

**JORDAN LOAN GUARANTEE CORPORATION**  
THE SMALL BUSINESS COMPANY OF JORDAN

**21<sup>st</sup> ANNUAL REPORT**

**2014**





His Majesty King Abdullah II Bin Al-Hussein





His Royal Highness Crown Prince Hussein Bin Abdullah II





## Jordan Loan Guarantee Corporation

A Limited, Public Shareholding Company, established in accordance with the Jordanian Companies Law and registered in the Public Shareholding Companies Register under Number 242, on March 26, 1994 with JD 7 million capital increased to JD 10 million in 1995.

## Mission Statement

To enhance sustainable economic growth in Jordan through improving the credit environment for economically viable small and medium sized enterprises and by providing credit guarantees to national exporters.

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## MESSAGE FROM THE CHAIRMAN

### **In the Name of God the Merciful the Compassionate,,,**

On behalf of my colleagues, members of the Board of Directors, I have the pleasure to extend my sincere thanks and gratitude to you for attending the 21st Annual Ordinary General Assembly Meeting of the Jordan Loan Guarantee Corporation (JLGC), and I am pleased to present for you the Annual Report for the year 2014, that highlights the achievements during the year, including the financial statements and the external auditor's report for the year ended 31/12/2014.

### **Honorable Shareholders,**

The Central Bank of Jordan balances between its role as a monetary authority: responsible for achieving financial and monetary stability in the kingdom, and supporting sustainable economic growth.

The Central Bank of Jordan extends special efforts to support financing for economic sectors with a high local added value, focusing on the small and medium sized enterprises. In addition to JLGC Establishment and the follow up to develop its operational activities and enforce its efforts, the Central Bank of Jordan availed special financing programs to local manufacturing, tourism and renewable energy sectors at interest rates and terms aligned with the financing needs that goes up to 5% of the outstanding portfolio for each bank.

CBJ also exerted significant efforts to mobilize special credit lines for SMEs through the licensed banks in the kingdom. Jordan utilized a special loan from the World Bank (WB) totaling US 70\$ Million for the local banks on-lend for small and medium size enterprises. Another credit line with similar terms amounting US50 \$ Million from the Arab Fund for Economic and Social Development (AFESD), followed by another credit line totaling US 100\$ from AFESD given the successful utilization of the previous lines of credit.

Moreover, CBJ is working currently with the European Bank for Reconstruction and Development (EBRD) to finalize the terms of reference (TOR) for another line of credit totaling US 150 \$ Million for the same purpose. The central bank offered full support and facilities to the banks to benefit from this line of credit with proper costs and tenors.



### **Dear Shareholders,**

By the end of this year, JLGc enters its 21st year while it is still paying most of its concern to achieve the goals for which it had been established, aiming to reach all the economic sectors with high efficiency. JLGc continues its cooperation with the Jordanian banks to encourage financing to small and medium sized projects. The corporation provided guarantees for 824 productive loans for SMEs with a nominal value of JD 32 million during 2014 and also guaranteed 1219 export shipments and domestic sales within the export credit guarantee program worth JD 52 million.

In terms of the financial performance, the financial statements show that the Corporation achieved total revenues of JD 1.755 million during 2014, compared with JD 1.673 million in 2013. The Corporation made a net profit of JD 420,336 thousand in 2014, compared with a net profit of JD 419,696 thousand in 2013. Total shareholders' equity reached JD 14,5 million in 2014 compared to JD 14,4 million in 2013, and total assets reached JD 25,947 million by the end of 2014 compared to JD 24.787 million a year earlier.

### **Dear Shareholders,**

The corporation is keen to develop and expand its services in all levels in collaboration with main partners of the public and private sectors. Particularly, financial institutions that showed a great response to the development efforts of the Corporation that enabled JLGc to achieve a clear growth in the volume of its operations.

At the conclusion of my message, please allow me to extend on your behalf my deepest thanks to my colleagues; the members of the Board of Directors. I also would like to extend my appreciation to the Director General and the staff of JLGc for the efforts exerted throughout the year to accomplish the goals of the Corporation. May God almighty grant further progress to keep our beloved country prosperous under the guidance of His Majesty King Abdullah II may God protect him.

May God's peace and mercy and blessings be upon you,,,

**Dr. Maher "Sheikh Hasan"**  
**Chairman of the Board**



## **SPEECH OF THE DIRECTOR GENERAL**

### **In the Name of God the Merciful the Compassionate,,,**

In line with the rapid growth of its operational activities, Jordan Loan Guarantee Corporation (JLGC) continued enhancing its role in the Jordanian economy during 2014 by motivating local banks and financial institutions to direct more productive financing to SMEs, given their critical role in creating new job opportunities and reducing unemployment rates. The company also sustained supporting the national exports by providing credit guarantees to exporters against the risk of non-payment by the importers and buyers of the Jordanian goods.

### **Dear Shareholders**


The Jordan Loan Guarantee Corporation, and through SMEs loan guarantee programs, offered guarantees to 824 productive loans with a nominal value reached to JD 32 million in 2014.

Through the Export and Domestic Credit Guarantee Programs, JLGC guaranteed 1219 shipments with a guaranteed value exceeded JD 52 million. These Shipments are distributed to 794 export shipments valued at JD 47 million, and 425 domestic sales amounted of JD 5 million. On the other hand, submitted claims for bad loans during 2014 worth JD 530 thousand, compared with JD 766 thousand in 2013. While compensations paid for bad loans during 2014 amounted JD 307 thousand, compared to JD 332 thousand in 2013. Furthermore, the company has recovered JD 354 thousand during 2014, compared with recoveries amounting to JD 129 thousand in 2013.

The company also re-scheduled defaulted loans worth JD 5.4 million in 2014, compared with re-scheduled loans that worth JD 3.3 million in 2013. Rescheduling opportunities motivated operational sustainability for entrepreneurs and give them the chance to deal with some business difficulties during 2014.

### **Dear Shareholders,**

The total revenues of the Jordan Loan Guarantee Corp. increased by 4.9% during 2014 in comparison with 2013. The total revenues reached JD 1.755 million during 2014, compared with JD 1.673 million in 2013. The increase came from the operational revenues that increased from JD 843 thousand in 2013 to JD 874 thousand in 2014, and the growth of investment revenues from JD 829 thousand in 2013 to JD 879 thousand in 2014.



Accordingly, the company achieved a net profit of JD 420,336 thousand in 2014 compared with a net profit of JD 419,696 thousand during 2013. The results of this year came consistent with the objectives of the strategic plan that was adopted by the Board of Directors two years ago to reach the operational sustainability by 2016.

**Dear Shareholders,**

Allow me to express my sincere thanks and appreciation to H.E. the Chairman and to the members of the Board of Directors and to all employees of JLGK for their efforts and dedication to enable JLGK to fulfill its mandate under the wise leadership of His Majesty King Abdullah II, May God protects him.

May peace and God's mercy and blessings be with you,,,

**Dr. Mohammed Al-Jafari**  
**Director General**

## Summary Results of 2014 Compared to 2013

### Operational Results

#### Loan Guarantee Results

##### Loans Guaranteed during 2014 compared to 2013

Type of Loan	2014		2013	
	No.	Guaranteed value	No.	Guaranteed value
Productive Loans	824	21,575,367	719	17,413,264
Real Estate and Personal Loans	72	2,676,886	70	2,667,306
<b>Total</b>	<b>896</b>	<b>24,252,253</b>	<b>789</b>	<b>20,080,570</b>

##### Total Loan Guarantees (Executed & In Process) Guaranteed in 2014

Type of Loan	Executed		In process		Total	
	No.	Guaranteed value	No.	Guaranteed value	No.	Guaranteed value
Productive Loans	824	21,575,367	224	7,450,400	1,048	29,025,767
Real Estate and Personal Loans	72	2,676,886	38	1,366,526	110	4,043,412
<b>Total</b>	<b>896</b>	<b>24,252,253</b>	<b>228</b>	<b>8,816,926</b>	<b>1,158</b>	<b>33,069,179</b>

##### Outstanding Loan Guarantee Portfolio at the End of 2014 vs. 2013

Outstanding Loans Guaranteed Portfolio at the end of the year	2014		2013	
	No.	Guaranteed value	No.	Guaranteed value
Productive Loans	1,647	19,684,294	1,205	13,647,798
Housing and Personal Loans	1,773	28,558,531	1,944	30,764,259
Industrial Finance Loans	179	16,394,131	157	14,682,928
<b>Total</b>	<b>3,599</b>	<b>64,636,957</b>	<b>3,306</b>	<b>59,094,985</b>

##### Ceilings Granted to Banks and Utilized

Ceilings Granted to Banks	2014		2013	
	Ceilings	Utilized	Ceilings	Utilized
Productive Loans ceilings	20,027,000	19,684,294	18,487,500	13,647,798
Real Estate and Personal Loans ceilings	37,926,299	28,558,531	40,060,976	30,764,259
<b>Total</b>	<b>57,953,299</b>	<b>48,242,825</b>	<b>58,548,476</b>	<b>44,412,057</b>

## Summary of Exports & Domestic Sales Credit Guarantees

Guaranteed Shipments	2014		2013	
	No.	Guaranteed value	No.	Guaranteed value
Export Credit Guarantees	794	47,450,527	833	93,873,152
Domestic Sales Credit Guarantees	425	5,158,421	124	2,436,397
<b>Total</b>	<b>1,219</b>	<b>52,608,948</b>	<b>957</b>	<b>96,309,549</b>

Guaranteed Shipments Portfolio	2014		2013	
	No.	Guaranteed value	No.	Guaranteed value
Export Credit Guarantees	178	1,771,978	341	4,724,820
Domestic Sales Credit Guarantees	196	449,278	66	148,847
<b>Total</b>	<b>374</b>	<b>2,221,256</b>	<b>407</b>	<b>4,873,667</b>

## Summary of (Claims, Claims Paid, Recoveries, Re-scheduling)

Claims	2014	2013	Claims Paid	2014	2013
Loan Guarantee Dept.	399,858	271,886	Loan Guarantee Dept.	208,490	204,828
Industrial Finance Dept.	130,740	494,248	Industrial Finance Dept.	90,120	127,083
Exports Credit Dept.	28,019	6,962	Exports Credit Dept.	8,660	--
<b>Total</b>	<b>558,617</b>	<b>773,096</b>	<b>Total</b>	<b>307,270</b>	<b>331,911</b>

Re-scheduling	2014	2013	Recoveries	2014	2013
Loan Guarantee Dept.	4,323,163	2,330,209	Loan Guarantee Dept.	287,933	129,494
Industrial Finance Dept.	1,104,000	1,000,800	Industrial Finance Dept.	66,211	0
Exports Credit Dept.	--	--	Exports Credit Dept.	--	--
<b>Total</b>	<b>5,427,163</b>	<b>3,331,009</b>	<b>Total</b>	<b>354,144</b>	<b>129,494</b>

## Summary of Financial Results

Revenues and Expenses	2014	2013
Operational Revenues	874,048	843,044
Realized Financial Revenues	819,920	824,879
Other Revenues	2,240	1,356
Total Realized Revenues	1,696,208	1,669,279
Financial Assets measured at fair value through profit or loss of revaluation	59,090	4,006
Total Revenues	1,755,298	1,673,285
(Less) General and Administrative Expenses	992,725	927,154
Gross Profit / (Loss)	762,573	746,131
(less ) Provisions and other fees	306,824	245,101
(less ) income tax	35,413	81,334
<b>Profit (loss )</b>	<b>420,336</b>	<b>419,696</b>

## 1- JLGC's Main Activities, Location, Number of Employees & Size of Capital Investment

### A. Main Activities

Jordan Loan Guarantee Corporation provides loan guarantees to improve the credit environment available to the economically viable small and medium sized enterprises and national exports through the following programs, conditions and specifications:

Productive Loans Guarantee Programs	Max.Loan Amount (JD)	Max. Payment Period (Month)	Guarantee Percentage (%)
SMEs Loan Guarantees	100,000	72	70%
Micro Loan Guarantees	15,000	36	70%
Industrial Loan Guarantees (EJADA)	550,000	96	70%
Leasing Guarantees (EJADA)	550,000	96	70%
"Kafala" Program – Islamic Financing	100,000	72	70%
Entrepreneurship financing program	75,000	96	70%

Real Estate & Personal Loans Guarantee Programs	Max. Loan Amount (JD)	Max. Payment Period (Month)	Guarantee Percentage (%)
Real-estate Loan Guarantees	75,000	300	75%
Land Purchase Loan Guarantees	50,000	120	70%

Credit Guarantee Programs	Max. Shipment Amount (\$)	Max. Payment Period (Month)	Guarantee Percentage (%)
Export Credit Guarantees	4,000,000	6	90%
Domestic Credit Guarantees	4,000,000	4	90%

### B. JLGC's Location & Number of Employees

JLGC offices located in Amman - Shmeisani Area, Bldg. 24 Prince Shaker Bin Zaid Street. Opposite to Citi Bank, next to Talal Abu Ghazaleh. There are no other branches in or outside Amman. The JLGC programs and services are run by a staff of 39 employees.

