transport Equipment	200.5	173.7	158.7	183.4	326.9	608.0	498.3	405.1	3,336.6	3,382.8	3,946.4	3,289.7
8. Misc. Manufactured Articles	1,253.5	1,264.5	1,328.1	1,415.7	76.7	70.5	76.6	90.2	1,052.2	1,092.4	1,063.2	971.2
9. Commodities and transactions not classified elsewhere	1.3	10.7	26.9	9.4	39.4	40.3	17.5	6.4	887.0	551.5	616.3	423.0
Total	**4,797.6**	**4,396.5**	**4,504.2**	**4,668.4**	**763.8**	**963.0**	**828.9**	**850.1**	**14,537.2**	**13,720.4**	**14,553.7**	**14,353.2**

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

* : Stands for Standard International Trade Classification.

(1) : Preliminary.

Table 36

Geographic Distribution of External Trade

(JD Million)

	Domestic Exports					Imports				
	2014	**2015**	**2016**	**2017**	**2018(1)**	**2014**	**2015**	**2016**	**2017**	**2018(1)**
Arab Countries, o/w:	**2,656.4**	**2,444.0**	**2,141.9**	**2,075.2**	**2,026.0**	**4,888.8**	**3,714.5**	**3,138.2**	**3,472.1**	**3,845.9**
Saudi Arabia	708.9	787.3	646.6	571.5	502.2	3,166.7	2,173.4	1,673.8	1,954.1	2,392.3
Iraq	828.7	493.2	330.8	367.8	466.0	4.4	0.7	2.0	1.2	1.6
Syria	142.2	84.8	29.9	31.2	33.0	108.3	72.3	63.2	47.5	49.9
United Arab Emirates	201.4	228.0	237.3	203.5	185.2	776.1	598.5	623.7	705.6	584.7
Lebanon	96.8	90.3	96.3	84.5	76.0	83.5	75.2	67.1	53.2	52.4
Egypt	79.7	67.1	55.4	62.9	78.5	390.7	348.1	336.5	335.7	391.8
European Union Countries, o/w:	**216.5**	**121.5**	**116.7**	**124.1**	**141.8**	**3,205.5**	**3,137.2**	**3,288.4**	**3,201.5**	**3,077.5**
Italy	39.9	33.7	24.7	17.3	24.2	496.1	571.5	597.2	589.2	445.5
Netherlands	15.5	21.4	22.8	30.8	29.8	207.6	148.7	203.4	211.9	166.9
Germany	16.3	6.9	10.7	11.5	10.1	638.4	670.3	625.7	639.3	659.6
United Kingdom	21.2	17.8	16.3	16.8	15.2	253.8	199.2	197.4	239.7	172.8
France	8.1	4.7	4.3	6.6	9.7	319.4	272.6	331.2	299.1	327.0
Other European Countries	**20.6**	**23.7**	**16.3**	**17.4**	**11.7**	**1,223.3**	**801.4**	**539.6**	**492.1**	**517.3**
Russia	4.7	2.2	3.1	3.3	1.7	533.9	218.4	168.3	115.4	230.4
NAFTA and South American Countries, o/w:	**979.3**	**1,044.9**	**1,090.2**	**1,167.1**	**1,297.0**	**1,512.8**	**1,522.7**	**1,591.3**	**2,153.6**	**2,000.1**
USA	929.9	1,002.1	1,041.2	1,112.6	1,228.5	937.6	894.7	952.2	1,420.3	1,252.5
Non-Arab Asian Countries, o/w:	**1,021.8**	**959.6**	**785.8**	**840.8**	**941.2**	**5,100.3**	**4,869.3**	**4,552.4**	**4,514.0**	**4,349.5**
India	459.8	418.1	347.1	382.7	483.9	869.6	401.5	331.9	355.8	402.5
Turkey	115.6	68.5	64.5	73.7	57.8	604.1	537.3	472.2	484.3	547.5
South Korea	18.1	14.4	9.1	11.1	12.6	542.3	491.4	440.8	396.2	322.4
Japan	23.0	16.2	16.1	19.1	23.5	395.5	423.4	449.2	404.7	290.4
Taiwan	16.6	7.5	10.1	12.2	16.8	265.8	336.7	277.0	309.6	254.2
China	131.3	149.7	87.3	97.3	74.3	1,705.9	1,874.7	1,911.7	1,963.1	1,963.9
Other Countries	**268.4**	**203.9**	**245.6**	**279.6**	**250.8**	**349.5**	**492.1**	**610.5**	**720.4**	**563.0**
Total	**5,163.0**	**4,797.6**	**4,396.5**	**4,504.2**	**4,668.4**	**16,280.2**	**14,537.2**	**13,720.4**	**14,553.7**	**14,353.2**

Source : Central Bank of Jordan, Monthly Statistical Bulletin.
(1) : Preliminary.

Table 37

Price and Quantity Indices of Domestic Exports

(1994=100)

	2014		2015		2016		2017		2018[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	344.5	303.4	341.7	296.7	322.7	249.9	322.3	251.1	396.6	183.7
1. Beverages and Tobacco	56.7	3,501.3	64.6	3,062.2	82.0	2,057.5	102.0	1,590.6	84.8	1,722.9
2. Crude Materials, Inedible, Except Fuels	300.4	133.3	307.1	137.1	285.4	119.7	260.7	129.0	258.4	138.3
4. Animal and Vegetable Oils and Fats	93.6	13.5	93.6	7.8	94.0	10.7	94.4	5.3	94.2	4.1
5. Chemicals	256.5	199.5	224.6	178.4	196.6	205.2	193.0	213.2	195.7	227.5
6. Manufactured Goods Classified by Material	174.6	327.4	188.7	266.6	175.0	249.5	179.7	253.2	200.9	233.1
7. Machinery and Transport Equipment	148.5	462.3	115.3	443.0	185.3	283.3	201.8	228.3	209.3	257.9
8. Misc. Manufactured Articles	223.9	1,386.1	201.1	1,556.6	258.5	1,271.8	317.5	1,048.7	415.1	857.7
General Index	**249.3**	**261.3**	**238.3**	**254.8**	**225.9**	**245.1**	**222.6**	**253.2**	**239.0**	**245.1**

Source : Central Bank of Jordan, Monthly Statistical Bulletin.

(1) : Preliminary.

Table 38

Price and Quantity Indices of Imports

(1994=100)

	2014		2015		2016		2017		2018[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	228.5	281.1	229.0	245.7	210.3	295.4	213.2	276.3	237.2	250.8
1. Beverages and Tobacco	110.3	882.6	114.7	904.0	122.6	861.9	139.7	736.8	118.3	849.0
2. Crude Materials, Inedible, Except Fuels	205.8	201.5	175.9	205.1	172.1	209.2	200.1	163.2	198.8	178.3
3. Mineral Fuels, Lubricants and Related Materials	651.8	227.3	378.3	209.0	351.8	205.1	415.2	192.5	504.0	197.8
4. Animal and Vegetable Oils and Fats	272.1	58.4	230.6	64.1	153.0	99.5	185.9	77.2	229.6	64.2
5. Chemicals	1,126.0	52.2	1,139.7	48.3	1,431.6	37.7	1,207.5	45.0	1,012.3	56.5
6. Manufactured Goods Classified by Material	200.6	271.1	188.5	274.2	172.1	284.6	199.8	244.1	218.6	240.4
7. Machinery and Transport Equipment	179.7	278.7	175.2	320.5	160.2	357.2	156.3	441.8	174.4	320.1
8. Misc. Manufactured Articles	295.3	240.0	318.5	221.0	283.2	257.0	262.1	278.0	268.2	245.8
General Index	**376.8**	**183.3**	**339.9**	**176.6**	**355.5**	**165.7**	**342.4**	**180.8**	**344.6**	**177.8**

Source : Central Bank of Jordan, Monthly Statistical Bulletin.
(1) : Preliminary.

Table 39

International Investment Position

(JD Million)

	2014(1)	2015(1)	2016(1)	2017(1)	2018(1)
International investment position (net)	**-22,824.0**	**-24,815.1**	**-26,904.3**	**-29,432.7**	**-32,094.7**
Assets	**18,536.9**	**18,657.9**	**18,530.4**	**18,695.0**	**17,811.7**
Direct investment	**431.9**	**432.6**	**434.9**	**439.5**	**434.1**
Equity capital and reinvested earnings	431.9	432.6	434.9	439.5	434.1
Portfolio investment	**390.2**	**440.2**	**462.3**	**473.1**	**495.2**
Equity securities	95.3	95.6	96.3	97.7	96.0
Banks	76.3	76.6	77.3	78.7	77.0
Other sectors	19.0	19.0	19.0	19.0	19.0
Debt securities	294.9	344.6	366.0	375.4	399.2
Bonds and notes	294.9	344.6	366.0	375.4	399.2
Banks	294.9	344.6	366.0	375.4	399.2
Financial derivatives	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Other investments	**6,339.5**	**6,037.2**	**6,615.3**	**6,735.0**	**6,547.4**
Trade credit	84.6	101.9	89.8	105.5	111.4
Other sectors	84.6	101.9	89.8	105.5	111.4
Loans	1,248.8	1,244.0	1,246.7	1,267.1	1,422.2
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	481.9	477.1	479.8	500.2	655.3
Long-term	122.3	143.1	167.2	150.0	154.9
Short-term	359.6	334.0	312.6	350.2	500.4
Other sectors	0.0	0.0	0.0	0.0	0.0
Currency and deposits	4,598.2	4,304.2	4,809.6	4,866.4	4,560.8
Banks	3,500.1	3,442.7	4,109.4	4,266.4	4,078.4
Other assets	407.9	387.1	469.2	496.0	453.0
Central bank of Jordan	300.8	315.0	330.7	358.1	375.1
Long-term	300.8	315.0	330.7	358.1	375.1
General government	0.0	0.0	0.0	0.0	0.0
Banks	107.1	72.1	138.5	137.9	77.9
Long-term	107.1	72.1	138.5	137.9	77.9
Other sectors	0.0	0.0	0.0	0.0	0.0
Reserve assets	**11,375.3**	**11,747.9**	**11,017.9**	**11,047.4**	**10,335.0**
Monetary gold	528.0	997.9	1,078.5	1,473.7	1,302.2
Special Drawing Rights	127.2	97.3	67.8	43.1	22.7
Reserve position in the fund	0.4	0.4	0.4	0.4	0.4
Foreign exchange	10,705.4	10,635.5	9,848.7	9,496.6	8,961.6
Currency and deposits	5,877.4	4,805.9	4,828.4	4,856.1	5,381.2
Securities	4,828.0	5,829.6	5,020.3	4,640.5	3,580.4
Bonds and notes	4,488.0	4,843.0	4,737.6	3,914.3	3,149.6
Money-market instruments	340.0	986.6	282.7	726.2	430.8
Other Claims	14.3	16.8	22.5	33.6	48.1

(1) : Preliminary.

Table 39

International Investment Position (Continued)

(JD Million)

	2014(1)	2015(1)	2016(1)	2017(1)	2018(1)
Liabilities	**41,360.9**	**43,473.1**	**45,434.7**	**48,127.7**	**49,906.4**
Direct investment	**20,632.2**	**21,746.2**	**22,835.4**	**24,317.8**	**24,927.5**
Equity capital and reinvested earnings	20,632.2	21,746.2	22,835.4	24,317.8	24,927.5
Portfolio investment	**5,822.6**	**6,769.2**	**7,549.1**	**8,209.8**	**7,944.9**
Equity securities	3,093.0	3,089.4	3,261.9	2,907.1	2,806.2
Banks	2,388.5	2,374.5	2,310.1	1,906.4	1,816.6
Other sectors	704.5	714.9	951.8	1,000.7	989.6
Debt securities	2,729.6	3,679.8	4,287.2	5,302.7	5,138.7
Bonds and notes	2,729.6	3,679.8	4,287.2	5,302.7	5,138.7
General Government	2,678.1	3,638.6	4,256.3	5,282.1	5,128.4
Financial derivatives	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Other investments	**14,906.1**	**14,957.7**	**15,050.2**	**15,600.1**	**17,034.0**
Trade credit	687.6	558.7	843.8	832.7	853.0
General Government	0.0	0.0	0.0	0.0	0.0
Other sectors	687.6	558.7	843.8	832.7	853.0
Short-term	687.6	558.7	843.8	832.7	853.0
Loans	5,778.6	6,266.5	6,593.0	6,841.0	7,052.2
Central Bank of Jordan	1,047.5	1,390.7	1,240.4	1,035.2	623.4
Use of IMF credit & loans	964.3	1,310.5	1,137.4	901.4	536.6
Other long-term	83.2	80.2	103.0	133.8	86.8
General Government	3,266.2	3,448.9	3,813.1	4,228.9	4,527.8
Long-term	3,266.2	3,448.9	3,813.1	4,228.9	4,527.8
Banks	15.9	14.1	92.4	55.0	168.0
Short-term	15.9	14.1	92.4	55.0	168.0
Other sectors	1,449.0	1,412.8	1,447.1	1,521.9	1,733.0
Long-term	1,449.0	1,412.8	1,447.1	1,521.9	1,733.0
Currency and deposits	8,089.5	7,766.3	7,188.4	7,573.1	8733.9
Central Bank of Jordan	1,196.5	961.2	766.8	664.0	1,412.6
Banks	6,538.3	6,450.4	6,066.9	6,554.4	6,966.6
Other liabilities	350.4	366.2	425.0	353.3	394.9
Banks	184.0	206.8	271.3	189.7	235.1
Short-term	184.0	206.8	271.3	189.7	235.1
Other liabilities	166.4	159.4	153.7	163.6	159.8
Other long-term	166.4	159.4	153.7	163.6	159.8
SDR's allocation	166.4	159.4	153.7	163.6	159.8

(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, 2018, 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, 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, 2018, 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 overdue debts from years on Central Bank of Iraq in the amount of JD 766,882,210 as of December 31, 2018 and 2017 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. Moreover, this balance were classified in stage knowing that it should be classified in stage 3 in accordance to the requirements of IFRS (9).

2- As stated in Note (13/a) to the accompanying financial statements, the Bank's assets include an amount of JD 240,813,480 as of December 31, 2018 (JD 244,037,046 as of December 31, 2017) 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 141,093,961 as of has been taken against the advance granted to Petra Bank (under liquidation) December 31, 2018 (JD 101,093,961 as of December 31, 2017). Accordingly, the required provision for doubtful debts relating to these advances amounted to JD 99,719,519 as of December 31, 2018 (JD 142,943,085 as of December 31, 2017).

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 28, 2019

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

		December 31,	
	Note	**2018**	**2017**
ASSETS		**JD**	**JD**
Gold and Assets in foreign currencies:			
Gold	3/L	1,302,180,755	1,473,701,649
Cash, balances and deposits	5	5,381,243,055	4,856,143,354
Financial Securities at fair value through profit or loss - Foreign currencies	6	268,992,566	563,958,618
Foreign financial securities at amortized cost	7	3,311,419,997	4,076,462,256
Past due direct credit facilities and commercial exchange agreements	8	766,882,210	766,882,210
Special drawing rights	9	22,746,644	43,125,921
Foreign financial assets at fair value through other comprehensive income	10	375,051,125	358,063,288
Other assets - foreign currencies	11	48,143,599	33,562,259
Total Assets in Foreign Currencies		**11,476,659,951**	**12,171,899,555**
Assets in Jordanian Dinar:			
Financial securities and others	12	410,001,623	498,889,563
Advances granted to local banks and financial institutions	13	587,356,442	511,805,826
Financial assets in local currency at fair value through other comprehensive income	14	30,313,688	15,230,358
Financing of financial securities repurchase agreements	15	214,000,000	25,000,000
Property, equipment and software (Net)	16	17,113,417	12,793,907
Other assets in Jordanian Dinar	17	38,759,798	40,854,583
Gold and foreign currencies valuation differences	18	127,360,714	91,094,621
Total assets in Jordanian Dinar		**1,424,905,682**	**1,195,668,858**
TOTAL ASSETS		**12,901,565,633**	**13,367,568,413**
Off balance sheet	**42/c**	**813,941,784**	**278,914,146**

THE ACCOMPANYING NOTES FROM (1) TO (42) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

	Note	December 31, 2018	December 31, 2017
		JD	JD
LIABILITIES, CAPITAL AND RESERVES			
Currency issued	19	4,802,430,815	4,836,496,022
Liabilities in foreign currencies:			
Local licensed banks and financial institutions' deposits		839,712,374	843,377,361
Government deposits	22	58,775,389	44,888,242
Government deposits with independent budgets and public institutions		6,608,134	33,104
Foreign financial institutions, banks and independent agencies' deposits		1,406,976,954	663,472,374
Obligations against special drawing rights	20	159,812,992	163,643,532
Deposits and other liabilities in foreign currencies		3,774,480	3,050,682
Total Liabilities in Foreign Currencies		**2,475,660,323**	**1,718,465,295**
Liabilities in Jordanian Dinar:			
Certificates of deposits	21	600,000,000	600,000,000
Local licensed banks and financial institutions deposits		4,007,273,451	4,797,724,911
Government deposits	22	286,877,866	664,204,024
Government deposits with independent budgets and public institutions		161,497,750	251,072,876
International Monetary Fund accounts	23	105,867,886	100,994,880
Foreign financial institutions, banks and independent agencies' deposits		1,406,102	1,190,504
Other liabilities in Jordanian Dinar	24	91,797,036	72,449,279
Total Liabilities in Jordanian Dinar		**5,254,720,091**	**6,487,636,474**
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	132,396,907	123,936,716
Special reserves	27	186,479,233	151,155,642
Total Capital and Reserves		**368,754,404**	**324,970,622**
TOTAL LIABILITIES, CAPITAL AND RESERVES		**12,901,565,633**	**13,367,568,413**
Off balance sheet	**42/c**	**813,941,784**	**278,914,146**

THE ACCOMPANYING NOTES FROM (1) TO (42) 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, 2018	2017
		JD	**JD**
Revenues:			
Revenues from foreign investments	28	209,186,342	156,716,859
Revenues from local investments	29	18,814,934	15,210,582
Other revenues	31	5,659,649	10,213,169
Total Revenues		**233,660,925**	**182,140,610**
Expenses:			
Interest paid on certificates of deposit and licensed banks' overnight window deposits	32	81,439,774	62,297,172
Interest paid on government and public institutions accounts		11,863,399	10,465,062
Interest paid on foreign financial institutions, banks and independent agencies' accounts		18,118,444	7,646,318
Other interest, commissions, and expenses	33	6,244,989	5,250,846
Cost of issuance and amortization of currency notes and minted coins	2/O	3,896,661	3,562,117
General and administrative expenses	34	34,983,611	32,492,130
Allowance for doubtful debts/Bank of Petra	13	-	22,500,000
Expected credit losses	30	39,736,937	-
Total Expenses		**196,283,815**	**144,213,645**
(Loss) gains from valuation of the Bank's assets and liabilities from gold and foreign currencies	18	(36,266,093)	132,679,592
Profit as per International Financial Reporting Standards		**1,111,017**	**170,606,557**
Loss (gains) from valuation of the Bank's assets and liabilities in gold and foreign currencies – Transferred as per the Bank's Law	18	36,266,093	(132,679,592)
Profit as per the Bank's law – Statement (C) transferred to special reserve	**27**	**37,377,110**	**37,926,965**

THE ACCOMPANYING NOTES FROM (1) TO (42) 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,	
	2018	**2017**
	JD	**JD**
Profit as per the Bank's Law – Statement (B)	**37,377,110**	**37,926,965**
Other Comprehensive Income items:		
Gain on sale of financial assets at fair value through other comprehensive income	-	156,000
Change in fair value reserve through comprehensive income	8,460,191	1,395,323
Total comprehensive income – Statement (D)	**45,837,301**	**39,478,288**

THE ACCOMPANYING NOTES FROM (1) TO (42) 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
For the year ended December 31, 2018						
Beginning balance	48,000,000	1,878,264	123,936,716	151,155,642	-	324,970,622
Impact of applying IFRS 9	-	-	-	(2,053,519)	-	(2,053,519)
Adjusted beginning balance	**48,000,000**	**1,878,264**	**123,936,716**	**149,102,123**	**-**	**322,917,103**
Profit as per the Bank's law – statement (B)	-	-	-	-	37,377,110	37,377,110
Change in financial assets' fair value	-	-	8,460,191	-	-	8,460,191
Total comprehensive Income – statement (C)	**-**	**-**	**8,460,191**	**-**	**37,377,110**	**45,837,301**
Transferred to special reserve to meet the shortfall in the banks assets	-	-	-	37,377,110	(37,377,110)	-
Ending Balance	**48,000,000**	**1,878,264**	**132,396,907**	**186,479,233**	**-**	**368,754,404**
For the year ended December 31, 2017						
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**

THE ACCOMPANYING NOTES FROM (1) TO (42) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

.**Statement (E)**

THE CENTRAL BANK OF JORDAN
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
STATEMENT OF CASH FLOWS

	Note	For the Year Ended December 31, 2018	2017
		JD	JD
Profit as per International Financial Reporting Standards - Statement (B)		1,111,017	170,606,557
Adjustments for:			
Depreciation of property and equipment	16	2,838,764	2,603,405
(Gain) Loss from sale of property and equipment		(6,003)	(182,820)
Loss (gains) from valuation of the Bank's assets of gold		34,774,130	(127,561,938)
(Gains) from the valuation of the Bank's assets and liabilities in foreign currencies		(1,491,963)	(5,117,654)
Expected credit losses		39,736,937	-
Allowance for doubtful debts / Bank of Petra		-	22,500,000
Net Profit before changes in working capital items		**76,962,882**	**62,847,550**
CASH FLOWS FROM OPERATING ACTIVITIES:			
(Increase) in other assets in foreign currency		(14,581,340)	(11,060,626)
Decrease in other assets in Jordanian Dinar		1,975,427	652,541
(Increase) in financing of financial securities repurchase agreements		(189,000,000)	(25,000,000)
(Decrease) Increase in bank deposits and local financial institutions in foreign currency		(3,664,987)	105,250,010
Increase (decrease) in foreign currency government deposits		13,887,147	(63,142,772)
Increase (decrease) in government deposits in foreign currencies with independent budgets and Public institutions		6,575,030	(1,392,477)
Increase (decrease) in Foreign financial institutions, banks and independent agencies' deposits		743,504,580	(99,629,770)
(Decrease) increase of obligations against special drawing rights		(3,830,540)	9,948,706
Increase in deposits and other liabilities in foreign currencies		723,798	213,119
(Decrease) in certificates of deposits		-	(430,900,000)
(Decrease) increase in deposits of local licensed banks and financial institutions - Jordanian Dinar		(790,451,460)	145,481,718
(Decrease) in government deposits - Jordanian Dinar		(377,326,158)	(100,086,563)
(Decrease) increase in government deposits with independent budgets and Public institutions - Jordanian Dinar		(89,575,126)	92,404,687
Increase in International Monetary Fund accounts		4,873,006	48,336,247
Increase (decrease) in Foreign financial institutions, banks and independent agencies' deposits		215,598	(747,185)
Decrease in special drawing rights		20,379,277	24,670,134
Increase (decrease) in other liabilities - Jordanian Dinar		19,347,757	(38,380,576)
Net (Cash Flows Used in) Operating Activities		**(579,985,109)**	**(280,535,257)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Decrease (increase) in Financial Securities at fair value through profit or loss - Foreign currencies		294,966,052	(78,558,396)
Decrease in foreign Financial securities at amortized cost		764,880,238	458,427,777
Decrease in financial securities and others - Jordanian Dinar		88,634,900	141,122,301
(Increase) in advances granted to local banks and financial institutions		(115,550,616)	(139,432,619)
(Increase) in foreign financial assets at fair value through other comprehensive income		(7,518,466)	(21,465,888)
(Increase) in financial assets in local currency at fair value through other comprehensive income		(16,092,510)	(2,884,692)
Decrease (increase) in gold		136,740,681	(267,592,177)
(Acquisition) of property and equipment	16	(7,650,795)	(2,770,566)
Proceeds from sale of property and equipment		498,524	189,394
Net Cash Flows from Investing Activities		**1,138,908,008**	**87,035,134**
CASH FLOWS FROM FINANCING ACTIVITIES:			
(Decrease) increase in currency issued		(34,065,207)	215,709,871
Net (Cash Flows Used in) from Financing Activities		**(34,065,207)**	**215,709,871**
Gain from valuation of the Bank's assets and liabilities in foreign currencies		1,491,963	5,117,654
Net Increase in Cash		526,349,654	27,327,402
Cash, balances and deposits - beginning of the year		4,856,143,354	4,828,815,952
Cash, Balances and Deposits - End of the Year	**5**	**5,382,493,008**	**4,856,143,354**

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 be formalized, which represent the amended law for the Central Bank of Jordan law number (23) for the year 1971 and it amendments, the Bank had applied this amended law as soon as its formalized.
- The Bank is mainly located in Amman, with two branches in Irbid and Aqaba.
- The total number of employees in the Central Bank of Jordan as of the end of 2018 is (761).
- The accompanying financial statements have been approved by the Board of Directors at the meeting held on March 28, 2019.

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.

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.

- 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 apperaed 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.

1) Judgments

The following are summary for the most significant matters that used estimate and judgments in the implimantation of accounting polices which have matrial impact on the financial statements

- Classification of financial assets: Valuation of the business model under which the asset is to be held and determining whether the contractual terms of the SPPI are on the outstanding balance.

- The development of new criteria to determine whether financial assets have declined significantly since initial recognition, and determine the methodology of future expectations and methods of measuring expected credit loss.

2) Estimates

The following are the most significant accounting estimates affecting the financial statements as of December 31, 2018:

Applicable in 2018 only:

- Impairment of financial securities: Inputs and measurement of expected credit losses and the future expectations (note 37).

Applicable in 2017 and 2018:

- The Management periodically reassesses the useful economic lives of tangible and intangible assets (if needed) for the purpose of calculating annual depreciation and amortization based on the general condition of these assets and the assessment of their expected useful economic lives. Impairment loss is taken to the statement of profit or loss.
- The Management periodically review financial assets that presented at cost to estimate if there are any indication of impairment. Impairment loss is recorded in the statement of profit or loss.
- The management reviews periodically the issues that arise on the Bank and takes the necessary provisions for these obligations based on the opinion of the Bank's legal advisor.
- Fair value hierarchy: the Bank is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety, segregating fair value measurements in accordance with the levels defined in the IFRS. Differentiating between Level 2 and Level 3 fair value measurements, i.e., assessing whether inputs are observable and whether the unobservable inputs are significant, may require judgement and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

3- Accounting Policies

The accounting policies adopted for the year are consistent with the policies adopted for the year ended December 31, 2017. Except for the effect of the application of the following new and amended Standards effective January 1st, 2018:

- International Financial Reporting Standard (9): Financial Derivatives
- International Financial Reporting Standard (15): Revenue from Contracts with Customers.
- International Financial Reporting Standard (2): Classification and Measurements of Share-Based Payments.
- IAS (40): Clarify Transfers of Investment in Property.
- Annual Improvements to IFRSs (2014 –2016) Cycle- Amendments on IFRS (1) and IAS (28).
- IFRIC (22): Foreign currency transactions and Advance Consideration.

The adoption of the above standards has not affected the amounts or disclosures in the financial statements, except for the effect of applying International Financial Reporting Standard (9), the expected financial impact of applying IFRS (9) is as follows:

IFRS (9): Financial Instruments

- The Bank has applied early for the first phase of IFRS 9 "Financial Instruments" issued in 2009, which created new requirements for the classification and measurement of financial assets and financial liabilities. The Standard requires that all financial assets be measured within the scope of IAS 39: "Recognition and measurement" is carried at amortized cost or fair value. In particular, investments held in a business model are intended to collect contractual cash flows which consist of solely payments of principal and interest on the outstanding debt balance and measured at amortized cost at the end of subsequent accounting periods. All other investments (equity and debt instruments) are measured at fair value at the end of subsequent accounting periods.
- The Bank has applied the final stage of IFRS 9 "Financial Instruments" in the preparation of the financial statements effective January 1st, 2018 in accordance with the revised provisions of the Standard. IFRS 9 replaces the " IAS 39 applies to the "expected credit loss" model, applying this model to all financial assets that are debt instruments that are subject to credit risk and are subject to the expected credit loss, with the exception of financial instruments carried at fair value through profit or loss Ir financial instruments (equity instruments) and instruments recorded at fair value through other comprehensive income that have been traded in the short term, and it has been recognized as credit losses on the basis of the International Financial Reporting Standard (9) than it was in the IAS (39).

The application of IFRS 9 to the financial statements of the Bank as at January 1st, 2018 resulted in a decrease in the opening balance of the special reserve to offset the decrease in the Bank's assets by JD 2,053,519 as follows:

In Jordanian Dinar	**Impact of IFRS(9) Implementation on Opening Balances**
Provisions	
Reserve balance as of December 31, 2017 according to IFRS (39)	151,155,642
Expected credit losses resulted from application of IFRS (9)	(2,053,519)
Reserve balance as of January 2018	**149,102,123**

The following the effect of application IFRS (9) on beginning balances for financial assets as of January 1st, 2018:

Financial Instrument	Amount as of December 31, 2017	Expected Credit Loss	Balance as of January 1st, 2018 After Applying IFRS 9
Gold	1,473,701,649	8,557	1,473,693,092
Cash, balances and deposits	4,856,143,354	1,251,662	4,854,891,692
Foreign financial asset at amortized cost	4,076,462,256	233,735	4,076,228,521
Credit facilities and commercial exchange agreements	766,882,210	-	766,882,210
Financial securities and others	498,889,563	240,715	498,648,848
Advances granted to local banks and financial institutions	511,805,826	202,778	511,603,048
Financing of financial securities repurchase agreements	25,000,000	-	25,000,000
Other assets – Jordanian Currency	40,854,583	116,072	40,738,511
Total	**12,249,739,441**	**2,053,519**	**12,247,685,922**

The following the effect of application IFRS (9) on beginning balances for provisions amounts after the application:

Item	Provisions Balance before Implementation	Result of Recalculation Difference	Provisions Balance According to IFRS 9 as of January 1st, 2018
Gold	-	8,557	8,557
Cash, balances and deposits	-	1,251,662	1,251,662
Foreign financial asset at amortized cost	-	233,735	233,735
Financial securities and others	-	240,715	240,715
Advances granted to local banks and financial institutions	101,093,961	202,778	101,296,739
Financing of financial securities repurchase agreements	-	-	-
Other assets – Jordanian Currency	-	116,072	116,072
Total	**101,093,961**	**2,053,519**	**103,147,480**

The following financial assets that have been subject to expected credit loss measurement:

Item	As of December 31, 2018	Balance as of January 1st, 2018 After Applying IFRS 9
Foreign currencies:		
Gold	1,302,180,755	1,473,693,092
Cash, balances and deposits	5,381,243,055	4,854,891,692
Foreign financial asset at amortized cost	3,311,419,997	4,076,228,521
Credit facilities and commercial exchange agreements	766,882,210	766,882,210
Local currency:		
Financial securities and others	410,001,623	498,648,848
Advances granted to local banks and financial institutions	587,356,442	511,603,048
Financing of financial securities repurchase agreements	214,000,000	25,000,000
Other assets – Jordanian Currency	38,759,798	40,738,511
Total	**12,011,843,880**	**12,247,685,922**

Classification and Measurement of Financial Assets and Financial Liabilities

IFRS (9) largely retains the existing requirements in IAS (39) for the classification and measurement of financial liabilities. However, it eliminates the classification of held-to-maturity financial assets, loans and receivables and available-for-sale assets that fall under the International Accounting standards No. (39).