### C. Size of Capital Investment

Total size of Capital investment was JD 3,325,718 in 2014, in comparison with JD 3,263,324 in 2013.

## 2- Subsidiaries

There are no subsidiaries.

### 3- Members of the Board of Directors and Top Management: Names and Ranks with a Brief Resume of Each

#### A. Board of Directors

##### **H.E. Dr. Maher “Sheikh Hassan” | Chairman of the Board | Deputy Governor of the Central Bank of Jordan**

- PhD in Economics and Masters in Statistics / Washington State University / USA 2001.
- Masters in Economics / University of Jordan / 1996.
- Bachelor Degree in Economics / Yarmouk University / 1993.
- Deputy Governor of the Central Bank of Jordan since 8 January 2012.
- Won the “Exceptional Efforts” award from the International Monetary Fund.
- Headed and joined International Monetary Fund missions for evaluations and technical assistance to member countries.
- Assistant Section Head / Monetary Affairs and Capital Markets Department / International Monetary Fund / 2009.
- Economic Expert / Middle East and Near Asia / International Monetary Fund/2005.
- Governor’s office Manager / Central Bank of Jordan.
- Executive Manager / Banking Supervision Department / Central Bank of Jordan.
- Banking Supervision Department / Central Bank of Jordan / 1994.
- Has many books and research papers on Monetary Policy, Inflation, Evaluation and Selection of Exchange Rates, Financial Assets Price Bubbles, and many others.

##### **H.E. Dr. Mohammed Lutfi Al Ja’fari | Vice Chairman | Director General of Jordan Loan Guarantee Corp.**

- PhD in Finance / Manchester University / UK 1997.
- Masters Degree in Economics & Statistics / Jordan University / 1991.
- Bachelor Degree in economics / Yarmouk University / Jordan 1984.
- Director General of the Jordan Loan Guarantee Corporation since 3 July 2011
- Director General / Jordan Deposit Insurance Corporation / 2004 – 2011.
- Commissioner for Finance & Administration in the Aqaba Special Economic Zone Authority (ASEZA) / 2002 – 2003.
- Economic Researcher / Central Bank of Jordan / 1986 – 2001.
- Member of the Board of various companies and organizations.
- Member of the Executive Council in the International Association of Deposit Insurers (IADI) during the period of February 2004 until June 2011.

##### **Mr. Adel Ibrahim Asa’ad | Board Member | Assistant General Manager at the Housing Bank for Trade and Finance**

- MBA from Eastern University / USA 1993.
- Assistant General Manager at the Housing Bank for Trade & Finance ( currently )
- Head for Credit Review at the Housing Bank for Trade & Finance / 2008-2011.
- Manager of Risk Management at the Housing Bank / 2003-2007.
- Fulbright Scholarship at Boston University / USA / 2001-2002.
- LCs, Transfers, & Internal Auditing at the Housing Bank / 1994-2001.



**Mr. Ne'meh Sabagh | Board Member | General Manager at the Arab Bank - Jordan**

- High Management Program / College of Business Administration / Stanford University 1990.
- Masters Degree in Finance & Banking / Chicago University 1976.
- Masters Degree in International Economics / John Hopkins University 1974.
- General Manager at the Arab Bank / Jordan since February 2010.
- Executive General Manager / Mediterranean Bank / Lebanon 2006 – 2009.
- Elected Member & CEO at the Arab National Bank in Riyadh – Saudi Arabia /1998 - 2005.
- General Manager / International Banking Group / Bank of Kuwait / 1979 – 1998.

**Mr. Ramzi Aref Dahabreh | Board Member until 27th March,2014**

- Bachelor Degree in Accounting / Jordan University 1984.
- Aqaba Branch Manager of the Social Security Corporation since2006 .
- Different other positions at the Social Security Corporation.

**Mrs. Ranya Moosa Al Araj | Board Member since 27th March, 2014 | Section Head, Treasury Dept. - Social Security Investment Fund**

- Master Degree in Banking & Finance /Arab Academy for Banking and Financial Sciences – Jordan2003.
- Bachelor Degree in Banking and Finance / Yarmouk University 1999.
- Section Head at Treasury Dept. / Social Security Investment Fund since 2007 until now .
- Portfolio Manager at Foreign Investments and Operations Dept. / The Central Bank of Jordan 2004 -2007.
- Dealer at Foreign Investments and Operations Dept. / The Central Bank of Jordan 2002 -2002.
- Financial Analyst at Foreign Investments and Operations Dept. / The Central Bank of Jordan 2000 -2002.

**Mr. Tawfeek Abdel Kader Mukahal | Board Member | Deputy General Manager at Jordan Kuwait Bank.**

- Deputy General Manager of Jordan Kuwait Bank since 1991.
- Executive Manager / Credit and Marketing / National Bank of Kuwait until 1990.
- Deputy Chairman for the Jordan Mortgage Refinance Company.
- Board Member at the Jordan Steel Company.
- Board Member at National Electric Power Company.

## **Eng. Haitham Abdul Razzaq Hiyasat | Board Member | General Manager of the Cities and Villages Development Bank**

- General Manager and member of the Board of Directors of the Cities & Villages Development Bank (currently).
- Assistant Secretary-General at the Ministry of Municipalities.
- Member of the local bodies of Europe and the Mediterranean basin (Italy, Palermo).
- Advisor to His Excellency the Minister of Municipal Affairs for Administration.
- Inspector General of the municipalities of the Kingdom.
- Director of Municipal Affairs (Central Aghwar/Southern Shouneh/Balqa /Capital Governorate / Zarqa).
- Mayor of Municipalities (Mowaqar / Naour / Rusayfeh / Madaba / Faisaliah).
- Chairman of the Joint Services Board (Central Aghwar / South Shouneh / Balqa / Madaba).

\*\*\* The JLGC Board of Directors held 6 meetings during 2014.

## **B- Top Management**

### **Dr. Mohammed Al Jafari | Director General**

- PhD in Finance / Manchester University / UK 1997.
- Master Degree in Economics & Statistics / Jordan University / 1991.
- Bachelor Degree in economics / Yarmouk University / Jordan 1984.
- Director General / Jordan Loan Guarantee Corporation / since 3 July 2011.
- Director General / Jordan Deposit Insurance Corporation / 2004 – 2011.
- Commissioner for Finance & Administration in the Aqaba Special Economic Zone Authority (ASEZA) / 2002 – 2003.
- Economic Researcher / Central Bank of Jordan / 1986 – 2001.
- Member of the Board of various companies and organizations.
- Member of the Executive Council in the International Association of Deposit Insurers (IADI).

### **Mr. Mohannad Al Rashdan | Assistant Director General for Technical & Operational Group / Secretary of the Board**

- Master Degree in Financial Management in 2005.
- Bachelor Degree in Economics 1993.
- Works at JLGC since 1st October, 1995.
- Credit Officer at the Housing Bank for Trade and Finance.
- Trainer in the field of SMEs at Institute of Banking studies.

### **Mr. Jamal Al Ja'fari | Loan Guarantee Department Manager**

- Bachelor Degree in Accounting 1998.
- Accountant in the Jordan Distribution Agency.
- Works at JLGC since 1st January, 1995.



**Mr. Zaid Al Kayed | Credit Guarantee Department Manager**

- Masters Degree in Business Administration / University of Kent, UK, 2005.
- Bachelor Degree in Banking 2002.
- Works at JLGC since 2003.

**Mrs. Amal Jaradat / Industrial Finance Department Manager (EJADA) / IFC Project leader**

- Bachelor Degree in Business Administration / University of Jordan 1993.
- Retail Credit Review Officer / Bank of Jordan 2006 - 2012.
- Credit Analyst / Bank of Jordan 1998 -2006.
- Works at JLGC since 12th August, 2013.

**Mr. Issa Al Tarayra | Finance Section Head**

- Bachelor Degree in accounting 2002.
- Works at JLGC since 11th July, 2004.
- External Auditor at the international professional office for auditing.

**4- Largest Shareholders**

Names of JLGC’s largest shareholders owning 5% or more of total company shares by the end of 2014 in comparison with 2013 :-

Shareholder	2014		2013	
	Number of Shares	% of Share	Number of Shares	% of Share
Central Bank of Jordan	4,775,000	47,75%	4,775,000	47,75%
Cities & Villages Development Bank	525,000	5,25%	525,000	5,25%
Social Security Corporation	524,000	5,24%	524,000	5,24%

**5- Competitive Position**

There are no specialized companies in Jordan providing loan guarantees or export credit guarantee. A new program, however, has been launched to guarantee loans in the Kingdom, which is run by (CHF) in favor of (OPIC) in 2011. Some regional institutions in the Arab countries are providing export credit guarantee including Jordanian exports.

**6- Dependence on Specific Suppliers and/or Major Clients**

There are no specific suppliers or major clients for JLGC whether local or international who represent 10 % or more of JLGC’s purchases and/or sales or revenues.