A- Financial Assets:

The Bank has early adopted the first phase of IFRS (9) as of January 1st, 2011. There were no material differences between the first phase of the Standard and the final version of the Standard issued on July 24, 2014.

Under IFRS (9), on initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income – debt investment or equity investment; or fair value through statement of profit or loss. The classification of financial assets under IFRS (9) is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through statement of profit or loss:

- It is held within a business model whose objective is to hold assets to collect contractual future cash flows.
- Its contractual terms give rise on specified dates to cash flows (that are solely payments of principal and interest on the principal amount outstanding).

A debt investment is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Its contractual terms give rise on specified dates to cash flows (that are solely payments of principal and interest on the principal amount outstanding).

On initial recognition of an equity investment not held for trading, the Bank may irrevocably elect to present subsequent changes in the investment's fair value in the statement of comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or fair value through other comprehensive income as described above are measured at fair value through the statement of profit or loss. This includes all derivative financial assets. On initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The accounting policies applied are similar to the accounting policies adopted by the Bank (considering that the Bank has early adopted to the first phase of IFRS (9)) with the exception of the following accounting policies that became effective from January 1, 2018:

Debt investments at fair value through satatement of other comprehensive income	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method. Impairment losses are recognized in the statement of profit or loss. Other net gains and losses are recognized in the statement of other comprehensive income. On derecognition, accumulated gains and losses transferred from the statement of other compressive income to statement of profit or loss.

B- Financial Liabilities:

The adoption of IFRS (9) has no material impact on the Bank's accounting policies relating to financial liabilities. IFRS (9) has maintained the requirements of IAS (39) regarding the classification of financial liabilities. IAS (39) 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 valuation of financial liabilities classified as financial liabilities at fair value through statement of profit and 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 as financial liabilities at fair value through profit or loss. Accordingly, there is no impact of applying IFRS (9) to the financial statements.

C- Impairment on financial assets:

IFRS (9) replaces the "loss recognition" model adopted in IAS (39) to calculate the impairment of financial assets over "expected credit loss" model, which requires the use of estimates and judgments to estimate economic factors which has an effect on the impairment on the new module. The model will be applied to financial assets - debt instruments classified at amortized cost or at fair value through other statement of comprehensive income but not an investments in equity instruments. Where credit losses are recognized in accordance with IFRS (9), which is earlier than IAS (39).

Under IFRS (9), impairment losses are measured according to the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the financial statements date.

- Lifetime ECLs: These ECLs result from all possible default events over the expected life of a financial instrument from the date of financial statements.

  The Bank measures impairment allowances equal to expected credit losses within 12 months if these assets are classified as stage 1 and have the following characteristics:

- Debt securities that are determined to have low credit risk at the financial statements date.

- Other debt securities and balances at central Banks and financial institutions and for which credit risk has not significantly increased since initial recognition.

  The expected impairment of the life of the financial instrument to maturity is calculated in the event of a significant increase in credit risk, which requires the conversion of the financial instrument from level 1 to level 2, or if the financial instrument is applied to specific situations within the Standard, within the second level directly.

  If the financial instrument is impaired or there is objective evidence of impairment as a result of a loss or default after initial recognition with a negative impact on the future cash flow, the financial instrument is transferred to the third level. The expected credit loss model requires recognition of expected loss over the life of asset debt instruments that are very similar to the requirements of IAS (39).

When determining whether the credit risk of financial assets has significantly increased since initial recognition and in estimating expected credit loss, the Bank relies on reasonable and supportive information available and relevance, including quantitative and qualitative information and analysis of this information based on the Bank's past experience and credit study, in addition to expected future information the bank assumes that credit risk on financial assets had significantly increase if its due more than 30 days on its maturity or the credit rating for customer had decreased by 2 levels.
Note (37) clarifies in detail the Bank's policy regarding IFRS (9) and the methodology adopted by the Bank to apply the requirements of IFRS (9).

Transmission to IFRS 9:
The Bank has utilized the exception provided by the standard on the implementation as of January 1st, 2018, by recording the impact from adopting IFRS (9) to the opening balances of retained earnings rather than restating the financial statements for the year ended December 31, 2017 and earliest, note (37) provides detailed information about the Bank methodolgy and the distribution of financial assets according to IFRS (9) requirments.

- **IFRS (15) Revenue from Contracts with Customers**

  IFRS (15) replaces IAS (11) Construction Contracts and IAS (18) Revenue and Related Interpretations and applies to all revenue from customer contracts, unless these are within the scope of other criteria, the Standard the new five-step model for recognition of revenue arising from contracts with customers under IFRS (15) Revenue is recognized at the amount of the amount that the entity expects to achieve against the transfer of goods or services to the customer.
  The Standard requires the use of estimates, taking into account all relevant facts and circumstances when applying the revenue recognition steps. The Standard also defines the accounting treatment of incremental costs of obtaining the contract and the direct costs associated with the execution of the contract.
  No significant impact has been incurred in applying IFRS (15) to the financial statements of the Bank.

  The most significant accounting policies adopted are as follows:

A- Effective Interest Rate
(Policy applicable from January 1st, 2018)

Interest income and expense are recognized in statement of profit or loss using the effective interest method.

The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the:
- Gross carrying amount of the financial asset.
- Or the amortized cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or low credit risk assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit loss.

For purchased low credit risk financial securities, a credit adjusted effective interest rate is calculated using estimated future cash flows including expected credit loss.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortized cost and total carrying book value

The "amortized cost" of financial assets and liabilities is the amount at which the financial assets and financial liabilities are measured at initial recognition less the repayment of the principal of the loan, plus the accumulated amortization using the effective interest method for any difference between the amount at initial recognition and the amount of the receivable. Financial assets The Bank's management, in accordance with its business model, aims to maintain its contractual cash flows which consist of payments of principal and interest on the outstanding debt balance.

These assets are recognized at cost, plus acquisition costs, and the allowance / discount is amortized using the effective interest method by taking into account or credited to the interest expense and any impairment loss is recognized in the statement of profit or loss.
"Total carrying amount of financial assets" is the amortized cost of financial assets before the expected provision for credit loss.

Calculation of Investments revenue and Expense

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortized cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

B- Leases

- Bank acting as a lessee – Finance Leases

Assets held by the bank under leases that transfer to the bank substantial risks and rewards of ownership are classified as finance leases. The leased asset is initially measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability.

- Bank acting as a lessee – Operating Leases

Assets held under other leases are classified as operating leases and are not recognized in the Bank's statement of financial position.

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

- Bank acting as a lessor – Finance Leases

Where the Bank is the lessor in a lease agreement that transfers substantial risks and rewards incidental to ownership of the asset to the lessee, the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognized and presented within loans and advances.

C- Financial Instruments

- Recognition and Initial Measurement

Loans, advances, deposits and debt instruments are initially recognized at inception. All other financial assets and financial liabilities are recognized initially when the Bank becomes a party to the contractual provisions of the financial asset or liability.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

- Classification

Financial Assets- Policy Applicable from January 1st, 2018

Upon initial recognition, financial assets are classified as assets at amortized cost or at fair value through statement of comprehensive income or at fair value through statement of profit or loss.

Financial assets are measured at amortized cost if the following two conditions are met and are not designated as a fair value instrument through statement of profit or loss:

- These financial assets are retained in the business model whose objective is to hold the assets to collect contractual cash flows.
- Be on specific dates and these flows are only payments out of the amount and interest on the original amount outstanding.

  Financial assets are measured at fair value through statement of comprehensive income if the following two conditions are met and are not designated as a fair value through statement of profit or loss:
- These financial assets are held in a business model whose objective is to be achieved through the collection of contractual cash flows and the sale of financial assets.
- Be on specific dates and these flows are only payments out of the amount and interest on the original amount outstanding.

Upon initial recognition of investment in shares not held for trading, the Bank may, with no right to withdraw its decision, choose to present subsequent changes in the fair value of the investment in comprehensive income. These decisions are made for each investment separately.

All other financial assets are measured at fair value through profit or loss.

Financial Assets - Business Model Assessment (Policy Applicable from January 1st, 2018):

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:–

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Bank management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- How managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial Assets (Assessment of whether contractual cash flows are solely payments of principal and interest: Policy Applicable from January 1st, 2018):

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as the profit margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- Contingent events that would change the amount and timing of cash flows.
- Prepayment and extension terms.
- Terms that limit the Bank's claim to cash flows from specified assets.

Financial Liabilities

The Bank classifies financial liabilities other than financial guarantees and loan commitments and are measured at amortized cost or at fair value through profit or loss.

D- Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets or financial liabilities.

E- Derecognition

Financial Assets

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The difference between the carrying amount of the assets derecognised and the recoverable amount of the Bank is recognized in the statement of profit or loss and the cumulative portion of the comprehensive income for the profit or loss relating to that asset is reversed.

From January 1st, 2018 any cumulative gain /loss in revaluation reserve recognized in other comprehensive income in respect of equity investment securities designated as at fair value through other comprehensive income is not recognized in the statement of profit or loss and transferred to special reserves in capital and reserves.

Financial Liabilities

The Bank derecognises financial liabilities when their contractual obligations are discharged, cancelled or expired.

F- Modifications of Financial Assets and Financial Liabilities - Policy Applicable from January 1st, 2018.

Financial Assets

If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- Fees considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the new asset.
- Other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

Adjusted Financial Liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in the statement of profit or loss.

G- Fair Value

- The closing price as of the date of the financial statements in active markets represents the fair value of financial assets and derivatives that have declared market prices.

- In case a declared market prices do not exist, active trading of some financial assets and derivatives is not available, or the market is inactive, fair value is estimated by:

  - Comparison with the current market value of a highly similar financial instrument.
  - The estimated future cash flows and discounted cash flows at current rates applicable for items with similar terms.
  - Fair value pricing models.

Evaluation of long-term assets and liabilities that bear no interest in accordance with discounted cash flows using effective interest rate. Premiums and discounts are amortized within interest revenues or expense in the statement of profit or loss.

The evaluation methods aim to obtain a fair value that reflects market expectations and takes into consideration market factors and any expected risks or benefits at the time of evaluation of the financial instruments. In case the fair value of a financial instrument cannot be measured reliably, it is stated at cost less any impairment.

H- Impairment in Financial Assets (Policy applicable from January 1st, 2018)

Financial Assets

The Bank recognises expected credit loss on:

- Financial assets at amortized cost.
- Gold.
- Cash, balances and deposits.
- Credit facilities and commercial exchange agreements.
- Financial securities and others.
- Advances granted to local banks and financial institutions.
- Financing of financial securities repurchase agreements.
- Other assets – Jordanian currency.

No impairment loss is recognized on equity investments.

The Bank measures loss allowances at an amount equal to lifetime expected credit loss, except for the following, for which they are measured as 12-month expected credit loss:

- Debt investment securities determined to have low credit risk at the date of financial statements.
- Other financial instruments on which credit risk has not increased significantly since their initial recognition.

(Policy applicable before January 1st, 2018)

The Bank reviews the carrying amounts of financial assets at the balance sheet date to determine whether there are indications of impairment in their value individually or in the form of a group. If such indicators exist, the recoverable amount is estimated to determine the impairment loss.

The amount of impairment is determined as follows:

- Impairment of financial assets carried at amortized cost: represents the difference between the carrying value of the records and the present value of the expected cash flows discounted at the original effective interest rate.

- Impairment is recognized in the statement of profit or loss and any subsequent provision is recorded in the subsequent period as a result of the previous impairment of the debt instruments in the statement of profit or loss and to the equity instruments in the other comprehensive income statement.

I- Financial Instruments (Policy applicable before January 1st, 2018)
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.

- **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.

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.
- The amount of impairment is determined as follows:
- Impairment of financial assets carried at amortized cost: represents the difference between the carrying value of the records and the present value of the expected cash flows discounted at the original effective interest rate.
- Impairment is recognized in the statement of profit or loss and any subsequent provision is recorded in the subsequent period as a result of the previous impairment of the debt instruments in the statement of profit or loss and to the equity instruments in the other comprehensive income statement.

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-derivative 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.

J- 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.

K- 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 and gold valuation differences account according to the Central Bank of Jordan's law. 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.

L- 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.

M- 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.

N- 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.

O- 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 906.845 per ounce as of December 31, 2018, the ounces quantity is 1,435,953 (JD 923.610 per ounce as of December 31, 2017 the ounces quantity was 1,595,589).

All the balances of the gold deposit accounts are classified as part of the first phase in accordance with the requirements of IFRS 9, and there are no transfers between (the first, second and third stages), or non-existent balances during the year ended December 31, 2018. The movements on each of the balances Gold deposits and provision for credit losses expected for the balances of these accounts according to the stages of classification according to the Bank's internal system:

The movement on gold deposit balances subject to the expected credit loss measurement as at December 31, 2018 on individual level is as follows:

Jordanian Dinar

Item	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Beginning balance	275,235,780	-	-	275,235,780
Debit transactions during the year	1,038,241,610	-	-	1,038,241,610
Credit transactions during the year	(985,954,055)	-	-	(985,954,055)
	327,523,335	**-**	**-**	**327,523,335**
Gold valuation losses	(2,872,825)	-	-	(2,872,825)
Ending Balance	**324,650,510**	**-**	**-**	**324,650,510**

The movement on Provision for expected credit losses for gold deposits as of December 31, 2018:

Jordanian Dinar ***Item***	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Beginning balance after the application of IFRS (9)	8,557	-	-	8,557
Impact of revaluation	(153)	-	-	(153)
Increase in credit losses during the year	-	-	-	-
(Recovered) from credit losses during the year	(2,320)	-	-	(2,320)
Ending balance	**6,084**	**-**	**-**	**6,084**

P- 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.

Q- 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.

R- The costs of printing new currency notes and minted coins are amortized over three years.

S- 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.

T- Interest and commissions expenses are recognized on the accrual basis.

U- 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, rand 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.

V- 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).

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 debit and on the liabilities side if its balance was a credit.

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.

W- 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.

The Application of New Intenrational Financial Reporting Standards and its Amendments

That a number of new standards and amendments to new standards and interpretations will become effective after the financial year beginning on 1 January 2019:

- IAS 16 Leasing (effective January 1st, 2019 with early application permitted).
- IFRS 17 Insurance Contracts (effective January 1st, 2021 with early application permitted).
- IFRIC 23 Impairment of Income Tax Processes (effective January 1st, 2019).
- Amendments to IFRS 9 "Pre-payment Features with Negative Compensation" (effective January 1st, 2019).
- Amendments to IAS 19 Amendments to the Plan, Amortization or Settlement (effective January 1st, 2019).
- Annual improvements to IFRS 2015-2017 (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 (effective January 1st, 2019).
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between Investor and its Associates or Joint Venture (no date specified).

The management of the Bank does not expect that there will be a material impact on the above standards when applied.

5- Cash, Balances and Deposits

This item consists of the following:

	December 31,	
	2018	**2017**
	JD	JD
Cash at bank	178,646,585	232,626,146
Current accounts	740,955,582	599,577,895
Demand accounts and deposits *	4,462,890,841	4,023,939,313
	5,382,493,008	**4,856,143,354**
Expected credit losses provision	(1,249,953)	-
	5,381,243,055	**4,856,143,354**
Cash and cash equivalent for cash flow purposes	**5,382,493,008**	**4,856,143,354**

Current accounts in convertible foreign currencies balances that apply for expected credit loss measurement as of December 31, 2018:

Jordanian Dinar

Item	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Beginning balance	157,902,950	-	-	157,902,950
Debit transactions during the year	1,937,721,307	-	-	1,937,721,307
Credit transactions during the year	(1,408,546,112)	-	-	(1,408,546,112)
Ending Balance	**687,078,145**	**-**	**-**	**687,078,145**

Provision for expected credit losses for current account balances in convertible foreign currencies as of December 31, 2018:

Jordanian Dinar

Item	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Beginning balance after the application of IFRS (9)	251	-	-	251
Increase in credit losses during the year	1,949	-	-	1,949
Ending Balance	**2,200**	**-**	**-**	**2,200**

* All of deposits and demand accounts balances are classified in stage 1 according to IFRS (9) requirements, in addition there is no transition between the stages (stage 1,2 and 3) or written off balances during year ended December 31, 2018 and the following are the movement for each balances and expected credit losses for those accounts based on their stages according to the Bank's internal system.

Deposits balances that apply to expected credit loss measurement as of December 31, 2018:

Jordanian Dinar

Item	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Beginning balance	4,023,575,000	-	-	4,023,575,000
Debit transactions during the year	10,856,917,000	-	-	10,856,917,000
Credit transactions during the year	(10,418,046,000)	-	-	(10,418,046,000)
Ending Balance	**4,462,446,000**	**-**	**-**	**4,462,446,000**

Provision for expected credit losses for deposits and demand accounts as of December 31, 2018:

Jordanian Dinar

Item	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Beginning balance after the application of IFRS (9)	1,251,411	-	-	1,251,411
Increase in credit losses during the year	(3,658)	-	-	(3,658)
Ending Balance	**1,247,753**	**-**	**-**	**1,247,753**

*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 month to 1 Year**	**Total**
2018	JD	JD	JD	
Demand accounts and deposits	3,144,471,725	698,122,549	619,048,814	4,461,643,088
2017				
Demand accounts and deposits	2,169,195,313	1,337,174,000	517,570,000	4,023,939,313

During the year 2018, interest rates on (USD) currency deposit accounts ranged from 1.74% to 3.45% depending on maturity date.

6- Financial Securities at Fair Value Through Profit or Loss – Foreign currencies

This item consists of the following:

	December 31, 2018	**December 31, 2017**
	JD	JD
Foreign bonds with fixed interest rates	56,035,926	70,487,617
Foreign bonds with floating interest rates	71,156,640	351,671,001
Special issue bonds	141,800,000	141,800,000
	268,992,566	**563,958,618**

7- Foreign Financial Securities at Amortized Cost

This item consists of the following:

	December 31, 2018	December 31, 2017
a. Foreign Bonds	JD	JD
Foreign bonds with fixed interest rates	1,196,895,676	1,276,596,494
Foreign bonds with floating interest rates	1,683,852,299	2,073,740,873
	2,880,747,975	**3,350,337,367**
b. Foreign Commercial Papers	430,834,043	726,124,889
Gross foreign financial securities at amortized cost	**3,311,582,018**	**4,076,462,256**
Less: Expected credit losses provision	(162,021)	-
	3,311,419,997	**4,076,462,256**

a- The maturities of foreign bonds range from two weeks to seven years with interest rates ranging from 0% to 6.75%.

- All of foreign bonds accounts balances are classified in stage 1 according to IFRS (9) requirements in addition there is not transition between stages (stage 1,2 and 3) or written off balances during year ended December 31, 2018, the following are the movement on each of balances and expected credit losses for the accounts balances based on their stages according to the Bank internal system:

Accounts balances for foreign bonds with fixed interest rates as of December 31, 2018:

Jordanian Dinar

Item	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Beginning balance	1,276,596,494	-	-	1,276,596,494
Debit transactions during the year	327,248,572	-	-	327,248,572
Credit transactions during the year	(406,949,390)	-	-	(406,949,390)
Ending Balance	**1,196,895,676**	**-**	**-**	**1,196,895,676**

Provision for expected credit losses for foreign bonds with fixed interest rates account balances in as of December 31, 2018:

Jordanian Dinar

Item	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Beginning balance after the application of IFRS (9)	71,764	-	-	71,764
Increase in credit losses during the year	-	-	-	-
(Recovered) from expected credit loss	(9,987)	-	-	(9,987)
Ending Balance	**61,777**	**-**	**-**	**61,777**

Accounts balances for foreign bonds with floating interest rates as of December 31, 2018:

Jordanian Dinar

Item	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Beginning balance	2,073,740,873	-	-	2,073,740,873
Debit transactions during the year	283,692,652	-	-	283,692,652
Credit transactions during the year	(673,581,226)	-	-	(673,581,226)
Ending Balance	**1,683,852,299**	**-**	**-**	**1,683,852,299**

Provision for expected credit losses for foreign bonds with floating interest rates account balances in as of December 31, 2018:

Jordanian Dinar

Item	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Beginning balance after the application of IFRS (9)	129,226	-	-	129,226
Increase in credit losses during the year	-	-	-	-
(Recovered) from expected credit loss	(48,437)	-	-	(48,437)
Ending Balance	**80,789**	**-**	**-**	**80,789**

b- The maturity of foreign commercial papers range from 32 days to 221 days at a discount rate ranging from 2.33% to 3.05%.

- All of foreign commercial papers accounts balances are classified in stage 1 according to IFRS (9) requirements in addition there is not transition between stages (stage 1,2 and 3) or written off balances during year ended December 31, 2018, the following are the movement on each of balances and expected credit losses for the accounts balances based on their stages according to the bank internal system:

Accounts balances for foreign commercial papers as of December 31, 2018:

Jordanian Dinar ***Item***	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Beginning balance	726,124,889	-	-	726,124,889
Debit transactions during the year	800,114,154	-	-	800,114,154
Credit transactions during the year	(1,095,405,000)	-	-	(1,095,405,000)
Ending Balance	**430,834,043**	**-**	**-**	**430,834,043**

Provision for expected credit losses for foreign commercial papers account balances in as of December 31, 2018:

Jordanian Dinar ***Item***	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Beginning balance after the application of IFRS (9)	32,745	-	-	32,745
Increase in credit losses during the year	-	-	-	-
(Recovered) from expected credit loss	(13,290)	-	-	(13,290)
Ending balance	**19,455**	**-**	**-**	**19,455**

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, 2018	
	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, 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**

The above balance represents past due facilities, and the related interest in suspense amounted to JD 360,647,460 as of December 31, 2018 (JD 348,840,250 as of December 31, 2017) and recorded by the Central Bank in private records within the off- financial position items.

Accounts balances for past due direct credit facilities and commercial Exchange Agreements as of December 31, 2018:

Jordanian Dinar

Item	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Beginning balance	766,882,210	-	-	766,882,210
Debit transactions during the year	-	-	-	-
Credit transactions during the year	-	-	-	-
Ending balance	**766,882,210**	**-**	**-**	**766,882,210**

No provision had been booked for past due direct credit facilities and commercial exchange agreements as of January 1st, 2018 and December 31, 2018.

9- Special Drawing Rights

This item consists of the following:

	December 31,	
	2018	**2017**
	JD	JD
Special drawing rights	22,746,644	43,125,921
	22,746,644	**43,125,921**

This item represents Jordan's share from the allocations of Special Drawing Rights at the International Monetary Fund in the amounted SDRs 23,067,981 unit as of December 31, 2018 (SDRs 42,711,407 unit as of December 31, 2017). According to the average exchange rate of the Jordanian Dinar against SDRs, this liability amounted to JD 22,746,644 as of December 31, 2018 (JD 43,125,921 as of December 31, 2017).

Accounts balances for special drawing rights as of December 31, 2018:

Jordanian Dinar

Item	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Beginning balance	43,125,921	-	-	43,125,921
Debit transactions during the year	1,581,782	-	-	1,581,782
Credit transactions during the year	(21,961,059)	-	-	(21,961,059)
Ending Balance	**22,746,644**	**-**	**-**	**22,746,644**

No provision had been booked for special drawing rights as of January 1st, 2018 and December 31, 2018.

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

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

		December 31,	
	Currency	**2018**	**2017**
		JD	JD
Arab Fund for Economic and Social Development	Kuwait Dinar	225,652,527	214,730,863
Arab Monetary Fund	Arabic Dinar	63,790,456	62,212,628
Islamic Development Bank	Islamic Dinar	38,987,556	39,425,683
Arab Bank for Economic Development in Africa	USD	7,408,813	6,807,919
Arab Investment Guarantee Corporation	Kuwait Dinar	2,922,684	2,759,282
IBRD (World Bank)	USD	4,433,299	4,236,119
IBRD (World Bank)	JOD	15,180,548	14,820,530
Islamic Corporation for trade financing	USD	534,108	522,696
Islamic Corporation for Investment and Export Credit	Islamic Dinar	331,579	346,033
Contribution in Arab Monetary Fund	Jordanian Dinar	399,033	399,590
Islamic Corporation for the Private Sector Development	USD	1,847,124	1,674,655
Contribution in Asian Development Bank to invest in infrastructure	USD	13,563,398	10,127,290
		375,051,125	**358,063,288**

- 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 136,893,766 as of December 31, 2018 (profit of JD 128,563,301 as at December 31, 2017) .
- 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 3,806,108 loss for the year ended December 31, 2018, and this amount was transferred to gold and foreign currencies valuation differences (JD 9,090,397 gain for the year ended December 31, 2017).

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,	
	2018	**2017**
	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
Bond of the Jordan Mortgage Refinance Company (c)	32,275,411	32,275,411
General institution bonds (d)	52,400,000	55,276,000
Jordanian treasury bonds (d)	16,000,000	31,000,000
Saving bonds to individuals (d)	17,311,100	8,070,000
Credit granted to Jordanian government (e)	20,563,120	20,563,120
	410,254,663	**498,889,563**
Less: Provision for expected credit losses	(253,040)	-
	410,001,623	**498,889,563**

- All of financial securities and others account balances are classified in stage 1 according to IFRS (9) requirements, in addition there is no transition between stages (stage 1,2,3) or written off balances during year ended December 31, 2018, The Bank has taken expected credit loss provision against the Jordan Mortgage Refinance Company's bond and has not taken any expected credit loss provisions on the rest of the financial assets to be considered guaranteed to the Central Bank and / or guaranteed by the Government of Jordan, including the Government's extraordinary advance and the advance against tranche reserve.

(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 2018 represents the unsettled balance and there is no impairment in its fair value due to the non-existences 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 last bond payment matured during 2018 and paid to Central Bank of Jordan.

(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 17,716,653 as of December 31, 2018 (JD 16,391,899 as of December 31, 2017).

- According to the debt transfer agreement signed on December 30, 2004, the debt bond issued to the Central Bank of Jordan by the Commercial Bank of Jordan (formerly the Jordan Gulf Bank) was transferred to the Jordanian Mortgage Refinance Company so that the Jordan Mortgage Refinance Company is obliged to pay The facility shall be paid at the end of 30 years from the date of the issuance of the bond to the Central Bank of Jordan, bearing in mind that it is entitled to an annual interest of 5.1219%. The bond and interest shall be due on June 7, 2035. The bank has recorded an amount of 8,000,000 JDs as of December 31, 2018 and 2017 regarding present value impairment.

Accounts balances for The Jordan Mortgage Refinance Company. bond as of December 31, 2018:

Jordanian Dinar

Item	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Beginning balance	32,275,411	-	-	32,275,411
Debit transactions during the year	-	-	-	-
Credit transactions during the year	-	-	-	-
Ending Balance	**32,275,411**	**-**	**-**	**32,275,411**

Provision for expected credit losses for The Jordan Mortgage Refinance Company. bond balances:

Jordanian Dinar

Item	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Beginning balance after the application of IFRS (9)	240,715	-	-	240,715
Increase in credit losses during the year	12,325	-	-	12,325
Ending Balance	**253,040**	**-**	**-**	**253,040**

(d) According to articles No. (39), (48) and (49) of the Central Bank of Jordan Law, the Bank purchased governmental financial securities as follows:

- Bonds of public institutions with a maturity from March 22, 2022 to April 26, 2022 with interest ranging from 5.449% to 5.650%.
- Jordanian treasury bonds with ranging maturity between January 19, 2019 to March 9, 2023 with interest rate ranging between 3.347% and 5.073%.
- Savings bonds to individuals purchased from individuals want to liquidate their bonds, the maturity of these bonds is within July 3, 2021 to December 29, 2022 the interest rate 4.25%.
- There were no provision booked on financial securities (public institutions bonds, Jordanian treasury bonds, individual saving bonds) and others in local currency because it had been considered as secured/ guaranteed from the government which the PD is zero, included the exceptional advance to the government and advances granted to the Government against withdrawal of the tranche reserve.

(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 Institution

This item consists of the following:

	December 31,	
	2018	**2017**
	JD	JD
Advances to commercial banks under liquidation – net (a)	99,719,519	142,943,085
Advances to banks and specialized credit institutions (b)	221,217,822	161,074,232
Advances to local commercial banks (c)	203,148,879	178,764,197
Investment agency with Islamic banks (d)	41,912,496	29,024,312
Investment deposits with Islamic banks (e)	21,357,726	-
	587,356,442	**511,805,826**

a. The above items include 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,		
	2018	**2017**	**Resolution No.**
	JD	JD	
Advances to Banks under Liquidation:			
Petra Bank*	213,055,408	213,573,612	2/90,13/89,20/89, 90/4
National Islamic Bank **	(151)	(151)	2000/371,91/2,20/88
Amman Investment Bank / under liquidation	(5,795)	(15,553)	
Total Advances to Banks under Liquidation	**213,049,462**	**213,557,908**	
Advances to Other Institutions and Banks:			
Credit facilities to Philadelphia Bank Customers – Net ***	26,997,823	29,520,943	1/2005
Jordan Cooperative Society ****	766,195	958,195	8683/1/11/63
Total Advances granted to other Institutions and Banks	**27,764,018**	**30,479,138**	
Total advances for banks under liquidations	**240,813,480**	**244,037,046**	
Less: Provision for expected credit losses/ Petra bank*	(141,093,961)	(101,093,961)	
	99,719,519	**142,943,085**	

* 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. The decision of ministry's councel number (10868) dated April 18, 2018 approved to transfer liquidation process from Central Bank of Jordan to the Ministry of Finance. In accordance with resolution No. (5/2019) dated on January 21, 2019 of the Board of Directors of the Bank, the liquidation of Petra Bank has been extended to January 31, 2019. 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, 2018.

The movement on the provision for expected credit losses / Petra Bank was represented as follows:

	For the Year Ended December 31,	
	2018	**2017**
	JD	JD
Balance at the beginning of the year	101,093,961	78,593,961
Provision for doubtful debt	-	22,500,000
Expected credit losses	40,000,000	-
Balance at the Ending of the Year	**141,093,961**	**101,093,961**

** 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 41,782,315 was transferred to the Central Bank of Jordan up to the year 2018, and offset against the credit facilities balance of Philadelphia Bank customers, however in 2018 some of the treasury bonds that are included in the banks' portfolio has been allocated with the amount of JD 41 million from the balance of those collections.

**** This item represents the advance granted to the Jordan Cooperative Organization amounting to JD 766,195 as of December 31, 2018 and matures in 2022, which the balance is paid on 5 years according to cabinet decision 8683/1/11/63 on February 28, 2017.