## 7- Government Protection or Concession Granted to JLGC

JLGC Services enjoy some privileges granted by the Central Bank of Jordan as the following:-

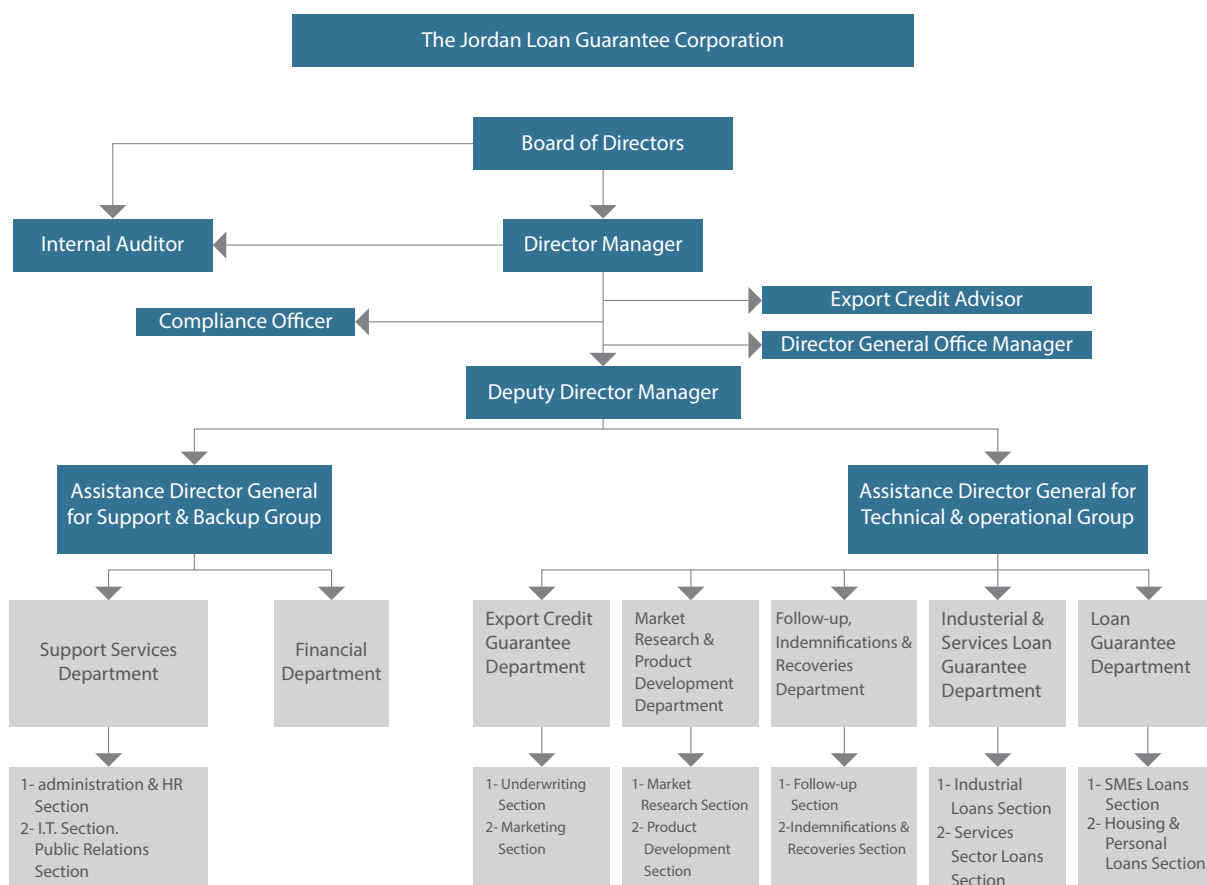
- Generally, loans granted by banks and guaranteed by JLGC considered good and they are exempted from general provisions required by the Central Bank of Jordan. Default loans are also exempted from the special provisions for the first year but have to be provisioned against starting the second year.
- Weighted average capital adequacy is adjusted by the amount of loans guaranteed by JLGC, with those loans have reduced risk weight similar to those extended against cash collateral.

## 8- Any Governmental Decisions with a Material Impact on JLGC

- The Council of Ministers has decided to exempt all JLGC's Export Credit Guarantee Contracts and their subsequent claims from relevant stamp charges.
- The Council of Ministers decision number (438) dated 26/1/2010 exempted JLGC from sales and all other taxes and fees except for Income Tax.

## 9- JLGC's Organizational Structure, Number of Employees, their Qualifications and Training Programs

### A. Organizational Structure at the End of 2014



## B. Number of Employees and their Qualifications at the End of 2014

The Number of employees in 2014 was 39 compared to 37 employees in 2013, distributed according to the academic qualifications as follows:

Year	PhD	Master Degree	High Diploma	Bachelor Degree	Intermediate Diploma	High School	Less than High School	Total
2014	1	4	1	23	3	4	3	39
2013	1	4	1	21	3	4	3	37

Positions are filled through an employment committee with the approval of the Director General and through the Board of Director's decision for top management positions.

The following table shows employees' turnover during the past 5 years:

Year	Employees Turnover
2014	28.9%
2013	31.9%
2012	20.3%
2011	27.7%
2010	22.8%

## C. Employees Training in 2014

To improve employee's qualifications, JLGC employees participated in the following training programs during the past 5 years:

Year	Number of Internal Programs	Number of Participating Employees	Number of External Programs	Number of Participating Employees
2014	12	12	8	8
2013	7	14	9	10
2012	19	13	7	9
2011	16	15	4	3
2010	19	11	4	4

## 10. JLGC's Financial Exposure

JLGC provides guarantees for loans extended to small and medium sized enterprises, as well as for export credit. Accordingly, the company is exposed to default risks of SME loans and the non-payment risk of foreign buyers. In 2014 JLGC's payments for default loans reached JD307,270 compared to JD 331,916 in 2013.

## 11. Accomplishments Achieved During 2014

The Jordan Loan Guarantee Corporation guaranteed 824 loans with a nominal value of JD 32 million during 2014 through a wide range of loan guarantee programs.

The outstanding guaranteed portfolio reached 3599 loans by the end of 2014 with a guaranteed value of JD 64, 6 million, compared to 3306 loans with a guaranteed value of JD 59,1 million by the end of 2013.

At the end of 2014, the outstanding guaranteed portfolio divided into 1826 productive loans with a guaranteed value of JD 36 million, and 1773 real estate and personal loans with a guaranteed value of JD 28,5 million.

Under the export and domestic sales credit guarantee programs, JLGC guaranteed 1219 shipments with a value of JD 53 million in 2014 compared with 957 shipments guaranteed in 2013 totaling of JD 96 million. The shipments guaranteed in 2014 are distributed into 794 export credit shipments worth JD 47 million and 425 domestic sales shipments worth JD 5 million.

JLGC received during 2014 from participating banks and lending institutions compensation claims for bad loans worth JD 530 thousand compared to JD 766 thousand claimed in 2013.

Compensation paid by the company for bad loans mounted around JD 299 thousand, in addition to the compensation paid for Export Credit program amounted JD 8 thousand, so the total compensation paid amounted around JD 307 thousand in 2014 compared with JD 331 thousand paid in 2013.

JLGC has recovered JD 354 thousand in 2014 compared with recoveries amounting to JD 129 thousand in 2013. Whereas, the company rescheduled guaranteed loans with a value of JD 5,4 million during 2014, compared to JD 3,3 million rescheduled in 2013.

The total operating revenues for JLGC increased from JD 843 thousand in 2013 to JD 874 thousand in 2014. In addition, there was an increase in the company's investment income from JD 829 thousand in 2013 to JD 879 thousand during the 2014.

This has resulted into a net profit of JD 420,336 thousand in 2014 compared to net profit of JD 419,696 thousand made in 2013.

## 12. Financial Impact of Non-Recurrent Transactions

There are no "non-recurrent" transactions.

### 13. A chronology of Realized Profits or Losses, Dividends, Shareholders' Net Equity and Share Prices

Year	Net Profit before Taxes & other Provisions	Dividends Distributed to Shareholders	Shareholders Net Equity	Share Price
2010	698,557	300,000	14,576,044	0,63
2011	(260,317)	0	14,011,458	0,47
2012	304,997	300,000	14,285,490	0,50
2013	535,620	400,000	14,402,850	0,50
2014	482,547	400,000	14,509,452	0,53

### 14. Analysis of JLGC's Financial Position

RATIOS	2014	2013	2012	2011	2010
Earnings per Share	0.042	0.042	0.028	-0,026	0,032
Return on Investment	1.620%	1.693%	1.146%	-1,194%	1,38%
Return on Shareholder's Equity	2.891%	2.914%	1.927%	-1,873%	2,17%
Return on Paid Up Capital	4.203%	4.197%	2.753%	-2,624%	3,17%
Holding Ratio	55.918%	58.105%	59.463%	63,741%	63,62%
Fixed Assets / Shareholder's Equity	22.921%	22.657%	22.326%	23,148%	22,61%
Rate of Indebtedness	3.391%	2.429%	1.818%	1,637%	1,90%
Liabilities to 3rd parties / Total Assets	44.082%	41.895%	40.537%	36,259%	36.37%
Liabilities to 3rd parties / Shareholder's	78.832%	72.102%	68.171%	56,884%	57,18%
Current Liabilities / Shareholder's	6.063%	4.181%	3.057%	2,568%	2,99%
Revenue / Total Assets	6.765%	6.751%	6.500%	5,3%	8,1%
Circulation Ratio	2510. 582%	3506. 636%	4689.552%	5124,458%	4436%
Working Capital (JD)	21,207,261	20,514,829	20,045,648	18,075,238	18,873,410

## 15. JLGC's Future Plans

JLGC continued the implementation of the adopted five-year strategic plan, specifying the objectives on the medium term as below:

1. Establish a new loan Guarantee program specialized for newly established projects and micro enterprises.
2. The Corporation aims to reach operational sustainability during a balanced timeframe by improving operational revenues and controlling the expenditures.
3. Increase the corporate efficiency in loan and credit export guarantees, and improve underwriting systems and risk assessment, pricing and safe allocation of credit portfolios.
4. Increase the internal capacity in financial risks management for the current programs, and increasing the abilities of granting guarantees for amounts exceeding the current limits.
5. Provide guarantees to all economically viable sectors that create jobs and enhance economic growth.
6. Increase the ability of the company through enhancing the systems and software to improve data exchange and find efficient system to deal with the reports and information.
7. Improve the human resources system "training and qualifications" to match job description and requirements, and adopt a motivating programs that help developing potentials to increase their efficiency, productivity and corporate loyalty.
8. Establish Secretariat for all loan guarantee schemes in MENA region.

### Supportive Policies and Procedures for Future Plans Achievement

- Expanding guarantee programs for industrial finance and capital lease to attract profitable sectors and improve employment levels.
- Launching specialized programs with participating banks.
- Developing guarantee products which in line with the Islamic Shari'a.
- Moving gradually to portfolio guarantees in coordination with banks and financial institutions.
- Delegating authority to certain banks in granting loans without prior approval of the JLGC with specified limits of guarantee.
- Forming a specialized team from the operational departments at the company to handle marketing activities and periodic monitoring reports.
- Adapting a monthly marketing plan to be approved by the top management.
- Activating the role of follow up and recoveries department.
- Finding fast and effective solutions and improvement plans to determine the problems with partners and achieve the corporate goals.
- Further improvement and update of the company's database.
- Targeting companies specialized in Micro-financing and leasing and Islamic financial companies.
- Establishing new programs for credit export guarantee and local sales, and seeking sources to finance as specialized guarantee fund covering political risks.
- Establishing a section for underwriting to expand the activities of credit export guarantee department, to include risk operations analysis for different countries and importers.
- Reconsidering the agreement of the outstanding shares percentage.
- Dealing with a wider database of reinsurance companies according to an optional reinsurance action to balance between both goals that are to increase returns and decrease risks on the company.
- Dealing with brokers.



## 16. External Auditing Fees

The total amount paid to the "Arab Professionals" as auditing fees in 2014 was JD 10,208 thousand in comparison with JD 9,280 thousand fees paid in 2013 including a 16% sales tax.

## 17. Securities

### A. Securities issued by JLGC which are owned by any member of its Board of Directors or its Top Management

None of the member of JLGC's Board of Directors, top Management, or any of their relatives own any securities issued by JLGC.

### B. The number of Securities issued by JLGC which are owned by any member of its Board of Directors in Personal or Corporate Capacity

Shareholder	2014		2013	
	Number of Shares	% of Share	Number of Shares	% of Share
Central Bank of Jordan	4,775,000	47.75%	4,775,000	47.75%
Cities & Villages Development Bank	525,000	5.25%	525,000	5.25%
Social Security Corporation	524,000	5.24%	524,000	5.24%
Arab Bank	350,000	3.50%	350,000	3.50%
Jordan Kuwait Bank	300,000	3.00%	300,000	3.00%
The Housing Bank	278,500	2.785%	278,500	2.785%
<b>Total</b>	<b>6,752,500</b>	<b>67.525%</b>	<b>6,752,500</b>	<b>67.525%</b>

## 18. Privileges Paid to the Board of Directors Members and Top Management

### A. Privileges paid to the Chairman & the Board of Directors

Total amounts paid as transportation, travel allowance and annual bonus to the Chairman and Members of the Board of Directors was JD 71,196 thousand in 2014 compared to JD 78,990 thousand in 2013.