The movement on advances to banks under liquidation balance as of December 31, 2018:

Jordanian Dinar ***Item***	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Beginning balance	-	-	244,037,046	244,037,046
Debit transactions during the year	-	-	41,069	41,069
Credit transactions during the year	-	-	(3,264,635)	(3,264,635)
Ending Balance	**-**	**-**	**240,813,480**	**240,813,480**

The movement on provision on advances to banks under liquidation / Petra Bank as follows:

Jordanian Dinar

Item	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Beginning balance after the application of IFRS (9)	-	-	101,093,961	101,093,961
Increase in credit losses at the end of the year	-	-	40,000,000	40,000,000
Recovery from expected credit loss at the end of the year	-	-	-	-
Ending Balance	**-**	**-**	**141,093,961**	**141,093,961**

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

	December 31,		**Interest**	**Maturity**	**Payment**
Jordanian Dinar	**2018**	**2017**	**Rate**	**Date**	**Method**
Agricultural Credit Corporation	59,979,345	49,835,755	0.5% -1.5%	December 11, 2022	On the maturity date of the guarantees
Jordan Company for loan guarantee *	11,239,200	11,239,200	Interest free	May 24, 2021	Single payment on the maturity date
Jordan Company for loan guarantee/Exports**	99,999,277	99,999,277	2%	March 29, 2027	On maturity date
Jordan Company for loan guarantee ***	50,000,000	-	2%	May 13, 2028	Single payment on the maturity date
	221,217,822	**161,074,232**			

* In accordance to the loan agreement between the Central Bank and the Jordanian Company for Loan Guarantee dated March 8,2016 and the recommendation of the credit No. (65/2016) dated March 14, 2016 the Bank decides to grant the Company with a loan of in the amount of JD (15,300,000) fully repaid under a single payment on May 24, 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 in a percentage 90% 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 a percentage 90% in the same value the utilized of balance of this advance amounted to JD (11,239,200) as of December 31, 2018.

**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 JD 100 million 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, 2018 and 2017 is (99,999,277).

***According to loan agreement between Central Bank of Jordan and the Jordanian Company for Loan Guarantee dated March 26, 2018 regarding loans guarantee program for small emerging projects which states that Central Bank of Jordan grants Jordanian Company for Loan Guarantee (50) million JDs at a rate of 2% for a period of 10 years, which the balance will be used to purchase government securities for the Company’s benefit and all securities will be mortgaged to the benefit of Central Bank, and the Company will use the return on investment of financial securities to finance small emerging projects loans guarantee program, the utilized balance of this loan is JD 50,000,000 as of December 31, 2018.

The movement on advances granted to banks and specialized credit institutions balance as of December 31, 2018:

Jordanian Dinar

Item	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Beginning balance	161,074,232	-	-	161,074,232
Debit transactions during the year	66,353,300	-	-	66,353,300
Credit transactions during the year	(6,209,710)	-	-	(6,209,710)
Ending Balance	**221,217,822**	**-**	**-**	**221,217,822**

No provision against expected credit losses on advances granted to banks and specialized credit institutions balance had booked as of January 1st, 2018 and December 31, 2018.

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

Licensed Banks	December 31, 2018	December 31, 2017	Expected Return	Maturity Date	Payment Method
	JD	JD	%		
Cairo Amman Bank	31,480,525	28,180,938	1% - 2.25%	Less than 10 years	According to the conditions for granting advances
Societe General Bank - Jordan	11,055,906	5,394,453	1% - 2.25%	Less than 10 years	According to the conditions for granting advances
Jordan Commercial Bank	9,551,595	10,177,917	1% - 2.25%	Less than 10 years	According to the conditions for granting advances
Arab Bank	45,019,514	35,128,421	1% - 1.75%	Less than 10 years	According to the conditions for granting advances
Bank of Jordan	4,552,517	2,526,826	1% - 2.25%	Less than 10 years	According to the conditions for granting advances
Jordan Kuwait Bank	13,015,620	9,129,619	1% - 2.25%	Less than 10 years	According to the conditions for granting advances
Housing Bank	10,015,380	4,598,526	1% - 2.25%	Less than 10 years	According to the conditions for granting advances
Jordan Ahli Bank	17,781,041	16,574,769	1% - 2.00%	Less than 10 years	According to the conditions for granting advances
National Bank of Kuwait – Jordan	128,000	304,000	1% - 2.25%	Less than 10 years	According to the conditions for granting advances
Bank al Etihad	29,281,109	30,797,246	1% - 2.25%	Less than 10 years	According to the conditions for granting advances
ABC Bank	34,830	5,000,000	1% - 2.00%	Less than 10 years	According to the conditions for granting advances
Capital Bank	29,260,320	29,307,426	1% - 2.25%	Less than 10 years	According to the conditions for granting advances
Investing Bank	1,190,962	1,482,634	1% - 1.75%	Less than 10 years	According to the conditions for granting advances
Arab Investing Bank	781,560	161,422	1% - 1.75%	Less than 10 years	According to the conditions for granting advances
Total	**203,148,879**	**178,764,197**			

The movement on advances granted to local commercial banks balance as of December 31, 2018:

Jordanian Dinar

Item	Stage 1	Stage 2	Stage 3	Total
Beginning balance	178,764,197	-	-	178,764,197
Debit transactions during the year	109,364,989	-	-	109,364,989
Credit transactions during the year	(84,980,307)	-	-	(84,980,307)
Ending balance	**203,148,879**	**-**	**-**	**203,148,879**

No provision against expected credit losses on advances granted to local commercial banks' balance had booked as of January 1st, 2018 and December 31, 2018 given the fact that those financial assets have guarantees that fully covered the advances.

d- 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:

Islamic Licensed Banks	December 31, 2018	December 31, 2017	Expected Return	Maturity Date	Payment method
	JD	JD	%		
Investment Agency/ Islamic International Arab Bank	21,021,130	15,618,445	1% - 1.75%	Less than 10 years	According to financing conditions
Investment Agency/ Jordan Islamic Bank	12,310,176	9,024,675	1% - 1.75%	Less than 10 years	According to financing conditions
Investment Agency/ Safwa Islamic Bank	8,191,191	4,020,568	1% - 1.75%	Less than 10 years	According to financing conditions
Investment Agency/ Alrajihi Bank	389,999	360,624	1% - 1.75%	Less than 10 years	According to financing conditions
Total	**41,912,496**	**29,024,312**			

The movement on investment agency with Islamic banks (advances granted to customers) as of December 31, 2018:

Jordanian Dinar

Item	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Beginning balance	29,024,312	-	-	29,024,312
Debit transactions during the year	25,317,498	-	-	25,317,498
Credit transactions during the year	(12,429,314)	-	-	(12,429,314)
Ending balance	**41,912,496**	**-**	**-**	**41,912,496**

The movement on provision on investment agency with Islamic banks (advances granted to customers):

Jordanian Dinar

Item	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Beginning balance after the application of IFRS (9)	202,778	-	-	202,778
Increase in credit losses at the end of the year	-	-	-	-
Recovery from expected credit loss at the end of the year	(202,778)	-	-	(202,778)
Ending balance	**-**	**-**	**-**	**-**

e- This item represents the finance granted from Central Bank to Islamic banks in the kingdom within investment agreements signed with them in order to utilize the Central Bank program to finance the economic sectors, according to the details below:

Islamic licensed banks / investment agreement	**December 31 2018**	**2017**	**Expected Return**	**Maturity Date**	**Payment method**
Jordanian Dinar			%		
Investment deposit (saving) at Islamic International Arab Bank	2,064,406	-	1%	Less than 10 years	According to financing conditions
Investment deposit (saving) at Jordan Islamic Bank	6,587,939	-	1%	Less than 10 years	According to financing conditions
Investment deposit (time) at Islamic International Arab Bank	8,085,501	-	1.75%	Less than 10 years	According to financing conditions
Investment deposit (notice) at Jordan Islamic Bank	4,353,361	-	1.75%	Less than 10 years	According to financing conditions
Investment deposit (inside Amman) at Safwa Islamic Bank	239,320	-	1.75%	Less than 10 years	According to financing conditions
Investment deposit (outside Amman) at Safwa Islamic Bank	27,200	-	1%	Less than 10 years	According to financing conditions
Total	**21,357,727**	**-**			

The movement on investment deposits with Islamic banks as of December 31, 2018:

Jordanian Dinar

Item	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Beginning balance after the application of IFRS (9)	-	-	-	-
Debit transitions during the year	22,738,745	-	-	22,738,745
Credit transitions during the year	(1,381,018)	-	-	(1,381,018)
Ending balance	**21,357,727**	**-**	**-**	**21,357,727**

- No provision booked against expected credit losses on investment deposits with Islamic banks as of January 1st, 2018 and December 31, 2018 given the fact that those financial assets have guarantees that fully covered the advances.

14- Financial Assets in Local Currency at Fair Value Through Other Comprehensive Income

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

	December 31,	
	2018	**2017**
	JD	JD
Agricultural Credit Corporation	1,257,025	983,809
Cities and Villages Development Bank	2,158,820	1,163,177
Jordan Loan Guarantee Corporation	6,036,235	6,298,680
Jordan Mortgage Refinance Company	2,700,000	2,700,000
Jordan Company for payment and clearing Systems	4,523,311	4,050,000
Jordan Fund for Entrepreneurship	13,638,297	34,692
	30,313,688	**15,230,358**

- The contributions in local financial institutions were measured at fair value through other comprehensive income according to IFRS (9) - Financial Instruments. The contribution fair value reserve amounted to a loss of JD 4,496,859 as at December 31, 2018 (loss of JD 4,626,585 as of December 31, 2017).

- 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 Jordan Payment and Clearing Company and Innovative Startups and SMEs Fund. Whereas the fair value has been calculated in accordance with the local share price as of December 31, 2018 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 JD (214) million, as of December 31, 2018 JD (84) million matures in January 2, 2019 and JD (50) million matures in February 6, 2019, and JD 80 million matures on January 7, 2019 in case the balance of repurchase agreements was JD (25) million as of December 31, 2017.

- The Bank has not taken any provisions on the repurchase agreements used by the Central Bank for the purpose of injecting liquidity since these agreements are considered 100% guaranteed for the Central Bank. The sole owner of securities during the period of the contract is the Central Bank of Jordan and has the right to dispose of them because of the transfer of owneship from Commercial Bank to Central Bank of Jordan.

The movement on provision on repurchase agreements as of December 31, 2018:

Jordanian Dinar

Item	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Beginning balance after the application of IFRS (9)	25,000,000	-	-	25,000,000
Debit transactions during the year	4,790,000,000	-	-	4,790,000,000
Credit transitions during the year	(4,601,000,000)	-	-	(4,601,000,000)
Ending balance	**214,000,000**	**-**	**-**	**214,000,000**

16- Property and Equipment computer's software

This item consists of the following:

December 31, 2018	**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	4,145,346	977,181	197,191	5,949,153	8,696,972	1,588,005	4,492,709	40,224,939
Additions	2,450,000	-	1,113,795	52,015	35,748	1,643,577	758,964	-	1,596,696	7,650,795
Disposals	-	-	-	(12,036)	(1,944)	(203,875)	(42,573)	-	(476,961)	(737,389)
Ending Balance	**3,043,979**	**13,584,403**	**5,259,141**	**1,017,160**	**230,995**	**7,388,855**	**9,413,363**	**1,588,005**	**5,612,444**	**47,138,345**
Accumulated Depreciation										
Balance - beginning of the year	-	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
Additions	-	320,307	106,078	26,347	10,968	578,397	1,038,950	81,998	675,719	2,838,764
Disposals	-	-	-	(9,592)	(1,548)	(195,901)	(32,665)	-	(5,162)	(244,868)
Ending Balance	**-**	**10,334,057**	**1,597,431**	**830,688**	**124,504**	**5,412,721**	**6,450,366**	**1,340,022**	**3,935,139**	**30,024,928**
Net Book Value as of										
December 31, 2018	**3,043,979**	**3,250,346**	**3,661,710**	**186,472**	**106,491**	**1,976,134**	**2,962,997**	**247,983**	**1,677,305**	**17,113,417**
Year 2017										
Cost										
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**

The fully depreciated property and equipment amounted to JD 16,344,278 as of December 31, 2018 (JD 12,024,327 as of December 31, 2017).

17- Other Assets - Jordanian Dinar

This item consists of the following:

	December 31, 2018	December 31, 2017
	JD	JD
Accrued interest and revenue	3,343,745	2,304,175
Housing loans for employees – net*	23,783,058	23,193,009
Gold, silver and metal coins	7,084,388	7,246,028
Deferred expenses - printing of bank notes and metal coins – net **	819,908	2,865,726
Others	3,848,057	5,245,645
	38,879,156	**40,854,583**
Less: Expected credit losses	(119,358)	-
	38,759,798	**40,854,583**

* All balances of loan balances and housing finance granted to employees of Central Bank are classified in stage 1 in accordance with the requirements of IFRS (9), and there are no transfers between the (first, second and third credit stages) nor written off balances during the year ended December 31, 2018. The Bank has taken a provision on the total loan portfolio by 0.5% to meet any risks that may arise as a result of default or failure to pay their installments. The market value of the collateral against these loans is much higher than the carrying value. The existence of insurance on the lives of employees and insurance on the property of earthquakes, fires and floods and the existence of a written pledge of employees to pay the premiums and deducted directly from the salaries transferred to him, and the movement of each balance of loans and housing financing granted to employees of the bank and the provision of credit losses expected to balances these accounts in stages Classification according to the internal banking system:

The balance of housing loans and housing finance as of December 31, 2018:

Jordanian Dinar

Item	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Beginning balance	23,193,009	-	-	23,193,009
Debit transactions during the year	2,073,435	-	-	2,073,435
Credit transactions during the year	(1,483,386)	-	-	(1,483,386)
Ending Balance	**23,783,058**	**-**	**-**	**23,783,058**

Expected credit losses provision for housing loans and housing finance:

Jordanian Dinar

Item	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Beginning balance after the application of IFRS (9)	116,072	-	-	116,072
Increase in credit losses at the end of the year	3,286	-	-	3,286
Recovery from expected credit loss at the end of the year	-	-	-	-
Ending balance	**119,358**	**-**	**-**	**119,358**

** 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,	
	2018	**2017**
	JD	JD
Beginning balance of gold and foreign currencies valuation differences	(91,094,621)	(223,774,213)
Gains (Loss) from valuation of gold and foreign currencies transferred according to the Central Bank's Law *	(36,266,093)	132,679,592
Ending Balance of Gold and Foreign Currencies Valuation Differences	**(127,360,714)**	**(91,094,621)**

* 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:

Jordanian Dinar	2018	2017
(Debit) credit differences resulting from valuation of Bank's contributions in the international and regional financial institutions in foreign currencies (a)	(3,806,108)	9,090,397
(Debit) credit differences resulting from the valuation of Bank's assets and liabilities in foreign currencies (a)	7,206,743	(5,479,241)
(Debit) Credit valuation differences resulted from valuation of SDR currency related to (IMF/EFF) loan (a)	(4,892,550)	1,506,498
(Debit) differences resulted from valuation of foreign trade systems foreign currencies	(48)	-
(Debit) Credit differences resulting from gold valuation (b)	(34,607,906)	126,918,006
(Debit) Credit differences resulted from gold coins valuation (b)	(166,212)	643,932
(Debit) differences resulted from gold valuation in ounces and gold and silver coins (b)	(12)	-
Total Valuation Differences of Gold and Foreign Currencies During the Year	**(36,266,093)**	**132,679,592**

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

Jordanian Dinar	2018	2017
Beginning balance of the valuation differences of foreign currencies	(379,043,383)	(384,161,037)
Credit (Debit) differences resulting from valuation of Bank's contributions in the international and regional financial institutions in foreign currencies	(3,806,108)	9,090,397
Credit (Debit) differences resulting from the valuation of Bank's asset and liabilities in foreign currencies	7,206,743	(5,479,241)
Valuation differences resulted from valuation of SDR currency related to (IMF/EFF) loan	(4,892,550)	1,506,498
(Debit) differences resulted from valuation of foreign trade systems foreign currencies	(48)	-
Ending Balance of the Valuation Differences of Foreign Currencies	**(380,535,346)**	**(379,043,383)**

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

Jordanian Dinar	**2018**	**2017**
Beginning balance of valuation differences of gold	287,948,762	160,386,824
(Debit) credit gold valuation difference	(34,607,906)	126,918,006
(Debit) credit Gold coins valuation difference *	(166,212)	643,932
(Debit) differences resulted from gold valuation in ounces and gold and silver coins	(12)	-
Valuation Differences of Gold – Ending Balance	**253,174,632**	**287,948,762**

* 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 acconunt 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 Ministrers 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.

<u>20- Obligations Against Special Drawing Rights</u>

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, 2018 and 2017. According to the average exchange rate of the Jordanian Dinar against SDRs, this liability amounted to JD 159,812,992 as of December 31, 2018 (JD 163,643,532 as of December 31, 2017). This amount is a long-term liability to be repaid by the Government in the future upon request.

<u>21- Certificates of Deposits</u>

This item represents ordinary certificate of deposits that were issued to local banks in the year 2018 and their interest rates was in the beginning of 2018 (4%), and adjusted to (4.75%) at the date of statement of financial position.

<u>22- Governments Deposits</u>

This item represents government accounts within budgets, with interest rate ranging from 1.70% to 3.40%. Most of the balances in foreign currency do not receive any interest while these balances do not have specified maturity dates.

<u>23- International Monetary Fund Accounts</u>

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

<u>24- Other Liabilities in Jordanian Currency</u>

This item consists of the following:

	December 31,	
	2018	**2017**
	JD	JD
Unpaid accrued interest	11,376,202	5,054,404
Deposits on documentary credits	21,472,000	15,016,316
Other deposit accounts	58,009,014	51,924,620
Other liabilities	939,820	453,939
	91,797,036	**72,449,279**

<u>25- General Reserve</u>

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 resereve 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 expenes 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:

Jordanian Dinar	December 31, 2018	December 31, 2017
Special reserves balance for valuation of the financial assets at the beginning of the year	123,936,716	122,385,393
Gains from valuation of the contributions in the regional and foreign financial institutions	8,330,466	5,917,828
(Losses) Gains from valuation of the contributions in the local financial institutions	(1,009,181)	(4,522,505)
Gain (loss) Sale of financial assets at fair value through comprehensive income losses	-	156,000
Gain on increase treatment in the banks' local contributions	1,138,906	-
Balance at Year-End	**132,396,907**	**123,936,716**

27- Special Reserves

This item consists of the following:

Jordanian Dinar	December 31, 2018	December 31, 2017
Beginning balance for the special reserve	151,155,642	113,228,677
The effect of applying international financial reporting standard (9)**	(2,053,519)	-
Adjusted beginning balance	**149,102,123**	**113,228,677**
Transferred from Gains (Loss) for the year as per the Bank's law to the special reserves *	37,377,110	37,926,965
Ending Balance for the Special Reserve	**186,479,233**	**151,155,642**

* 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.

** In addition, expected credit losses on financial securities during the year had been recorded in special reserves item in order to apply IFRS (9) on the beginning balance for the year 2018.

28- Revenue from Foreign Investments

This item consists of the following:

Jordanian Dinar	For the Year Ended 2018	For the Year Ended 2017
Interest received on time deposits, current and call accounts with correspondents	101,330,641	58,878,184
Interest on foreign bonds	75,053,938	59,087,706
Income on foreign bonds realization	870,306	1,079,893
Income from dealing with gold	23,445,344	32,834,566
Income realized on foreign currency trading	367,073	675,385
Income on commercial papers	7,787,444	3,747,838
Fees of accounts management of our correspondents abroad	331,596	413,287
	209,186,342	**156,716,859**

29- Revenues from Local Investments

This item consists of the following:

	For the Year Ended 2018	For the Year Ended 2017
	JD	JD
Interest on advances granted to specialized credit institutions and licensed banks	6,241,097	4,507,163
Income from swap contracts	2,371,519	2,412,367
Income from forward contracts	624,857	-
Interest on Jordanian treasury bonds	93,555	58,477
Interest on general institutions' bonds	2,454,218	4,486,292
Interest on individuals savings bonds	558,222	185,731
Income from contribution in local institutions	171,000	117,000
Income from repurchase of financial securities (repo)	6,221,384	3,299,541
Income from payment systems	79,082	144,011
	18,814,934	**15,210,582**

30- Expected Credit Losses

This item consists of the following:

	For the Year Ended	
	2018	2017
	JD	JD
(Recovery) from gold expected credit losses	(2,473)	-
(Recovery) from deposits and balances expected credit losses	(1,709)	-
(Recovery) from foreign financial securities at amortized cost expected credit losses	(71,714)	-
Expected credit losses on financial securities and others	12,325	-
Expected credit losses on advances granted to banks and financial institutions	39,797,222	-
Expected credit losses on other assets in JD	3,286	-
	39,736,937	**-**

31- Other Revenues

This item consists of the following:

	For the Year Ended	
	2018	2017
	JD	JD
Annual fees from banks, and license fees from banks, financial corporations and representative offices	4,297,811	4,243,365
Exchange dealers annual license fees	469,700	494,106
Income from sale of available for sale issuances	48,011	67,639
Net interest on housing loans	104,814	135,778
Commissions collected from customers	95,995	95,811
Revenue from the finance of housing	370,813	351,428
Other revenue	272,505	4,825,042
	5,659,649	**10,213,169**

32- Interest Paid on Certificates of Deposits and Licensed Banks' Overnight Window Deposits

This item consists of the following:

	For the year Ended	
	2018	**2017**
	JD	JD
Interest paid on certificates of deposits – JD	25,549,315	25,441,494
Interest paid on overnight deposits	55,890,459	36,855,678
	81,439,774	**62,297,172**

33 - Other Interest, Commissions and Expenses

This item consists of the following:

	For the year Ended	
	2018	**2017**
	JD	JD
Bank accounts expenses at IMF.	4,959,668	3,987,924
Commissions and expenses for managing the Bank's accounts with correspondents	1,111,029	1,207,618
Government transfers expenses	3,288	5,766
Other paid commissions and expenses	2,611	2,692
Interest paid on other accounts	168,393	46,846
	6,244,989	**5,250,846**

34 - General and Administrative Expenses

This item consists of the following:

	For the Year Ended	
	2018	2017
	JD	JD
Salaries, Bonuses, Wages and Allowances:		
Salaries, bonuses, wages and allowances	12,805,248	12,056,617
Overtime	886,239	847,506
	13,691,487	**12,904,123**
Travel, Training and Educational Expenses:		
Travel expenses and allowances	262,414	335,109
Training and educational expenses	705,027	633,318
	967,441	**968,427**
Other Employees' and Laborer's Benefits:		
Staff and users' insurance premiums	121,823	94,237
Medical treatment expenses	4,233,535	3,992,335
Customer service and users' uniforms	51,430	57,235
Social activities expenses	459,250	264,070
Canteen expenses	8,400	6,000
	4,874,438	**4,413,877**
Contribution to Employees Saving Fund, Social Security and Staff Indemnity:		
Bank's contribution to employees saving fund	933,481	904,611
Bank's social security contribution	1,403,079	1,351,574
Staff indemnity benefits and leave payments	3,047,281	2,708,657
	5,383,841	**4,964,842**
Board of Directors' Remuneration	**14,400**	**14,155**
Stationery and Printing:		
Stationery and printing	77,038	94,108
Books and subscriptions in newspapers and magazines	127,361	111,301
Subscriptions in scientific and intellectual Institutions	110,555	61,031
	314,954	**266,440**
Institute of Banking Studies Expenses:	**207,503**	**207,600**
Anti-Money Laundry and Counter Terrorist Financing Unit Expenses	**1,000,000**	**1,047,982**
Telecommunication Expenses:		
Postage and telephone	102,652	98,413
Subscriptions to Reuter's Agency, SWIFT and internet services	664,550	744,733
	767,202	**843,146**
Aqaba and Irbid Branches Expenses	**859,028**	**832,297**
Maintenance and Repair Banks assets:		
Fuel and vehicles maintenance	144,816	121,328
Furniture, equipment, and computer maintenance	839,276	671,095
	984,092	**792,423**

34 - General and Administrative Expenses (continued)

	For the Year Ended	
	2018	**2017**
	JD	JD
Bank Buildings Expenses:		
Electricity, water and fuel	1,392,438	1,043,685
Security, maintenance and cleaning of the Bank's buildings	530,407	462,002
Rent and rented buildings expenses	12,924	15,617
Insurance of buildings and Bank's assets	37,739	55,122
	1,973,508	**1,576,426**
Depreciation of Property, Equipment and Software	**2,838,764**	**2,603,405**
Other expenses	**1,106,953**	**1,056,987**
Total	**34,983,611**	**32,492,130**

- The salaries and bonuses of the executive management amounted to JD 531,250 for the year 2018 (JD 500,000 for the year 2017).

35 - 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, 2018 include compulsory cash reserves as follows:

	December 31,	
	2018	**2017**
	JD	JD
Jordanian Dinar	1,580,304,964	1,603,694,352
Foreign currencies	566,194,554	514,464,099
	2,146,499,518	**2,118,158,451**

36- 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 a material impact on the financial statements.
- 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 JD 553,447,000 as of December 31, 2018 for nine contracts.
- 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 133,631,145 as of December 31,

2018. Moreover, they are represented by two contracts with licensed bank in Jordan amounted to of JD 62,671,863 against the banks' paid up capital and the related reserves, and eight contracts with international financial institution for the amount of JD 70,959,282 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.

37- 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 and Application Methodology for IFRS (9)

- 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 concern of degradation of credit rating through reducing the deposits at these banks:

- The application of International Financial Reporting Standard (IFRS) 9 has substantially changed the credit loss calculation methodology of the Bank by replacing the once-materialized impairment loss recognition methodology, according to the International Accounting Standard (IAS) 39, with the expected credit loss recognition methodology as of January 1st, 2018.
- The expected credit losses (ECL) for each of the expected credit losses for the entire lifetime of the credit exposure and expected credit losses by probability of default of credit exposure shall be calculated within 12 months either on an individual basis or on a portfolio basis of the financial instruments based on the nature of financial instruments in the portfolio.

- All the Bank's debt instruments that carry credit risks shall be subject to the measurement of ECL except for the following:-
- Financials instruments at fair value through profit or loss (FVTPL). This portfolio includes debt instruments (bonds) and equity instruments (shares) which shall be measured at fair value. Moreover, the change in fair value shall be recorded in the statement of profit and loss and these instruments have to be traded in the short term. Besides, debt instruments in this portfolio shall not be subject to the calculation of the ECL.
- Financial instruments at fair value through other comprehensive income (FVOCI). This portfolio includes debt instruments (bonds) and equity instruments (shares) which shall be measured at fair value. Furthermore, subsequent changes in fair value have to be recorded in the statement of other comprehensive income (under conditions). Debt instruments within this portfolio, though measured at fair value, are also subject to the calculation of ECL.

Accordingly, the Bank has developed a policy to conduct an assessment at the end of each financial period in case of an increase in credit risk of the financial instrument at the date of initial recognition taking into consideration the change in the risk of default over the remaining life of the financial instrument. Therefore, the Bank has implemented a policy showing how the assessment procedures are applied on an individual basis of the financial instrument or on a portfolio basis through the distribution of credit requirements into three stages or levels according to the degree of risk presented therein as follows:-

- Stage (1): which includes debt instruments of low risk and high repayment ability that lack indicators showing that changes in the macroeconomy will negatively affect the probability of collection as reflected by the credit rating of the instrument, in addition to future forecasts both at the level of instrument or economy. Moreover, this stage is characterized, according to the standard, that it calculates the probability of default (PD) for the next 12 months as of the date of each financial statement.
- Stage (2): which includes high risk debt instruments or those instruments that have a significant increase in their credit risk since their initial recognition. (This means that they have become below the investment grade in the absolute term or that they have a decrease in their risk by two degrees on the credit risk scale (in the relative term)). Furthermore, PD is calculated here for the entire lifetime of the asset and not for the next 12 months as in case of the first stage.
- Stage (3): which includes debt instruments that have an objective evidence of an actual impairment (default) and it has become almost certain to have a loss in the credit or great part of it.

Calculation of ECL:

Identification of provisions for impairment of financial assets requires issuance of terms and inferences by the management of the Bank in order to estimate future monetary flows, along with their maturity dates, in addition to estimating any significant increase in the credit risk of financial assets after being initially recognized. Moreover, future measurement information on ECL shall be considered as well.

The Bank shall measure loss provisions by an amount equals to the ECL over the lifetime of financial assets except for the following, where the ECL are measured for 12 months:-

- Gold deposits within gold accounts.
- US dollar term deposits within cash, balances, and deposits accounts.
- Securities in foreign currency within accounts of foreign securities at amortized cost.

The Bank has recognized ECL on each of the following financial assets:

- Foreign securities at amortized cost (in foreign currency).
- Term deposits (in foreign currency).
- Due facilities and payment agreements (in foreign currency).
- Off balance sheet (in foreign currency) which includes letters of credit and swap contracts.
- Securities and others (in JD) which includes Jordanian treasury bonds, public institution bonds, individual saving bonds, bonds issued under extraordinary advances to the government, the reserve segment, and Jordan Mortgage Refinance Company's bond.
- Credit granted to banks and local financial institutions (in JD) including advances granted to commercial and Islamic banks, and the advance of Petra Bank, other banks and financial institutions under liquidation.
- Repurchase agreements (REPOs) (in JD).
- Other assets in local currency (housing loans in JD).

The following table sets out the provision for ECL according to its classification stages for the financial year as of December 31, 2018:

Item	Stage (1)	Stage (2)	Stage (3)	Total
Jordanian Dinar				
Gold	6,084	-	-	6,084
Cash, balances, and deposits	1,249,953	-	-	1,249,953
Foreign financial securities at amortized cost	162,021	-	-	162,021
Past due facilities and payment agreements	-	-	-	-
Financial securities and others	253,040	-	-	253,040
Advances granted to local banks and financial institutions	-	-	141,093,961	141,093,961
Financing of financial securities repurchase agreements	-	-	-	-
Other assets in Jordanian Dinar	119,358	-	-	119,358
Total	**1,790,456**	**-**	**141,093,961**	**142,884,417**

The Bank's Internal Credit Rating System and its Working Mechanism

In order to measure the degree of risk pertaining to any credit exposure, the Bank has adopted methods and strategies globally recognized. Three levels of risk were used as follows:-

Level/ stage	Credit rating score	Client score	Average ratio of PD	Level of credit quality
First	Aaa-Baa	1-4	0.98 %	High credit quality with a credit risk score from significantly low to low
Second	Ba-Caa	5-7	8.213 %	Moderate credit quality with a moderate credit risk score
Third	Ca-c	8-10	100 %	Significantly low credit quality with a very high credit risk score

The Mechanism Adopted to Calculate the ECL on Each item of Financial Instruments Separately.