NAME	Bonus	Transportation Allowance	Travel Allowance	Committee Allowance	Total
H.E Dr. Maher "Sheikh Hasan"	3828	6000	0	0	9828
H.E Dr. Mohammed Al Jafari	3828	6000	0	0	9828
H.E Eng. Haitham Abdul Razzaq Hiyasat	3828	6000	0	800	10628
Social Security Corporation	3828	6000	0	600	10428
Mr. Adel Ibrahim Asa'ad	3828	6000	0	800	10628
Mr. Tawfeek Abdulqader Al Mukahal	3828	6000	0	200	10028
Mr. Ne'meh Elias Sabagh	3828	6000	0	0	9828
<b>TOTAL</b>	<b>26796</b>	<b>42000</b>	<b>0</b>	<b>2400</b>	<b>71196</b>

### B. Privileges Paid to Top Management

Total amounts paid as salaries, travel allowance and annual bonus to the top management was JD 275,121 thousand in 2014 compared to JD 241,481 thousand in 2013.

NAME	Salaries	Bonus	Travel Allowance	Committee Allowance	Total
*H.E.Dr. Mohammed Al Jafari Director General	116923	4085	2975	0	123983
Mr. Mohannad Al Rashdan Assistant Director General for Technical & Operational Group	52357	1728	250	2400	56735
Mr. Jamal Al Jafari Loan Guarantee Department Manager	29110	960	0	0	30070
Mrs. Amal Jaradat Industrial Finance Department Manager	23250	775	0	0	24025
Mr. Zaid Al Kayed Export Credit Guarantee Department Manager	19593	653	1200	0	21446
Mr. Issa Al Tarayra Financial section head	18265	597	0	0	18862
<b>TOTAL</b>	<b>259498</b>	<b>8798</b>	<b>4425</b>	<b>2400</b>	<b>275121</b>

\*The Director General has a car and mobile owned by JLG.



## 19. Donations and Grants

No donations or grants paid during 2014 and 2013.

## 20. JLGC's Contracts, Projects and Engagements with Subsidiaries or Affiliates

There are no contracts, projects or engagements between JLGC and Subsidiaries, Sister Companies or Affiliates.

## 21. JLGC's Contribution to Environmental Protection and Local Community Service

### A. Contribution to Environmental Protection

No contribution to environmental protection directly.

### B. Local Community Service

All JLGC programs serve the local community and entrepreneurs.

# OPERATIONAL ACTIVITIES

## Loan Guarantees

### Loan Guarantees Ceilings and Utilized Amounts during the year 2014 VS.2013

Loan Guarantee Ceilings and utilized amounts according to program type								
	As on 31/12/2014			As on 31/12/2013			Change	
	Ceiling	Utilized	% Utilized	Ceiling	Utilized	% Utilized	Ceiling	Utilized
*Productive Loans Ceilings (SMEs)	20,027,000	19,684,294	98.35%	18,487,500	13,647,798	73.82%	1,539,500	6,036,496
Real Estate and Personal Loans Ceilings	37,926,299	28,558,531	75.29%	40,060,976	30,764,259	76.79%	-2,134,677	-2,205,728
<b>Total Ceilings</b>	<b>57,953,299</b>	<b>48,242,825</b>	<b>83.24%</b>	<b>58,548,476</b>	<b>44,412,057</b>	<b>75.86%</b>	<b>-595,177</b>	<b>3,830,768</b>

\* No determined ceilings for Industrial Finance Loans.

Loan Guarantee Ceilings and utilized amounts according to Banks / Lending Institutions						
Banks / Lending Institutions	*Productive Loans (SMEs)		Real estate loans		Total Ceilings	
	Ceiling	Utilized	Ceiling	Utilized	Ceiling	Utilized
Jordan Kuwait Bank	350,000	140,008	50,000	7,050,912	400,000	147,059
Jordan Investment & Finance Bank	0	0	0	0	0	0
Jordan Ahli Bank	950,000	295,638	10,909,000	4,228,193	11,859,000	4,523,832
Jordan Commercial Bank	1,100,000	777,963	0	0	1,100,000	777,963
Islamic International Arab Bank	0	4,751,554	0	0	0	4,751,554
Arab Bank	2,250,000	1,276,661	18,299	16,906	2,268,299	1,293,567
Egyptian Arab Land Bank	27,000	0	312,000	97,970	339,000	97,970
Ahli Microfinance company Company	500,000	245,841	0	0	500,000	245,841
Bank al Etihad	650,000	163,267	0	0	650,000	163,267
Bank of Jordan	500,000	178,435	5,415,000	4,434,527	5,915,000	4,612,962
Arab Jordan Investment Bank	150,000	0	150,000	19,767	300,000	19,767
The Housing Bank	11,500,000	9,234,117	0	0	11,500,000	9,247,123
Cairo Amman Bank	900,000	1,132,540	15,062,000	14,127,790	15,926,000	15,260,332
ABC Bank	200,000	100,486	6,010,000	5,626,326	6,210,000	5,726,811
Societe General Bank	700,000	52,126	0	0	700,000	52,126
Capital Bank	0	144,004	0	0	0	144,004
Bindar Trading & Investment Co.	250,000	133,525	0	0	250,000	133,525
Development & Employment Fund	0	1,058,127	0	0	0	1,058,127
<b>Total</b>	<b>20,027,000</b>	<b>19,684,294</b>	<b>37,926,299</b>	<b>28,558,530</b>	<b>57,953,299</b>	<b>48,242,825</b>

\* No determined ceilings for Industrial Finance program loans

## Guaranteed Executed Loans during the Year 2014 Vs. 2013

Guaranteed Executed Loans according to Loan Type								
Productive Programs/ SME's	2014		2013		Change (JD)		Change (%)	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
Pharmacies Loans	4	32,000	5	40,000	1-	8,000-	-0.25%	-20%
SMEs Loans	244	4,921,303	209	4,246,142	197	675,161	94.2%	16%
Business Loans	159	3,251,934	220	4,165,420	61-	913,486-	-27.7%	-22%
Micro Loans	162	448,525	126	354,993	36	93,5362	28.5%	26.3%
Kafala	169	5,910,426	88	2,083,618	81	38,268,075	92%	183%
Entrepreneurship (DEF)	27	545,911	21	513,800	6	32,111	28.5%	6.2%
<b>Total</b>	<b>765</b>	<b>15,110,099</b>	<b>669</b>	<b>11,403,973</b>	<b>96</b>	<b>3,706,126</b>	<b>14.3%</b>	<b>32.5%</b>
<b>Industrial Finance Loans</b>								
Industrial Finance	26	4,504,270	22	3,354,456	4	1,149,814	18.18%	34.28%
Leasing	7	990,518	19	2,521,210	12-	1,530,692-	-63.16%	-60.71%
Vehicles	10	152,600	9	133,625	1	18,975	11.11%	14.20%
Kafala	16	817,880	0	0	16	817,880	0	0
<b>Total</b>	<b>59</b>	<b>6,465,268</b>	<b>50</b>	<b>6,009,291</b>	<b>9</b>	<b>455,977</b>	<b>18%</b>	<b>7.59%</b>
<b>Total of Productive Loans</b>	<b>824</b>	<b>21,575,367</b>	<b>719</b>	<b>17,413,264</b>	<b>105</b>	<b>4,162,103</b>	<b>14.6%</b>	<b>24%</b>
<b>Real Estate and Personal Loans</b>								
Real Estate and Personal Loans	2014		2013		Change (JD)		Change (%)	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
Housing Loans	70	2,613,886	68	2,626,006	2	12,120-	2.9%	-0.46%
Urban Development Loans	0	0	0	0	0	0	0	0
Land Purchase Loans	2	63,000	2	41,300	0	21,700	0	52.5%
<b>Total of Real Estate Loans</b>	<b>72</b>	<b>2,676,886</b>	<b>70</b>	<b>2,667,306</b>	<b>2</b>	<b>9,580</b>	<b>2.8%</b>	<b>0.35%</b>
<b>TOTAL</b>								
TOTAL	2014		2013		Change (JD)		Change (%)	
	No.	Guaranteed Amounts	No.	Guaranteed Amounts	No.	Guaranteed Amounts	No.	Guaranteed Amounts
<b>ALL PROGRAMS</b>	<b>896</b>	<b>24,252,253</b>	<b>789</b>	<b>20,080,570</b>	<b>107</b>	<b>4,171,683</b>	<b>13.56%</b>	<b>20.77%</b>



Guaranteed Executed Loans according to Banks / Lending Institutions

Bank / Lending Institution	Productive Loans (SMEs)		Real Estate Loans		Industrial Finance Loans		TOTAL	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
Jordan Kuwait Bank	1	7,000	0	0	0	0	1	7,000
Jordan Ahli Bank	8	87,300	0	0	3	563,500	11	650,800
Jordan Commercial Bank	18	694,015	0	0	0	0	18	694,015
Islamic International Arab Bank	169	5,910,426	0	0	16	817,880	185	6,728,306
Arab Bank	65	1,371,692	0	0	1	72,800	66	1,444,492
Ahli Microfinance company	72	275,660	0	0	0	0	72	275,660
Bank al Etihad	5	199,500	0	0	7	1,388,100	12	1,587,600
Bank of Jordan	5	61,600	0	0	1	103,575	6	165,175
The Housing Bank	225	4,653,076	0	0	12	557,600	237	5,210,676
Cairo Amman Bank	157	1,037,541	55	1,978,409	4	245,000	216	3,260,950
ABC Bank	1	35,000	17	698,477	4	807,870	22	1,541,347
Societe General Bank	1	21,000	0	0	2	595,000	3	616,000
Capital Bank	3	154,000	0	0	3	427,000	6	581,000
Al Ahli Leasing Co	0	0	0	0	2	469,280	2	469,280
Tamkeen Leasing Co.	0	0	0	0	4	417,663	4	417,663
Ejara Leasing Co.	0	0	0	0	0	0	0	0
Bindar Trading & Investment Co.	8	56,378	0	0	0	0	8	56,378
Development & Employment Fund	27	545,911	0	0	0	0	27	545,911
Total	765	15,110,099	72	2,676,886	59	6,465,268	896	24,252,253

## Outstanding Guaranteed Portfolio at the End of the Year 2014

Outstanding Guaranteed Portfolio according to Loan Type								
Productive Programs SMEs	2014		2013		Change (JD)		Change (%)	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
Pharmacies Loans	11	84,520	14	100,469	-3	-15,949	-21.4%	-15.8%
SMEs Loans	545	6,551,722	417	5,653,074	128	911,654	30.69%	16%
Business Loan	608	6,815,321	474	6,423,033	134	392,288	28.2%	6.1%
Micro Loans	224	410,044	192	315,537	32	94,507	16.6%	30%
Kafala	213	4,751,554	87	710,373	126	4,041,181	144.8%	568%
Entrepreneurship (DEF)	46	1,058,127	21	445,312	25	612,815	119.8%	137.6%
<b>Total</b>	<b>1,647</b>	<b>19,684,294</b>	<b>1,205</b>	<b>13,647,798</b>	<b>442</b>	<b>6,036,496</b>	<b>36.6%</b>	<b>44.23%</b>
<b>Industrial Finance Dept. Loans</b>								
Industrial Finance	84	10,025,727	80	8,344,491	4	1,681,236	5%	20.15%
Leasing	60	5,360,558	68	6,204,812	-8	-844,254	-11.76%	-13.61%
Vehicles program	19	235,662	9	133,625	10	101,997	111.111%	76.33%
Kafala	16	772,225	0	0	16	772,225	---	--
<b>Total</b>	<b>179</b>	<b>16,394,132</b>	<b>157</b>	<b>14,682,928</b>	<b>22</b>	<b>1,711,204</b>	<b>14.01%</b>	<b>11.65%</b>
<b>Total Productive Loans</b>	<b>1,826</b>	<b>36,078,426</b>	<b>1,362</b>	<b>28,330,726</b>	<b>464</b>	<b>7,747,700</b>	<b>34%</b>	<b>27.34%</b>

Real Estate and Personal Loans	2014		2013		Change (JD)		Change (%)	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
Housing Loans	1,732	28,358,628	1,905	30,489,680	173	2,131,052	9%	-7%
Urban Development Loans	19	31,433	19	102,517	0	20,916	0	-20%
Land Purchase Loans	12	168,007	10	169,593	2	1,586	20%	-0.9%
PC Loans	10	462	10	2,470	0	2,008	0	-81%
<b>Total</b>	<b>1,773</b>	<b>28,558,531</b>	<b>1,944</b>	<b>30,764,259</b>	<b>-171</b>	<b>-2,205,729</b>	<b>-8.8%</b>	<b>-7.1%</b>

TOTAL	2014		2013		Change (JD)		Change (%)	
	No.	Guaranteed Amounts	No.	Guaranteed Amounts	No.	Guaranteed Amounts	No.	Guaranteed Amounts
<b>ALL PROGRAMS</b>	<b>3,599</b>	<b>64,636,957</b>	<b>3,306</b>	<b>59,094,985</b>	<b>293</b>	<b>5,541,972</b>	<b>8.8%</b>	<b>9.37%</b>



#### Outstanding Guaranteed Portfolio according to Banks / Lending Institutions

Banks Lending Institutions	Productive Loans / SMEs		Real Estate Loans		Industrial Finance Loans		Total	
	Number of loans	Guaranteed Value	Number of loans	Guaranteed Value	Number of loans	Guaranteed Value	Number of loans	Guaranteed Value
Jordan Ahli Bank	26	295,638	291	4,228,193	15	1,739,449	332	6,263,280
Cairo Amman Bank	202	1,132,541	926	14,127,791	16	1,229,512	1,144	16,489,844
The Housing Bank	842	9,234,117	0	0	28	1,099,539	870	10,333,656
Bank of Jordan	21	178,435	340	4,434,527	16	749,093	377	5,362,055
Bank al Etihad	12	163,267	0	0	9	1,770,384	21	1,933,651
ABC Bank	3	100,486	184	5,626,326	6	859,919	193	6,586,731
Jordan Kuwait Bank	9	140,008	5	7,051	2	239,639	16	386,698
Jordan Commercial Bank	35	777,963	0	0	6	436,319	41	1,214,282
Arab Bank	86	1,276,661	4	16,906	6	666,044	96	1,959,611
Capital Bank	3	144,004	0	0	3	410,534	6	554,538
Islamic International Arab Bank	213	4,751,554	0	0	16	772,225	229	5,523,779
Societe General Bank	10	52,126	0	0	11	1,751,070	21	1,803,196
Egyptian Arab Land Bank	0	0	22	97,970	0	0	22	97,970
Arab Jordan Investment Bank	0	0	1	19,767	0	0	1	19,767
Al Ahli Leasing Co	0	0	0	0	29	3,343,381	29	3,343,381
Arab National Leasing Company	0	0	0	0	1	87,228	1	87,228
Ejara Leasing Co.	0	0	0	0	1	62,865	1	62,865
Tamkeen Leasing Co.	0	0	0	0	14	1,176,931	14	1,176,931
Bindar for Trading & Investment Co.	16	133,525	0	0	0	0	16	133,525
Ahli Microfinance company Company	123	245,841	0	0	0	0	123	245,841
Development & Employment Fund	46	1,058,128	0	0	0	0	46	1,058,128
<b>Total</b>	<b>1,647</b>	<b>19,684,294</b>	<b>1,773</b>	<b>28,558,531</b>	<b>179</b>	<b>16,394,132</b>	<b>3,599</b>	<b>64,636,957</b>

Outstanding Guaranteed Portfolio according to major cities

City	Productive Loans		Real Estate Loans		Industrial Finance Loans		TOTAL	
	Number of loans	Guaranteed Amounts	Number of loans	Guaranteed Amounts	Number of loans	Guaranteed Amounts	Number of loans	Guaranteed Amounts
Amman	957	12,367,657	1387	23,984,533	148	13,816,219	2,492	50,168,409
Balqa	66	618,869	44	462,358	4	110,812	114	1,192,039
Irbid	260	2,524,145	78	1,099,440	8	699,835	346	4,336,427
Karak	55	805,681	40	415,668	4	468,977	99	1,690,326
Ma'an	19	216,925	17	113,724	0	0	36	330,649
Tafleh	16	219,886	14	89,739	1	269,958	31	579,583
Zarqa	158	1,668,797	48	559,414	9	955,314	215	3,183,525
Mafraq	33	373,586	19	240,984	2	15,648	54	630,218
Madaba	25	210,355	22	309,564	1	12,504	48	532,423
Jerash	14	135,757	26	233,429	0	0	40	369,186
Ajloun	14	122,001	4	13,430	0	0	18	135,431
Aqaba	30	420,634	74	1,036,248	2	44,865	106	1,501,747
<b>Total</b>	<b>1,647</b>	<b>19,684,294</b>	<b>1,773</b>	<b>28,558,531</b>	<b>179</b>	<b>16,394,132</b>	<b>3,599</b>	<b>64,636,957</b>

## Export and Domestic Credit Guarantee

### Guaranteed Contracts

Guaranteed Contracts Signed during 2014 vs. 2013				
Program	Number		Value (JD)	
	2014	2013	2014	2013
Export Credit	14	14	182,951,075	199,022,000
Domestic Sales Credit	5	5	76,000,000	17,000,000
<b>TOTAL</b>	<b>19</b>	<b>19</b>	<b>258,951,075</b>	<b>216,022,000</b>

### Guaranteed Executed Shipments

#### - By Program

Program	Number		Value (JD)		Guaranteed Value (JD)	
	2014	2013	2014	2013	2014	2013
Export Credit	794	833	52,722,802	96,720,230	47,450,527	93,873,152
Domestic Sales Credit	425	124	5,731,111	3,420,220	5,158,421	2,436,397
<b>TOTAL</b>	<b>1219</b>	<b>957</b>	<b>58,453,913</b>	<b>100,140,450</b>	<b>52,608,948</b>	<b>96,309,549</b>

#### - By Sector

Sector	2014	2013
Fertilizers	50%	62%
Food	23%	11%
Textile & Clothing	6%	7%
Hygienic paper	5%	4%
Chemical	4%	4%
Fruits & Vegetables	4%	3%
Others	8%	9%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

### - By Geographical Area

Area	2014	2013
Far East	40%	49%
Europe	15%	15%
Middle East & Gulf	31%	22%
USA & Canada	5%	3%
Other	9%	11%
TOTAL	100%	100%

### Outstanding Guaranteed Shipments at the End of 2014 vs. 2013

#### - By Program

Program	Number of Shipments		Guaranteed Value (JD)	
	2014	2013	2014	2013
Export Credit	178	341	1,771,978	4,724,820
Domestic Sales Credit	196	66	449,278	148,847
TOTAL	374	407	2,221,256	4,873,667

### Claims Paid, Recoveries, Re-Scheduled Loans During 2014

#### - By Program

Loan Type	Claims	Claims Paid	Recoveries	Re-scheduling
Real Estate	146,214	129,336	252,818	754,902
SMEs	253,644	79,154	35,115	3,568,261
Industrial Finance	78,979	0	0	690,000
Financial Leasing	51,761	90,120	66,211	414,000
Export Credit	28,019	8,660	0	0
TOTAL	558,617	307,270	354,144	5,427,163



#### - By Bank / Lending Institutions

Bank / Lending Institution	Claims	Claims Paid	Recoveries	Re-scheduling
Jordan Kuwait Bank	0	0	0	140,084
Jordan Ahli Bank	0	0	0	384,411
Jordan Commercial Bank	0	0	0	564,819
Bank of Jordan	23,896	0	23,097	112,662
Arab Bank	0	0	0	29,750
The Housing Bank	180,813	61,493	3,975	1,725,001
Egyptian Arab Land Bank	0	0	0	23,864
Ahli Microfinance Company	3,844	0	1,405	0
Cairo Amman Bank	204,012	131,863	234,039	487,984
Societe General Bank	0	0	56,627	0
Bank al Etihad	15,030	15,133	0	112,500
Islamic International Arab Bank	0	0	0	1,155,362
ABC Bank	0	0	35,000	201,726
Tamkeen leasing Co.	0	43,765	0	0
Bindar Trading & Investment Co.	51,242	0	0	0
Al Ahli Leasing Co	51,761	46,356	0	414,000
Development & Employment Fund	0	0	0	75,000
Export Credit Program	28,019	8,660	0	0
<b>TOTAL</b>	<b>558,617</b>	<b>307,270</b>	<b>354,144</b>	<b>5,427,163</b>

## - By Major Cities

City	Claims	Claims Paid	Recoveries	Re-scheduling
Amman	332,546	239,091	296,826	3,781,882
Irbid	34,866	31,488	0	596,050
Zarqa	7,962	7,337	35,596	325,952
Balqa	124,156	15,133	0	108,191
Karak	0	0	0	100,000
Tafilah	0	0	0	139,457
Jerash	0	0	0	25,000
Madaba	0	0	0	18,011
Aqaba	25,059	0	2,438	332,620
Others	34,026	14,221	19,284	0
<b>TOTAL</b>	<b>558,617</b>	<b>307,270</b>	<b>354,144</b>	<b>5,427,163</b>

## Delayed Payments Analysis of Guaranteed Loans at the End of 2014

### Productive Loans / SMEs Delays

Category	Delay Days	Payments Overdue (JD)	Guaranteed Balance (JD)	Payments Overdue/ Balance of Outstanding Loans	Guaranteed Balance /Outstanding Guaranteed Portfolio
Early Warning	60-89 Days	158,693	1,079,479	0.57%	5.48%
Below Average	90-179 Days	134,817	392,642	0.48%	1.99%
Doubtful	180-359 Days	250,666	482,891	0.90%	2.45%
Bad	Over 360 Days	432,028	356,564	1.55%	1.81%
Balance of Outstanding Loans =		27,899,164			
Outstanding Guaranteed Portfolio =		19,684,294			
Guaranteed Balance for Default loans =		111,504			

### Industrial Finance Loans Delay

Category	Delay Days	Payments Overdue (JD)	Guaranteed Balance (JD)	Payments Overdue/ Balance of Outstanding Loans	Guaranteed Balance /Outstanding Guaranteed Portfolio
Early Warning	60-89 Days	76,632	754,448	0.276%	4.602%
Below Average	90-179 Days	21,551	88,723	0.078%	0.541%
Doubtful	180-359 Days	166,687	423,945	0.601%	2.586%
Bad	Over 360 Days	671,611	526,477	2.421%	3.211%
Balance of Outstanding Loans =		27,745,214			
Outstanding Guaranteed Portfolio =		16,394,132			



### Real Estate Loans Delay

Category	Delay Days	Payments Overdue (JD)	Guaranteed Balance (JD)	Payments Overdue/ Balance of Outstanding Loans	Guaranteed Balance /Outstanding Guaranteed Portfolio
Early Warning	60-89 Days	194,203	1,223,926	0.48%	4.29%
Below Average	90-179 Days	130,263	485,346	0.32%	1.70%
Doubtful	180-359 Days	457,930	306,376	1.14%	1.07%
Bad	Over 360 Days	68,267	78,461	0.17%	0.27%
Balance of Outstanding Loans =		40,253,024			
Outstanding Guaranteed Portfolio =		28,558,530			
Guaranteed Balance for Default loans=		12,384			