The definition and mechanism of calculation and monitor of probability of default (PD), exposure at default (EAD), and loss given default (LGD) are explained below:

- **Probability of Default (PD):** It is the percentage of probability of losses or default to pay instalments or obligations to the bank in their due dates. In order to measure the degree of risk pertaining to any credit exposure, the Bank has adopted methods and strategies globally recognized, where it has identified three levels of risk.
- **Loss Given Default (LGD):** It is the percentage representing that part of the exposure which will be lost in the event of default.
- Expected Credit Losses (ECL): They are a probability-weighted estimate of credit losses. In this regard, the Bank has measured ECL on financial instruments based on many economic indicators relating to the financial instrument. For instance, when it comes to secured debt instruments for which collaterals are available, the recovery rate at default is calculated; this includes some collaterals provided against some advances granted to the bank customers. As for unsecured debt instruments for which collaterals are not available, the LGD is considered to be (45%) of senior claims, and (75%) of subordinate claims.
- ECL for financial instruments issued by the Jordanian government are considered to be zero, and therefore the provisions allocated will be zero as well. Accordingly, LGD for the following assets has been used as follows:
  - Foreign currency deposits: LGD is considered to be (45%) based on the following indicators:
  - Historically, the Central Bank has not faced any case of default of its deposits with its foreign correspondents.
  - Deposits are held with high rating correspondent banks; each of which is given a ceiling on the deposits it holds based on many factors.
  - Such deposits are not renewed automatically; rather, all deposits will be transferred and then re-held.
  - Bonds at amortized cost: LGD is (45%) as it is considered one of the senior claims in case of repayment of debts at default.
  - Jordan Mortgage Refinance Company's bond: LGD is (45%) as it is considered one of the senior claims in case of repayment of debts at default.
  - Advances granted to Islamic banks. These are divided into two types:

    1- Advances granted against collaterals by the Jordan Loan Guarantee Corporation (GLGC) at different ratios of the advance value. The recovery rate is calculated for these advances and the LGD is thereby calculated based on the recovery rate.

    2- Advances granted with no collaterals by the GLGC; instead, real estate collaterals or personal guarantees are provided. (LGD) is (45%) as it is considered one of the senior claims in case of repayment of debts at default.

- **<u>Exposure at Default EAD:</u>**

  IFRS 9 requires an examination of the pattern of amounts provided to debtors as well as an identification of the amount employed at time of default (whether in a form of facilities, or direct or indirect loans). However, most of the components of the Central Bank portfolio are bonds, and debts instruments, along with their amounts which can be determined from the outstanding balance.

- **Governance of the adoption of the IFRS 9 which includes responsibilities of the Board of Directors and executive management to ensure commitment to the IFRS 9 application requirements.**

Finance Department:

- Participating with the Bank's departments in the development and construction of a business model which includes the classification of financial assets of the Bank according to the principles of IFRS 9.
- Ensuring that reconciliation and accounting entries are prepared after approving results and verifying that all products have been subjected to the calculation.
- Participating with the Bank's departments in the preparation of a clear framework for the calculation of ECL and classification of financial instruments into three stages in accordance with the IFRS 9 application requirements.
- Preparing necessary disclosures in cooperation with the related departments in the Bank and in line with the Central Bank Law and IFRS 9 application requirements.
- Preparing statements required from the bank.

Internal Audit Department:

- Examining, evaluating, and improving the efficiency and adequacy of internal control, risk management, and corporate governance systems in the Bank.
- Reviewing credibility and reliability of financial information and the extent to which they can be relied on.
- Reviewing work systems and procedures to verify that they confirm with laws, regulations, instructions, policies, methodologies, and plans, in addition to determining their adequacy and degree of commitment thereon.
- Evaluating available resources to ensure optimal utilization.
- Providing advice and making recommendations related to the development and update of work systems and procedures applied in the Bank, so as to raise their efficiency and effectiveness.

Risk and Compliance Management Department:

- Developing and implementing the general framework for aggregate risk management which includes mechanisms for determining, assessing, controlling, and monitoring risks on an ongoing basis.
- Developing related policies to maintain and protect information security in such a way as to ensure sustainability in meeting the Bank's objectives efficiently and effectively.

Internal Audit Committee

This Committee provides necessary recommendations and suggestions in order to help the Board of Directors perform its duties and supervisory role with regards to the following:-

- Internal control system.
- Performance, independence, and effectiveness of the internal audit.
- Reliability of financial data and the mechanism for the preparation and presentation of financial statements.
- The Bank's compliance with laws, regulations, legislation, and codes of conduct.
- Reviewing financial data after the adoption of the standard; particularly, in order to verify the adequacy of provisions before being presented to the Board of Directors.
- Reviewing observations indicated in the Bank's report as well as the external auditor's report, in addition to following up procedures taken thereon.
- Following up accounting issues which have a significant impact on the financial data of the Bank and ensure the accuracy and soundness of accounting and supervisory procedures, and the degree of abidance thereon.

Risk Management Committee

This Committee provides necessary recommendations and suggestions that contribute to enable the Board of Directors perform its supervisory role pertaining to the application of the general framework for aggregate risk management. The key tasks of the Committee are as follows:-

- Reviewing the general framework for aggregate risk management and providing recommendations thereof to the Board of Directors.
- Reviewing the risk appetite statement as well as the policies and methodologies emerging from the general framework, in addition to providing necessary related recommendations and suggestions to the Board of Directors.
- Reviewing and controlling risk description and providing necessary recommendations to the Board of Directors.
- Cooperating with other committees; particularly, the audit committee issued by the Board of Directors so as to exchange information necessary for the committee's work.

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, 2018 and 2017:

	December 31,	
	2018	**2017**
On-statement of financial position items:	JD	JD
Gold	1,302,180,755	1,473,701,649
Cash balances and deposits	5,381,243,055	4,856,143,354
Financial Securities at fair value through profit or loss - Foreign currencies	268,992,566	563,958,618
Foreign Financial securities at amortized cost	3,311,419,997	4,076,462,256
Past due Direct Credit facilities and commercial exchange Agreements	766,882,210	766,882,210
Special drawing rights	22,746,644	43,125,921
Foreign Financial assets at fair value through comprehensive income	375,051,125	358,063,288
Other assets - foreign currencies	48,143,599	33,562,259
Financial securities and others	410,001,623	498,889,563
Advances granted to local banks and financial Institutions	587,356,442	511,805,826
Financial assets in local currency at fair value through other comprehensive income.	30,313,688	15,230,358
Financing of financial securities repurchase agreements	214,000,000	25,000,000
Other assets in Jordanian Dinar	37,939,890	37,988,857
Total	**12,756,271,594**	**13,260,814,159**
Off balance sheet items		
Letters of credit	126,863,639	121,011,196
Total	**126,863,639**	**121,011,196**
Grand Total	**12,883,135,233**	**13,381,825,355**

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

a- Foreign Financial securities at amortized cost as of December 31, 2018

- Foreign Commercial Papers:

Classification	Rating Institution	Issuing Institution	Balance
			JD
P – 1	MOODY'S	KDB	115,233,087
P – 1	MOODY’S	MDCBV	174,426,907
P – 1	MOODY’S	NRWBNK	141,154,594
			430,814,588

- Foreign Bonds

Classification	Rating Institution	Issuing Institution	Balance
			JD
Aa1	Moody’s	OKB	35,438,071
Aaa	Moody’s	EDC	106,345,199
Aaa	Moody’s	KFW	49,562,817
Aaa	Moody’s	RENTEN	223,256,851
B1	Moody’s	DIP/JORDAN	616,838
B1	Moody’s	JORDAN	33,669,803
Aaa	Moody’s	NIB	14,149,669
Aa3	Moody’s	QATAR	12,195,382
Aaa	Moody’s	AFDB	35,419,890
Aaa	Moody’s	ASIA	162,975,135
Aaa	Moody’s	EBRD	53,127,012
Aaa	Moody’s	CANADA	14,144,568
Aaa	Moody’s	EIB	162,931,178
Aaa	Moody’s	IADB	262,227,023
Aaa	Moody’s	IBRD	659,289,705
Aaa	Moody’s	IFC	191,298,405
Aa1	Moody’s	IFFIM	42,534,236
Aaa	Moody’s	ISDB	326,180,988
Aaa	Moody’s	IDAWBG	14,099,610
Aa2	Moody’s	ADGB	28,396,669
Aa1	Moody’s	FINLAND	14,154,457
Aaa	Moody’s	UST	438,591,903
Total Foreign Bonds at Amortized Cost			**2,880,605,409**
Total Foreign Financial Securities at Amortized Cost			**3,311,419,997**

b- Foreign Financial securities currencies at fair value through profit or loss as of December 31, 2018:

- Foreign Bonds

Classification	Rating Institution	Issuing Institution	Financial securities at fair value
			JD
Aaa	Moody's	LBANK	35,521,432
Aaa	Moody's	IBRD	35,635,208
Aaa	Moody's	EBRD/BRAINUS	70,900,000
Aaa	Moody's	ZURKER KANTONAL BANK/BRAINUS	70,900,000
Aaa	Moody's	UST	56,035,926
Total Foreign Bond at fair Value Through Profit or Loss			**268,992,566**

3- Distribution of the collaterals fair value against credit facilities

Credit Facilities Type	Distribution of collaterals against credit facilities during the year 2018		
	Credit Amount	**Guarantees amount**	**Guarantee Type**
	JD	JD	
Financing Financial Securities repurchasing agreements	214,000,000	219,783,000	Government financial securities
Advances Granted to Specialized Credit Institutions and Banks	425,132,895	622,045,149	Government financial securities and bills

Credit Facilities Type	Distribution of collaterals against credit facilities during the year 2017		
	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	Government financial securities and bills

4- Geographical distribution of credit risk exposure

	Inside the Kingdom	GCC Countries	Other Countries	Europe	Asia *	America	Canada	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Gold	-	-	-	1,302,180,755	-	-	-	1,302,180,755
Cash balances and deposits	178,646,585	2,729,225,202	207,192	1,686,471,366	72,146,193	714,363,168	183,349	5,381,243,055
Financial Securities at fair value through profit or loss - Foreign currencies	-	-	-	177,321,432	-	91,671,134	-	268,992,566
Foreign financial securities at amortized cost	34,286,642	541,199,945	35,419,890	736,308,885	278,208,222	1,565,506,646	120,489,767	3,311,419,997
Past due direct credit facilities and commercial exchange agreements	-	-	766,882,210	-	-	-	-	766,882,210
Special drawing rights	-	-	-	-	-	22,746,644	-	22,746,644
Foreign Financial assets at fair value through other comprehensive income	-	341,873,879	-	-	13,563,398	19,613,848	-	375,051,125
Other assets - foreign currencies	877,373	25,884,566	64,060	10,280,341	1,527,872	9,129,185	380,202	48,143,599
Financial securities and others	410,001,623	-	-	-	-	-	-	410,001,623
Advances granted to local banks and financial institutions	587,356,442	-	-	-	-	-	-	587,356,442
Financial assets in local currency at fair value through other comprehensive income	30,313,688	-	-	-	-	-	-	30,313,688
Financing of financial securities repurchasing agreements	214,000,000	-	-	-	-	-	-	214,000,000
Other assets in Jordanian currency	37,939,890	-	-	-	-	-	-	37,939,890
Total on - financial position items	**1,493,422,243**	**3,638,183,592**	**802,573,352**	**3,912,562,779**	**365,445,685**	**2,423,030,625**	**121,053,318**	**12,756,271,594**
Off financial position items:								
Letters of credit	126,863,639	-	-	-	-	-	-	126,863,639
Total for the Year 2018	**1,620,285,882**	**3,638,183,592**	**802,573,352**	**3,912,562,779**	**365,445,685**	**2,423,030,625**	**121,053,318**	**12,883,135,233**
Total for the Year 2017	**1,477,660,250**	**2,760,529,690**	**767,096,403**	**5,277,105,787**	**363,423,989**	**2,569,034,310**	**166,974,926**	**13,381,825,355**

Except for Middle East Countries

Distribution of credit exposures according to geographical distribution according to IFRS (9)

Item	Stage 1	Stage 2	Stage 3	Total
Inside the Kingdom	1,520,566,363	-	99,719,519	1,620,285,882
GCC Countries	3,638,183,592	-	-	3,638,183,592
Other Countries	802,573,352	-	-	802,573,352
Europe	3,912,562,779	-	-	3,912,562,779
Asia	365,445,685	-	-	365,445,685
America	2,423,030,625	-	-	2,423,030,625
Canada	121,053,318	-	-	121,053,318
Total	**12,783,415,714**	**-**	**99,719,519**	**12,883,135,233**

5- Exposure to credit risk according to economic sector:

Item / Economic Sector	Financial	Government and Public Sector	Total
	JD	JD	JD
Gold	1,302,180,755	-	1,302,180,755
Cash balances and deposits	4,123,780,211	1,257,462,844	5,381,243,055
Financial securities at fair value through profit or loss- Foreign currencies	70,900,000	198,092,566	268,992,566
Foreign financial securities at amortized cost	174,426,907	3,136,993,090	3,311,419,997
Past due direct credit facilities and commercial exchange agreements	-	766,882,210	766,882,210
Special drawing rights	-	22,746,644	22,746,644
Foreign financial assets at fair value through comprehensive income	-	375,051,125	375,051,125
Other assets - foreign currencies	32,324,092	15,819,507	48,143,599
Financial securities and other	117,733,472	292,268,151	410,001,623
Advances granted to local banks and financial institutions	526,610,902	60,745,540	587,356,442
Financial assets in local currency at fair value through other comprehensive income	26,897,843	3,415,845	30,313,688
Financing of financial securities repurchase agreements	214,000,000	-	214,000,000
Other assets in Jordanian Dinar	37,939,890	-	37,939,890
Total on - financial position items	**6,626,794,072**	**6,129,477,522**	**12,756,271,594**
Off financial position items:			
Letters of credit	-	126,863,639	126,863,639
Total for the Year 2018	**6,626,794,072**	**6,256,341,161**	**12,883,135,233**
Total for the Year 2017	**6,390,215,719**	**6,991,609,636**	**13,381,825,355**

Distribution of credit exposures by economic sector according to IFRS (9)

Item	Stage 1	Stage 2	Stage 3	Total
Financial	6,527,074,553	-	99,719,519	6,626,794,072
Government and public sector	6,256,341,161	-	-	6,256,341,161
Total	**12,783,415,714**	**-**	**99,719,519**	**12,883,135,233**

6- Concentration of Foreign Currencies Risks

Jordanian Dinar	US Dollar	Great British Pound	Swiss Franc	Japanese Yen	Canadian Dollar	Euro	Others	Total
December 31,2018								
Assets								
Gold	-	-	-	-	-	-	1,302,180,755	1,302,180,755
Cash accounts	151,544,910	1,165,762	22,377	-	-	25,895,337	18,199	178,646,585
Current accounts	626,187,789	18,347,281	350	372,562	183,349	94,193,807	1,668,243	740,953,381
Demand accounts	250,044	-	194,798	-	-	-	-	444,842
Term accounts	4,461,198,247	-	-	-	-	-	-	4,461,198,247
Financial securities at fair value through profit or loss	268,992,566	-	-	-	-	-	-	268,992,566
Commercial papers	430,814,588	-	-	-	-	-	-	430,814,588
Foreign Bonds at amortized cost with fixed interest rates	1,196,833,899	-	-	-	-	-	-	1,196,833,899
Foreign Bonds at amortized cost with floating interest rates	1,683,771,510	-	-	-	-	-	-	1,683,771,510
Past due Direct Credit facilities and commercial exchange agreements	766,882,210	-	-	-	-	-	-	766,882,210
Special drawing rights	-	-	-	-	-	-	22,746,644	22,746,644
Foreign financial assets at fair value through other comprehensive income	27,786,742	-	-	-	-	-	347,264,383	375,051,125
Assets in foreign currencies	48,068,071	-	-	-	-	22,753	52,775	48,143,599
Total	**9,662,330,576**	**19,513,043**	**217,525**	**372,562**	**183,349**	**120,111,897**	**1,673,930,999**	**11,476,659,951**
Liabilities:								
Current and demand accounts	211,034,308	19,247,602	-	-	-	112,028,630	-	342,310,540
Term accounts / reserve	566,194,554	-	-	-	-	-	-	566,194,554
Term accounts	1,400,961,237	-	-	-	-	-	-	1,400,961,237
Other term accounts	6,381,000	-				-	-	6,381,000
Obligations against special drawing rights allocations	-	-	-	-	-	-	159,812,992	159,812,992
Total	**2,184,571,099**	**19,247,602**	**-**	**-**	**-**	**112,028,630**	**159,812,992**	**2,475,660,323**
Net concentration	**7,477,759,477**	**265,441**	**217,525**	**372,562**	**183,349**	**8,083,267**	**1,514,118,007**	**9,000,999,628**
December 31, 2017								
Assets	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
Liabilities	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**

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 (1.585%).