### All Guaranteed Loans Payment delays

Category	Delay Days	Payments Overdue (JD)	Guaranteed Balance (JD)	Payments Overdue/ Balance of Outstanding Loans	Guaranteed Balance /Outstanding Guaranteed Portfolio
Early Warning	60-89 Days	429,528	3,057,854	0.45%	4.73%
Below Average	90-179 Days	286,630	966,711	0.30%	1.50%
Doubtful	180-359 Days	875,283	1,213,212	0.91%	1.88%
Bad	Over 360 Days	1,171,906	961,502	1.22%	1.49%
Balance of Outstanding Loans =		95,897,402			
Outstanding Guaranteed Portfolio =		64,636,956			
Guaranteed Balance for Default loans=		123,888			

# REVENUES & EXPENSES

### Operational Revenues in 2014 vs. 2013

Revenues	JD		
	2014	2013	Change
Housing Loan Guarantee Fees	263,911	274,542	-10,631
Productive Loan Guarantee Fees / SMEs	299,775	230,153	69,622
Industrial Finance & Leasing Loan Guarantee and Vehicles Fees	165,522	139,107	26,415
Export & Domestic Credit Guarantee Fees	144,840	199,242	-54,402
<b>Total Operational Revenues</b>	<b>874,048</b>	<b>843,044</b>	<b>31,004</b>

### Realized Financial Revenues in 2014 vs. 2013

Revenues	JD		
	2014	2013	Change
Interest on Deposits	207,636	132,464	75,172
Returns from Investment in Shares	50,247	36,000	14,247
Interest from Investment in Bonds	562,037	656,415	-94,378
<b>Total Realized Financial Revenues</b>	<b>819,920</b>	<b>824,879</b>	<b>-4,959</b>

### Total Realized Revenues in 2014 vs. 2013

Revenues	JD		
	2014	2013	Change
Operational Revenues	874,048	843,044	31,004
Realized Financial Revenues	819,920	824,879	-4,959
Other Revenues	2,240	1,356	884
<b>Total Realized Revenues</b>	<b>1,696,208</b>	<b>1,669,279</b>	<b>26,929</b>

### Total Un- Realized Financial Revenues in 2014 vs. 2013

Revenues	JD		
	2014	2013	Change
Financial assets measured at fair value through profit or loss of revaluation	59,090	4,006	55,084
<b>Total Un-Realized Financial Revenues</b>	<b>59,090</b>	<b>4,006</b>	<b>55,084</b>

## General & Administrative Expenses in 2014 vs. 2013

Expenses	JD		
	2014	2013	Change
Salaries and wages	600,640	563,287	37,353
JLGC's contribution in saving fund	51,493	43,951	7,542
JLGC's contribution in social security	62,286	55,389	6,897
Official duties abroad	15,188	11,364	3,824
Training courses	13,007	18,849	-5,842
Rent	783	787	-4
Water & Electricity	24,497	17,594	6,903
Post & Telephone	10,793	10,564	229
Depreciation	52,557	51,829	728
Marketing expenses	7,628	19,438	-11,810
Professional fees	37,920	18,243	19,677
Maintenance	11,947	12,377	-430
Vehicle expenses	9,519	11,035	-1,516
Subscriptions	24,174	24,676	-502
Stationary and printing	13,669	10,548	3,121
Hosting	4,883	5,161	-278
Board Members Transportation	46,800	46,800	0
Other expenses	4,941	5,262	-321
<b>Total General and Administrative Expenses</b>	<b>992,725</b>	<b>927,154</b>	<b>65,571</b>



## JLGC's Business Activities in 2014

### «SMEs Financing and Loan Guarantee Programs» Conference:-

Under the patronage of H.E. Prime Minister Dr. Abdullah Ensour, Jordan Loan Guarantee Corporation (JLGC) in coordination with the Central Bank of Jordan organized its first regional conference on the 24th and 25th of November 2014 marking the 20th anniversary of its establishment entitled “SMEs Financing and Loan Guarantees” that gathered many loan guarantee corporations in the MENA and worldwide.

Ensour emphasized on the importance of the conference, which was synchronized with the government's work on preparing a 10-year economic and social plan until 2025, especially that the government is aware of the value of these projects.

The conference focused on different major topics on small- and medium-sized enterprises (SMEs) and showed various models in the MENA to exchange experiences among the bankers, experts and financiers and also giving greater attention to SMEs. It also highlighted the social and economic role of these projects and the financing challenges. On the other hand, the conference discussed the role of loan guarantees in improving access to finance and evaluation of the current programs and the ways to develop them, with an indication to the guarantee programs compatible with the Islamic Shari'a.

The two-day conference hosted international experts representing the international Finance Corporation (IFC) and the European Bank for Reconstruction and Development (EBRD) and the United States Agency for International Development (USAID), in addition to a number of high profile representatives from various Arab countries and Jordanian banks and local entities to intensify knowledge exchange on loan guarantee industry in the Middle East and North Africa region (MENA).

### Signed Agreements and new Programs during 2014

The Jordan Loan Guarantee Corporation continued its efforts with partners to launch new programs. JLGC signed a number of agreements on loan guarantee and export credit with many local and international institutions. Some of the agreements came as an extension for previous plans and programs initiated in 2013.

The main agreements signed during 2014 were the followings: -

- **The Guarantee Agreement with the MOP and DEF**

The Jordan Loan Guarantee Corp. with the Ministry of Planning and International Cooperation and Development and Employment Fund signed the second annex of the guarantee agreement on the 27th February, 2014. According to this agreement the value of the loan granted by DEF increased to JD 75 thousand with a maturity up to 8 years.

Signing the annex aims to provide owners of small and medium sized enterprises (SMEs) with guarantees when they apply for funding from the Development and Employment Fund. As a result, funding the projects assists entrepreneurs to build and increase the capacity and productivity of the SMEs and benefited local communities in job creation and poverty alleviation.

- **Agreement to finance Medical Sector through “Kafala” program with IIABANK**

As part of continuing the collaboration with the Islamic International Arab Bank, Jordan Loan Guarantee Corp. signed an agreement to include financing to medical clinics, pharmacies and laboratories to “Kafala” Program, as well as, funding medical equipments and devices according to the principles of Islamic Sharia’.

The signing ceremony was under the patronage of H.E.Dr. Maher “Shiekh Hassan” Chairman of JLGC and H.E. Faris Sharaf, Chairman of IIABank and attended by a number of executive managers of both parties. Dr. Mohammed Al Ja’fari, the Director General of JLGC and Mr. Eyad Al Asali, the General Manager of IIABank signed the agreement and both stressed on the need for continued cooperation to support financing SMEs in the kingdom, which is a catalyst for further work and achievement that reflect directly on SMEs owners, in order to reduce unemployment, develop local communities and meet the requirements of sustainable development, further expansion and social welfare.

The company and the bank launched “Kafala’ Program in 2012 to provide guarantees for SMEs financing.

- **Memorandum of understanding with the Ministry of Justice :**

On the 3rd June, 2014 the Jordan Loan Guarantee Corporation and Ministry of Justice signed a memorandum understanding at the ministry premises. Through this memorandum JLGC will be able to inquire about the cases registered in the legal courts using the national Identity number and/or name to enable the company to study the possibility of guaranteeing the borrower’s loans.

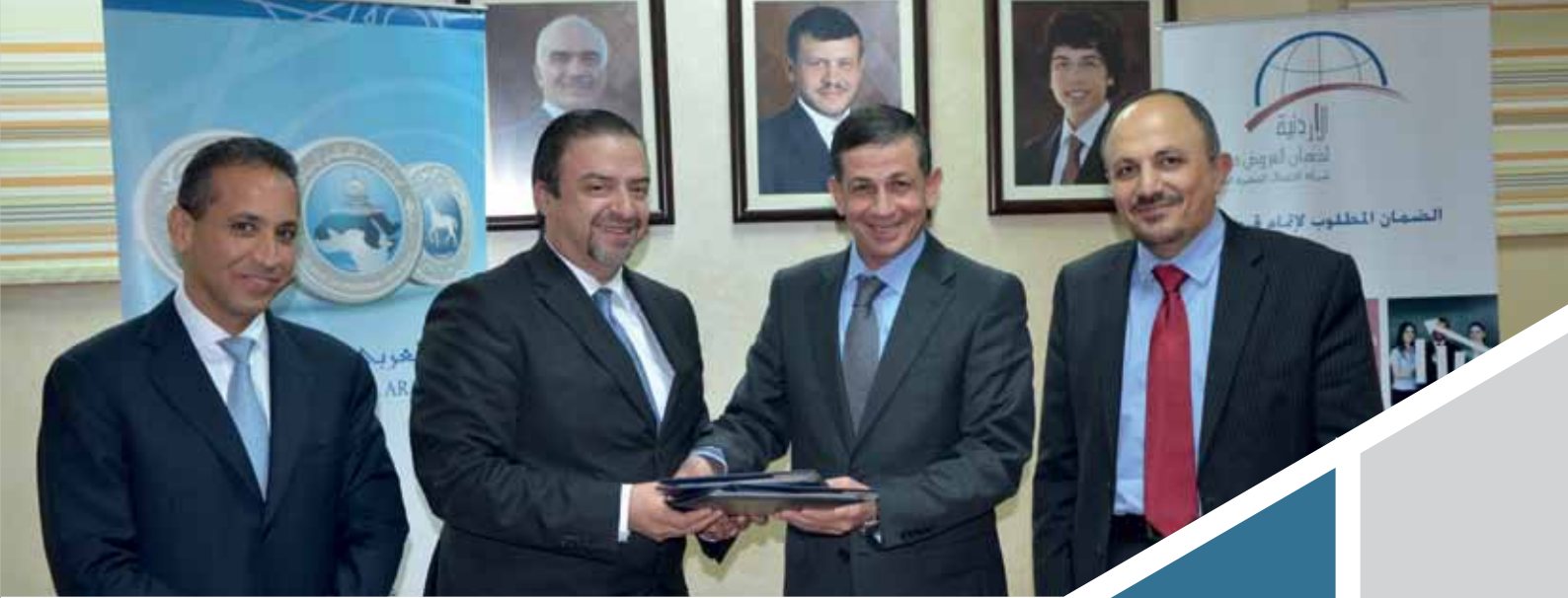
According to the agreement signed by H.E. Dr. Bassam Talhouni; Minister of Justice and H.E.Dr. Mohammed Al Ja’fari, JLGC Director General, the ministry will provide the company with an electronic on-line access to the legal advertisements published in the formal daily newspapers to enable JLGC to guarantee and cover the risks of loans granted by banks and financial institutions for SMEs.

- **A Guarantee Agreement with Arab Bank**

The Jordan Loan Guarantee Corporation signed an agreement on 22 June 2014 with the Arab Bank through its program for financing bundles launched to serve SMEs. The agreement was signed by Dr. Mohammed Al Ja’fari; Director General of JLGC and Mr. Mohammed Mousa; Executive Vice President- Country Manager of Jordan at the Arab Bank.

According to this agreement, Arab Bank continued its cooperation with JLGC to expand and diversify banking services for Small Medium Enterprises, to enable SMEs access to finance and open new future opportunities specifically for trading, industrial, services and tourism companies that seek to develop and activate their work but they lack collaterals.

The cooperation between the bank and the company is an extension and complimentary of the previous cooperation, aiming to serve a larger segments of SMEs at the kingdom under the custody of JLGC.



- **A Guarantee Agreement with Bank al Etihad**

Through joint efforts, the Jordan Loan Guarantee Corporation and Bank al Etihad signed a guarantee agreement in July 2014 to expand finance for SME borrowers. Dr. Mohammed Al Ja'fari and H.E.Mrs. Nadia Al Sa'eed; General Manger for Bank al Etihad signed the agreement.

Loans covered by this agreement include industrial and services loans, craftsmen projects loans and internal trading. Plus to service loans granted for doctors, engineers, lawyers and consultants. In addition to renewable energy projects with a maturity date up to 5 years and a grace period of 6 months. The agreement aimed for financing small and medium-sized enterprises as well as facilitating procedures, terms and conditions for granting credit at competitive rates to the owners of SMEs operating in the Kingdom in different types of businesses. At the same time, it aimed at motivating investment mobility to serve national economy.

- **Cooperation Agreement with TURK EXIMBANK**

During the opening ceremony of "SMEs Financing and Loan Guarantees" conference, JLGK and TURK EXIMBANK signed co-operation agreement on the 24th of November, 2014 to share information and expertise in export credit insurance field and develop commercial and technical co-operations between the two parties.

Dr. Mohammed Al Ja'fari, the Director General of JLGK and Mr. Hayrettin KAPLAN, the General Manager of TURK EXIMBANK signed the agreement in the attendance of H.E.Dr. Maher "Sheikh Hasan" Chairman of JLGK and Mr. Mesuot GURSOY, Deputy General Manger of TURK EXIMBANK and a number of executive managers participating in the conference.

Signing the agreement came in line with JLGK corporate mandate in terms of development and upgrading the information on export credit and investment insurance. Furthermore, it focuses on sharing experiences and technical point of views on the polices and procedures followed in this context.

- **Cooperation Agreements with IIABANK**

JLGK signed two cooperation agreements with the Islamic International Arab Bank (IIABANK) to launch "Industrial Finance & services" and "Finance Lease guarantees" programs, as an extension for Kafala programs that are compatible with Islamic shari'a and developed in joint efforts between the company and the bank.

The agreements were signed during the opening ceremony of “SMEs Financing and Loan Guarantees” conference in the 24th November, 2014 by H.E.Dr. Mohammed al-Ja’fari Director-General of the Jordan Loan Guarantee Corporation and Mr. Iyad Asali Director-General of the Islamic International Arab Bank. The signing ceremony was attended by the chairmen of the company & the bank, H.E.Dr. Maher “Shiekh Hasan” & H.E. Faris Sharaf with a crowd of executive directors of the local and regional institutions participating in the conference.

The partnership between JLGC & IIABANK has been rooted since the first cooperation agreement, and the bank became one of the most important beneficiaries of the company’s programs for financing and guaranteeing small and medium sized enterprises.

## Important Regional and International Meetings and Activities during 2014

### • “ Management of Refinance and Guarantee Funds “ Meeting in Germany

Assistant Director General for technical and operational group Mr. Mohammad Al Rashdan participated in the 6th Financial Expert Day “ Management of Refinance and Guarantee Funds “ that was held in Montabur / Germany on 10th & 11th January, 2014.

The meeting was organized by AFC consultants International, GmbH (AFC) and the Academy of German Cooperatives (ADG) aiming to create a space for experience sharing and discussions on future market trends and opportunities. It was also a chance to thank the partners for the excellent cooperation in the past years and to assess future fields of activities and developments.

### • Coface Annual Meeting and Political Risk conference in France

The Director General Dr. Mohammed Al Ja’fari and Mr. Zaid Al Kayed, Export Credit Guarantee Manager participated in the annual meeting for coface partners and political Risk conference in Paris – France during the period from 21st to 22nd of January 2014.

### • Study tour to CGC and SME Corp. in Malaysia

An official delegate from JLGC led by Dr. Mohammed Al Ja’fari, Director General and Mrs. Amal Jaradat, Industrial Finance Manager and Mr. Rami Al Samardali, Head of Follow Up, Indemnifications & Recoveries Division visited CGC and SME Corp. in Malaysia during the period 9th – 13th June, 2014.

The visit came within the technical assistance program funded by World Bank to discuss the best practices and international experiences in loan guarantee field.

### • ICIEC’s 20th Year Anniversary Seminar in Jeddah

Dr. Mohammed al-Ja’fari, the Director General represented JLGC at the “Future Role for ICIEC in Supporting Trade and Investments in Member Countries (MCs) “ Seminar held in Jeddah – KSA on the 24th June, 2014. The seminar organized on the occasion of the 20th anniversary of the ICIEC establishment (Member of ISDB) that also coincided with the 40th anniversary of the Islamic Development Bank establishment.



The seminar discussed the challenges that ICEIC and other providers of credit and political risk insurance need to overcome, and the opportunities to invest in, so that they cater to the ever-changing needs of their clients.

- **Consultative Meeting on Supporting SMEs in the MENA Region - UAE**

JLGC was invited to join fellow banking professionals to discuss global best practices in SME banking. Dr. Mohammed Al Ja'fari participated in the "Consultative Meeting on Supporting SMEs in the MENA Region" organized by Arab Monetary Fund (AMF) held in Abu Dhabi, UAE on the 1st of September, 2014. The meeting was organized to studying methods of developing corporations and small medium enterprises in the Arab countries through adopting the primary point of views to support SMEs development.

- **Study tour to CCG - Morocco**

Through the technical assistance program funded by World Bank to acknowledge the best practices and international experiences in loan guarantee field, an official delegate from JLGC consisted of Mr. Mohannad Al Rashdan / Assistant Director General for Technical & Operational group and Mr. Jamal Al Ja'fari / Loan Guarantee Dept. Manager and Mr. Rami Al Samardali, Head of Follow Up, Indemnifications & Recoveries Division visited the Central Guarantee Fund in Morocco during the period 8th – 11th September, 2014.

The official delegate met the General Manager of the fund Mr. Hisham Sargini and the technical team. CCG team presented the main programs and operations in the fund, which was documented by JLGC team to benefit from the Moroccan experience in SMEs.

- **Prague Club – Berne Union Annual Meeting in UK**

Dr. Mohamed Al Ja'fari took part in Berne Union/ Prague Club Joint Annual General Meeting which was held in London, UK during the period of 19th to 23rd October, 2014.

The meeting provided a unique platform for leaders from credit industry to meet and network with respective peers. The meeting celebrated the 80th anniversary of the Berne Union and gave the opportunity to exchange views on how PC members see the next years with a focus on further engagement and collaboration.

- **“Delivering Global Solutions for Inclusion and Growth “ Meeting in Turkey**

Dr. Mohammed Al Ja’fari, the Director General represented JLGc at the World Bank Finance and Market (F&M) Global Practice Meeting “Delivering Global Solutions for Inclusion and Growth” for Middle East and North Africa and East Europe and Central Asia region (EMENA) that was held in Istanbul – Turkey on December 8&9, 2014.

The meeting gathered the top-notch WB officials including Directors and Practice Managers aims to discuss the challenges and exploit opportunities of the new global and integrated finance and market team ( F&M) to deliver better and faster development solutions for the World Bank clients in EMENA and globally. It also focused on learning about the approaches, instruments and programs available for foster deep, diversified, efficient and stable financial systems. Furthermore, creating a better understanding for the principles, structure and new operating approaches to work together as a one team in 2015 and beyond.

Dr. Al Ja’fari participated as a speaker at the session entitled “Welcome and Listening to WB Clients” that discussed the key challenges that MENA faces today in achieving universal financial access and finding the plans to address these challenges. The session also gives Dr. Al Ja’fari the opportunity to present Jordan Loan Guarantee achievements to support credit guarantee schemes and develop the JLGc loan guarantee products, and design new ones that are tailored to Jordanian SMEs.

تمويل المشاريع الصغيرة والمتوسطة وبرامج ضمان القروض  
تحت رعاية دولة رئيس الوزراء د. عبد الله النصور الأفخم  
وبمناسبة مرور عشرين عاماً على تأسيس الشركة الأردنية لضمان القروض  
Under the patronage of H.E. Prime Minister Dr. Abdullah Ensour  
On the occasion of the 20<sup>th</sup> anniversary of the Jordan Loan Guarantee Corporation



## Disclosure Related to the Directions of Guide on Corporate Governance of Listed Companies in Amman Stock Exchange

The Jordan loan Guarantee corporation abides by all rules and items of the corporate governance guidelines, except:

- **Item 1:**

Rule: "The Board of Directors prepares an internal mandate which is reviewed on an annual basis, in which the functions, powers, and responsibilities of the Board are stated in detail."

This item is applied in part and reason is:

There is an internal control system, in which the functions, powers, and responsibilities of the Chairman and members of the Board of Directors are stated clearly, and it is updated whenever the need arises. The company complies as well with the Jordanian Companies Act and the instructions of the Jordan Securities Commission in this regard.

## Representations

1. The Board of Directors of the Jordan Loan Guarantee Corporation declares to that no material issues might influence the continuity of the Corporation during the upcoming fiscal year.

Chairman of the Board  
Dr. Maher "Sheikh Hasan"



Deputy Chairman  
Dr. Mohammad Al Ja'fari



Member  
Mr. Adel Asad



Member  
Ms. Rania



2. The Board of Directors of the Jordan Loan Guarantee Corporation declares its responsibility for preparing the financial statements and having an effective control & auditing system.

Chairman of the Board  
Dr. Maher "Sheikh Hasan"



Deputy Chairman  
Dr. Mohammad Al Ja'fari



Member  
Mr. Adel Asad



Member  
Ms. Rania



3. We the undersigned declare that the financial statements and information within this report are correct.

Chairman of the Board  
Dr. Maher "Sheikh Hasan"



Deputy Chairman  
Dr. Mohammad Al Ja'fari



Financial Section Head  
Mr. Issa Tarayrah





**FINANCIAL STATEMENTS AND AUDITOR'S REPORT FOR  
THE YEAR ENDED 31 DECEMBER 2014**

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## INDEPENDENT AUDITORS' REPORT

### To The Shareholders of Jordan Loan Guarantee Corp. Amman - Jordan

We have audited the accompanying financial statements of Jordan Loan Guarantee Corp. which comprise the statement of financial position as at 31 December 2014, the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Jordan Loan Guarantee Corp. as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### Report on the Legal and Regulatory Requirements

The Company maintains proper accounting records and the accompanying financial statements are in agreement therewith and with the financial data presented in the Board of Directors' report.

Amman – Jordan  
28 January 2015

Arab Professionals

**Jordan Loan Guarantee Corp. - Public Shareholding Company**  
Statement of financial position as at 31 December 2014  
(In Jordanian Dinar)

	Note	2014	2013
<b>Assets</b>			
Cash and cash equivalents	4	5,596,391	2,626,520
Restricted bank deposits	12,14	5,606,977	5,169,921
Restricted financial assets measured at amortized cost	12,14	2,886,130	2,885,742
Financial assets measured at fair value through profit or loss	5	2,180	72,764
Financial assets measured at fair value through other comprehensive income	6	793,873	600,288
Financial assets measured at amortized cost	7	6,696,471	9,276,040
Receivables and other current assets	8	504,996	485,756
Deferred tax assets	9	534,833	407,213
Property and equipment	10	3,325,718	3,263,324
<b>Total assets</b>		<b>25,947,569</b>	<b>24,787,568</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Provisions against loans guarantee	11	4,149,165	3,373,321
Central Bank of Jordan loan	12	5,160,695	5,160,695
Payables and other current liabilities	13	741,963	484,388
Ministry of planning deposit	14	1,248,500	1,248,500
Income tax provision	9	137,794	117,814
<b>Total liabilities</b>		<b>11,438,117</b>	<b>10,384,718</b>
<b>Equity</b>			
Equity	16		
Paid in capital		10,000,000	10,000,000
Statutory reserve		1,447,025	1,398,770
Voluntary reserve		2,204,824	2,204,824
Fair value adjustments		128,197	41,931
Retained earnings		729,406	757,325
<b>Total equity</b>		<b>14,509,452</b>	<b>14,402,850</b>
<b>Total liabilities and equity</b>		<b>25,947,569</b>	<b>24,787,568</b>

"The attached notes from (1) to (25) form an integral part of these financial statements"

**Jordan Loan Guarantee Corp. - Public Shareholding Company**  
Statement of income for the year ended 31 December 2014  
(In Jordanian Dinar)