- 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 2018 and 2017 are as follows:

Sensitivity analysis for 2018:

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
Jordainian Dinar		
US Dollar	80,416,108	(80,416,108)
Jordanian Dinar	(22,628,616)	22,628,616

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
Jordainian Dinar		
US Dollar	86,639,959	(86,639,959)
Jordanian Dinar	(22,141,411)	22,141,411

- Foreign Currency Risk:

Sensitivity analysis for 2018:

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
Jordainian Dinar		
Euro	6,004,457	(6,004,457)
Great British Pound	975,652	(975,652)
Japanese Yen	18,628	(18,628)
Canadian Dollar	9,167	(9,167)
Swiss Franc	10,876	(10,876)
Other Currencies	76,707	(76,707)

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
Jordainian Dinar		
Euro	7,097,034	(7,097,034)
Great British 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)

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.

December 31, 2018	Up to 3 Months	More than 3 Months to 6 Months	More than 6 Months up to 1Year	More than 1 Year to 3 years	More than 3 Years	Without Interest	Total
Assets							
Gold and foreign currencies assets:							
Gold	252,099,971	72,544,455	-	-	-	977,536,329	1,302,180,755
Cash balances and deposits	3,885,425,107	698,122,549	619,048,814	-	-	178,646,585	5,381,243,055
Financial Securities at fair value through profit or loss - Foreign currencies	-	-	14,067,834	99,208,945	13,915,787	141,800,000	268,992,566
Foreign financial securities at amortized cost	345,818,327	300,177,025	566,742,310	1,300,115,207	798,567,128	-	3,311,419,997
Past due direct credit facilities and commercial exchange agreements	-	-	-	-	-	766,882,210	766,882,210
Special drawing rights	-	-	-	-	-	22,746,644	22,746,644
Foreign financial assets at fair value through other comprehensive income	-	-	-	-	-	375,051,125	375,051,125
Other assets in foreign currencies	29,822,786	11,327,627	6,993,186	-	-	-	48,143,599
Assets in Jordanian Currency:							
Financial securities and other	5,000,000	-	-	17,721,000	95,012,472	292,268,151	410,001,623
Advances granted to local banks and financial institutions	31,047,715	25,838,109	51,104,456	185,539,932	161,543,648	132,282,582	587,356,442
Financial assets in local currency at fair value through other comprehensive income.	-	-	-	-	-	30,313,688	30,313,688
Financing of financial securities repurchase agreements	214,000,000	-	-	-	-	-	214,000,000
Property and equipment and software (net)	-	-	-	-	-	17,113,417	17,113,417
Other assets in Jordanian Dinar	-	-	-	-	23,663,700	15,096,098	38,759,798
Gold and foreign currencies valuation differences	-	-	-	-	-	127,360,714	127,360,714
Total Assets	**4,763,213,906**	**1,108,009,765**	**1,257,956,600**	**1,602,585,084**	**1,092,702,735**	**3,077,097,543**	**12,901,565,633**
Liabilities							
Currency issued	-	-	-	-	-	4,802,430,815	4,802,430,815
Liabilities in foreign currencies:							
Local licensed banks and financial institutions deposits	839,712,374	-	-	-	-	-	839,712,374
Government deposits	58,775,389	-	-	-	-	-	58,775,389
Governmental deposits with independent budgets public institutions on	6,608,134	-	-	-	-	-	6,608,134
Foreign financial institutions, banks and independent agencies' deposits	467,468,203	106,350,000	827,143,033	-	-	6,015,718	1,406,976,954
Obligations against special drawing rights	-	-	-	-	-	159,812,992	159,812,992
	3,774,480	-	-	-	-	-	3,774,480
Deposits and other liabilities							
Liabilities in Jordanian Currency:							
Certificates of deposit	600,000,000	-	-	-	-	-	600,000,000
Local licensed banks and financial institutions deposits	1,534,500,000	-	-	-	-	2,472,773,451	4,007,273,451
Government deposits	286,877,866	-	-	-	-	-	286,877,866
Governmental deposits with independent budgets on public institutions	161,497,750	-	-	-	-	-	161,497,750
International monetary fund accounts	-	-	-	-	105,867,886	-	105,867,886
Foreign financial institutions, banks and independent agencies' deposits	-	-	-	-	-	1,406,102	1,406,102
Other liabilities in Jordanian currency	32,848,202	-	-	-	-	58,948,834	91,797,036
Total Liabilities	**3,992,062,398**	**106,350,000**	**827,143,033**	**-**	**105,867,886**	**7,501,387,912**	**12,532,811,229**
Interest rate re-pricing gap	**771,151,508**	**1,001,659,765**	**430,813,567**	**1,602,585,084**	**986,834,849**	**(4,424,290,369)**	**368,754,404**
December 31, 2017							
Total Assets	**3,693,915,165**	**2,080,605,179**	**1,096,352,973**	**1,298,602,684**	**1,828,923,007**	**3,369,169,405**	**13,367,568,413**
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)**	**324,970,622**

38- 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 convertibily 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 fortitute 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 Minsitry 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 Minsitry 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,	
Jordanian Dinar	**2018**	**2017**
Capital	48,000,000	48,000,000
General reserve	1,878,264	1,878,264
Financial assets valuation reserve	132,396,907	123,936,716
Special reserves	186,479,233	151,155,642
Total Capital and Reserves	**368,754,404**	**324,970,622**

39- 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, 2018		
Jordanian Dinar	**Up to One Year**	**More than One Year**	**Total**
Assets:			
Gold	1,302,180,755	-	1,302,180,755
Cash balances and deposits	5,381,243,055	-	5,381,243,055
Foreign financial securities at fair value through profit and loss	14,067,834	254,924,732	268,992,566
Foreign financial securities at amortized cost	1,212,737,662	2,098,682,335	3,311,419,997
Past due direct credit facilities and commercial exchange agreements	-	766,882,210	766,882,210
Special drawing rights	-	22,746,644	22,746,644
Foreign financial assets at fair value through other comprehensive income	-	375,051,125	375,051,125
Other assets – Foreign currencies	48,143,599	-	48,143,599
Financial securities and others	2,000,000	408,001,623	410,001,623
Advances granted to local banks and financial institutions	107,990,280	479,366,162	587,356,442
Local-currencies Financial assets at fair value through other comprehensive income.	-	30,313,688	30,313,688
Financial securities repurchasing agreements	214,000,000	-	214,000,000
Property and Equipment and softwaer (net)	-	17,113,417	17,113,417
Other assets in Jordanian Dinar	15,096,098	23,663,700	38,759,798
Gold and foreign currencies valuation differences	127,360,714	-	127,360,714
Total	**8,424,819,997**	**4,476,745,636**	**12,901,565,633**
Liabilities:			
Currency issued	-	4,802,430,815	4,802,430,815
Local licensed banks and financial institutions deposits in foreign currencies	839,712,374	-	839,712,374
Government deposits in foreign currencies	58,775,389	-	58,775,389
Government deposits with independent budgets and Public institutions	6,608,134	-	6,608,134
Foreign financial institutions, banks and independent agencies' deposits	1,406,976,954	-	1,406,976,954
Obligations against special drawing rights	-	159,812,992	159,812,992
Deposits and other liabilities in foreign currencies	3,774,480	-	3,774,480
Certificates of deposits – JD	600,000,000	-	600,000,000
Local licensed banks and financial institutions deposits – JD	4,007,273,451	-	4,007,273,451
Government deposits – JD	286,877,866	-	286,877,866
Government deposits with independent budgets and Public institutions – JD	161,497,750	-	161,497,750
International Monetary Fund accounts	-	105,867,886	105,867,886
Foreign financial institutions, banks and independent agencies' deposits- JD	1,406,102	-	1,406,102
Other liabilities – JD	91,797,036	-	91,797,036
Total	**7,464,699,536**	**5,068,111,693**	**12,532,811,229**

Jordanian Dinar	**December 31, 2017** **Up to One Year**	**More than One Year**	**Total**
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 softwaer (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**

40- Accounts Managed on Behalf of Customers

- Open market operations and public debt:
  The accounts managed on behalf of customers amounted to JD 15,652 million as of the end of the year 2018 compared to JD 13,002 million for the year 2017, The details are as follows:

	In JD Million	
Account	**2018**	**2017**
Treasury bonds / USD	1,666	-
Ministry of finance / treasury bonds	12,595	11,910
Ministry of finance / Treasury bills	285	145
Public institutions / public institutions bonds	611	658
Floating of Jordanian treasury bonds	150	100
Saving bonds for individuals	39	39
National electricity company's Skuk	300	150
Individual naturalization bonds	6	-
	15,652	**13,002**

41- Fair Value Hierarchy

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

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

Jordanian Dinar Financial Assets / Financial Liabilities	Fair value December 31, 2018	Fair value December 31, 2017	Fair value level	Evaluation method and Inputs used	Material intangible inputs	The relation between material intangible inputs and fair value
Financial Assets at Fair Value						
Gold	1,302,180,755	1,473,701,649	First level	Fair Market Value	Not Applicable	Not Applicable
Foreign Financial Securities at Fair Value Through Profit or Loss						
Foreign bonds	268,992,566	563,958,618	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	8,736,235	8,998,680	First level	Fair Market Value	Not Applicable	Not Applicable
Contributions with no available market prices	396,628,578	364,294,966	Second level	Comparing it with the fair value of a similar financial instrument	Not Applicable	Not Applicable
Special Drawing Rights	22,746,644	43,125,921				
Total Financial Assets at Fair Value	**1,999,284,778**	**2,454,079,834**				

* There were no transfers between the first and second level during the year 2018 and 2017.

b- <u>The fair value of financial assets and liabilities that is not specified at fair value on an ongoing basis:</u>

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 simmilar to it's fair value because the bank's management believes that the book value of those items below almost equals it's fair value because of their short maturity date and the intrest is repriced during the year.

	December 31, 2018		December 31, 2017		
Jordanian Dinar	**Book Value**	**Fair Value**	**Book Value**	**Fair Value**	**Fair Value Level**
Financial assets that are not specified at fair value on an ongoing basis					
Balances at central banks	40,136,893	40,136,989	2,354,677	2,354,677	Second level
Balances at banking institutions and banks	701,261,331	702,409,967	597,587,530	598,276,631	Second level
Deposits at banking institutions and banks	4,461,198,246	4,494,042,145	4,023,575,000	4,045,027,698	Second level
Grants, facilities and other financial assets	866,601,908	866,601,908	909,825,295	909,825,295	Second level
Financial assets at amortized cost	3,311,419,997	3,328,196,583	4,076,462,256	4,086,887,743	First and Second level
Total financial assets that are not specified at fair value on an ongoing basis	**9,380,618,375**	**9,431,387,592**	**9,609,804,758**	**9,642,372,044**	
Financial liabilities that are not specified at fair value on an ongoing basis					
Banking institutions and bank's deposits	2,100,694,553	2,100,862,717	2,425,964,098	2,426,121,207	Second level
Clients deposits	1,400,961,237	1,408,923,160	642,934,528	644,645,079	Second level
Cash margins	21,471,999	21,471,999	15,016,316	15,016,316	Second level
Total financial liabilities that are not specified at fair value on an ongoing basis	**3,523,127,789**	**3,531,257,876**	**3,083,914,942**	**3,085,782,602**	

For the items above, the fair value of the fiancial 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.

42- Commitments and Contingent Liabilities

This item consists of the following:

a- Credit commitments and contingencies:

	December 31,	
	2018	**2017**
	JD	JD
Guarantees:		
Payment	951,890	840,994
Performance	3,327,443	1,207,957
Other*	1,289,941	1,994,525
Total	**5,569,274**	**4,043,476**

* This items consists of free maintenance guarantee worth JD 552,098 and guaranties entry bids worth JD 737,843 as in December 31,2018 (free maintenance warranties worth JD 1,471,700 and guarantees entry bids worth JD 522,825 as in December 31,2017).

b- Contractual commitments:

	December 31,	
Jordanian Dinar	**2018**	**2017**
Construction projects contracts	190,965	8,000
Subscreptions in international contributions (callable)	409,800,059	414,067,594
Installements for international contribtuins	4,531,887	12,469,151
	414,522,911	**426,544,745**

* The above amount represents future payments as International Financial Institutions contributions within scheduled payments determined as at the end of the current year.

** The above amount represents callable shares in case that the contributing institutions are unable to meet their obligations. The above institutions are rated with the highest rate (AAA rating) according to the rating agency (Moody's) and non of those shares have been called before.

c- Off balance sheet

	December 31,	
Jordanian Dinar	**2018**	**2017**
Letters of credit	126,863,639	121,011,196
Foreign currencies forward contracts	553,447,000	42,540,000
Swap contracts**	133,631,145	115,362,950
	813,941,784	**278,914,146**

* 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 JD 553,447,000 as of December 31, 2018 (JD 42,540,000 in December 31, 2017) for nine contracts, matures on January, February, March, April and June 2019, the details below:

Value of Forward Contract USD	Fair Value for Assets/ JD	Fair Value for Liabilities/ JD	Bank Classification Long / Short Term**	Maturity date
	December 31, 2018			
200,000,000	-	-	B2/NP	January 7, 2019
500,000,000	-	-	B2/NP	January 7, 2019
10,000,000	-	-	A1/P-1	January 7, 2019
10,000,000	-	-	A1/P-1	February 7, 2019
10,000,000	-	-	A3/P-2	February 7, 2019
10,000,000	-	-	A3/P-2	March 7, 2019
10,000,000	-	-	A1/P-1	March 26, 2019
20,000,000	-	-	A1/P-1	April 23, 2019
10,000,000	-	-	A1/P-1	June 26, 2019
780,000,000	**-**	**-**		

** This item represents ten 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 62,671,863 as of December 31, 2018 the maturity of these contracts are on April and June 2019, 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 eight contracts for the amount of JD 70,959,282 as of December 31, 2018 with their maturity dates on January, March, May and June 2019, their details are as follows:

Swap Contract Amount	Assets Fair Value	Liabilities Fair Value	Bank Classification Long/Short Term ***	Maturity Date
	December 31, 2018			
16,693,089	-	7,886	A1 – P1	April 4, 2019
70,521,862	-	64,172	A1 – P1	June 3, 2019
6,185,774	-	2,114	Aaa – P1	January 23, 2019
2,348,550	-	1,058	Aaa – P1	March 6, 2019
20,000,000	-	1,756	Aaa – P1	March 27, 2019
2,961,918	-	1,780	Aaa – P1	May 7, 2019
50,493,653	-	31,150	Aaa – P1	May 7, 2019
10,000,000	-	12,108	Aaa – P1	May 7, 2019
2,000,000	-	3,051	Aaa – P1	May 28, 2019
5,724,158	-	5,557	Aaa – P1	June 27, 2019
186,929,004	-	**130,632**		

Swap Contract Amount	December 31, 2017 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**		

** 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 1,150,315 as of December 31, 2018 (JD 8,263,250 as of December 31, 2017), 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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