	Note	2014	2013
<b>Revenues</b>			
Bonds interest income		562,037	656,415
Interest income		207,636	132,464
Commissions on guaranteed loans		563,686	504,695
Commissions on guaranteed exports and domestic buyers		144,840	199,242
Commissions on guaranteed industrial loans and financial leasing		165,522	139,107
Revaluation of financial assets measured at fair value through profit or loss		59,090	4,006
Dividends income		50,247	36,000
Other revenues		2,240	1,356
<b>Total revenues</b>		<b>1,755,298</b>	<b>1,673,285</b>
<b>Deduct:</b>			
Administrative expenses	17	992,725	927,154
Provisions against loans guarantee	11	254,598	189,571
Provision against end of service indemnity		25,428	20,940
Board of directors' remunerations		26,798	34,590
<b>Total expenses</b>		<b>1,299,549</b>	<b>1,172,255</b>
<b>Profit for the year before income tax</b>		<b>455,749</b>	<b>501,030</b>
Income tax expense	9	(35,413)	(81,334)
<b>Profit for the year</b>		<b>420,336</b>	<b>419,696</b>
<b>Basic and diluted earnings per share</b>	<b>18</b>	<b>0.042</b>	<b>0.042</b>
		<b>2014</b>	<b>2013</b>
Profit for the year		420,336	419,696
<b>Other comprehensive income</b>			
Change in fair value of financial assets through other comprehensive income		86,266	(2,336)
<b>Total comprehensive income for the year</b>		<b>506,602</b>	<b>417,360</b>

"The attached notes from (1) to (25) form an integral part of these financial statements"

**Jordan Loan Guarantee Corp. - Public Shareholding Company**  
Statement of changes in equity for the year ended 31 December 2014  
(In Jordanian Dinar)

	Paid in capital	Reserves		Fair value adjustments	Retained earnings	Total
		Statutory	Voluntary			
<b>Balance at 1 January 2014</b>	10,000,000	1,398,770	2,204,824	41,931	757,325	14,402,850
Dividends paid	-	-	-	-	(400,000)	(400,000)
Comprehensive income for the year	-	-	-	86,266	420,336	506,602
Statutory reserve	-	48,255	-	-	(48,255)	-
<b>Balance at 31 December 2014</b>	<b>10,000,000</b>	<b>1,447,025</b>	<b>2,204,824</b>	<b>128,197</b>	<b>729,406</b>	<b>14,509,452</b>
<b>Balance at 1 January 2013</b>	10,000,000	1,345,208	2,204,824	44,267	691,191	14,285,490
Dividends paid	-	-	-	-	(300,000)	(300,000)
Comprehensive income for the year	-	-	-	(2,336)	419,696	417,360
Statutory reserve	-	53,562	-	-	(53,562)	-
<b>Balance at 31 December 2013</b>	<b>10,000,000</b>	<b>1,398,770</b>	<b>2,204,824</b>	<b>41,931</b>	<b>757,325</b>	<b>14,402,850</b>

"The attached notes from (1) to (25) form an integral part of these financial statements"

**Jordan Loan Guarantee Corp. - Public Shareholding Company**  
**Statement of cash flows for the year ended 31 December 2014**  
(In Jordanian Dinar)

	2014	2013
<b>Operating Activities</b>		
Profit for the year before income taxes	455,749	501,030
Depreciation	52,557	51,829
Amortization of deferred income	(2,240)	-
Revaluation of financial assets measured at fair value through profit or loss	(59,090)	(4,006)
Provision against end of service indemnity	25,428	20,940
Provisions against loans guarantee	730,026	683,115
Board of directors' remunerations	26,798	34,590
<b>Change in working capital</b>		
Payables and other current liabilities	207,589	58,377
Receivables and other current assets	(19,240)	6,682
Financial assets measured at fair value through profit or loss	129,674	190,523
Net payments for loans guarantee	45,818	(202,422)
Income tax paid	(146,182)	(84,621)
<b>Net Cash Flows From Operating Activities</b>	<b>1,446,887</b>	<b>1,256,037</b>
<b>Investing Activities</b>		
Financial assets measured at amortized cost	2,579,569	(303,146)
Financial assets measured at fair value through other comprehensive income	(104,190)	-
Property and equipment	(114,951)	(125,801)
<b>Net Cash Flows From (Used In) Investing Activities</b>	<b>2,360,428</b>	<b>(428,947)</b>
<b>Financing Activities</b>		
Increase in restricted bank deposits	(437,056)	(353,219)
Restricted financial assets measured at amortized cost	(388)	73
Dividends paid	(400,000)	(300,000)
<b>Net Cash Flows Used in Financing Activities</b>	<b>(837,444)</b>	<b>(653,146)</b>
<b>Net change in cash and cash equivalents</b>	<b>2,969,871</b>	<b>173,944</b>
Cash and cash equivalents, beginning of the year	2,626,520	2,452,576
<b>Cash and cash equivalents, end of the year</b>	<b>5,596,391</b>	<b>2,626,520</b>

"The attached notes from (1) to (25) form an integral part of these financial statements"

**Jordan Loan Guarantee Corp. - Public Shareholding Company**  
Notes to the Financial Statements 31 December 2014  
(In Jordanian Dinar)

**1. General**

Jordan Loan Guarantee Corp. is a public shareholding company incorporated on 26 March 1994. The company was formed as successor to the Loan Guarantee Project as result of the Council of ministers' decision that transferred all accounts and assets of the project to the Central Bank of Jordan in preparation for the establishment of a public shareholding company for loan guarantee. The Company head office is in the Hashemite Kingdom of Jordan.

The company's goals include providing guarantees to fully or partially cover loans of different types, granted by banks and financial institutions for the establishing, expanding, and raising the productive and marketing capacity of economic projects with the aim of creating job opportunities and securing possibilities for earning or saving foreign reserves. The company's goals also include extending guarantees required to cover risks in the field of Jordanian export sector.

These financial statements were authorized for issue by the Company's Board of Directors in their meeting held on 28 January 2015 and it is subject to the General Assembly approval.

**2. Significant Accounting Policies**

**Basis of preparation**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards.

The financial statements have been prepared on a historical cost basis except for financial assets at fair value.

The financial statements are presented in the Jordanian Dinar which is the functional currency of the Company.

The accounting policies are consistent with those used in the previous year.

**Adoption of new and revised IFRS standards**

A number of new and revised standards are effective for annual periods beginning on 1 January 2014. Information on these new standards is presented below.

Standard	Title of Standards
IFRS 10,12 and IAS 27	Investment entities (Amendments)
IAS 32	Offsetting financial assets and financial liabilities (Amendments)
IAS 36	Recoverable amount disclosures for non-financial assets (Amendments)
IAS 39	Novation of derivatives and continuation of hedge accounting (Amendments)

The following standards have been published that are mandatory for accounting periods after 31 December 2014.

Standard	Title of Standards
IFRS 11	Accounting for acquisitions of interests in joint operations (Amendments)
IFRS 15	Revenue from contracts with customers

Management anticipates that the adoption of new and revised Standards will have no material impact on the financial statements of the Company.

#### **Use of Estimates**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues, expenses and the provisions. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

Management reviews periodically the tangible assets in order to assess the depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the statement of income.

#### **Cash and Cash Equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short - term highly liquid investments.

#### **Financial Instruments**

Under IFRS (9), financial assets at initial recognition are measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss is expensed in the income statement.

Debt investments are measured at amortized cost only if both of the following criteria are met: the objective of the Company's business model is to hold the asset to collect the contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

If either of the two criteria above is not met, debt investments are measured at fair value through profit or loss.

All equity investments are measured at fair value. Equity investments that are held for trading are measured at fair value through profit or loss. For all other equity investments, the Company can make an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss. If this election is made, all fair value changes, excluding dividends that are a return on investment, will be reported in other comprehensive income. There is no recycling of amounts from other comprehensive income to profit and loss on sale of investments – or are there any impairment requirements. However, the Company may transfer the cumulative gain or loss within equity.

## Jordan Loan Guarantee Corp.

Notes to the Financial Statements (continued)

31 December 2014

### Trading and settlement date accounting

Purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Company commits its self to purchase or sell the asset.

### Fair value

For fair value of investments, which are traded in organized financial markets, is determined by reference to the quoted market bid price at the close of the business on the statement of financial position date. For investments which are listed in inactive stock markets, traded in small quantities or have no current prices, the fair value is measured using the current value of cash flows or any other method adopted. If there is no reliable method for the measurement of these investments, then they are stated at cost less any impairment in their value.

### Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statements of income.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

Depreciation is computed on a straight-line basis using the following annual depreciation rates:

Buildings	2%
Furniture & fixtures	10-20%
Vehicles	15%
Computers & software	20%

The useful life and depreciation method are reviewed annually to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

### Accounts payable

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

### Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a

reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

**Provision for end of service indemnity**

The provision for end of service indemnity is calculated based on the contractual provisions of the employment.

**Offsetting**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and the company intends to either settle them on a net basis, or to realize the asset and settle the liability simultaneously.

**Revenues**

Commissions on loan guarantees are recognized annually on the ceilings or guaranteed portion of loans-granted by banks and financial institutions according to guarantee type.

Commissions on post-shipment export credit guarantees are recognized annually on the guaranteed export amount after deducting the reinsurance Company share.

Interest is recognized on a time proportion basis that reflects the effective yield on the assets.

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the company and the amount of revenue can be measured reliably.

Dividends are recognized when the company's right to receive payment is established.

**Income tax**

Income tax expenses represent accrued taxes and deferred taxes.

Income tax expenses are accounted for on the basis of taxable income. Taxable income differs from income declared in the financial statements because the latter includes non-taxable revenues or disallowed taxable expenses in the current year but deductible in subsequent years, accumulated losses acceptable by the tax law, and items not accepted for tax purposes or subject to tax.

Taxes are calculated on the basis of the tax rates according to the prevailing laws, regulations, and instructions of the countries where the Company operates.

Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and the value of the taxable amount. Deferred tax is calculated on the basis of the liability method in the statement of financial position according to the rates expected to be applied when the tax liability is settled or tax assets are recognized. Deferred tax assets are reviewed at the date of the statement of financial position, and reduced in case it is expected that no benefit will arise therefore, partially or totally.

## Jordan Loan Guarantee Corp.

Notes to the Financial Statements (continued)

31 December 2014

### Foreign Currency

Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinar using the prevailing exchange rates at year end. Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions. Foreign exchange gains or losses are reflected in the statement of income.

### 3. Balances of guaranteed loans and ceilings

	Ceilings		Guaranteed	
	2014	2013	2014	2013
Housing loans guarantees	37,926,299	40,060,976	28,558,530	30,764,259
Productive loans guarantees	20,027,000	18,487,500	19,697,300	13,647,797
Export credit guarantees & domestic buyers	2,221,000	4,724,000	2,221,000	4,724,000
Industrial loans guarantees	10,797,952	8,344,491	10,797,952	8,344,491
Financial leasing	5,360,558	6,204,812	5,360,558	6,204,812
Business vehicles	235,622	133,625	235,622	133,625

### 4. Cash and cash equivalents

	2014	2013
Cash on hand	468	1,000
Current bank accounts	-	8,555
Bank deposits	5,595,923	2,616,965
	<b>5,596,391</b>	<b>2,626,520</b>

Bank deposits mature from (3) to (11) months, with an annual interest rate ranging between (4%) and (5%) yearly.

### 5. Financial assets measured at fair value through profit or loss

	2014	2013
Investment funds	2,180	72,764

### 6. Financial assets measured at fair value through other comprehensive income

	2014	2013
Investments in quoted shares (in Jordan)	439,683	350,288
Investments in unquoted shares (in Jordan)	354,190	250,000
	<b>793,873</b>	<b>600,288</b>

**7. Financial assets measured at amortized cost**

	2014	2013
Investment in bonds – Jordan	6,974,211	9,553,780
Deduct: impairment provision	(277,740)	(277,740)
	<b>6,696,471</b>	<b>9,276,040</b>

Investment in bonds mature up to the year 2019 with an annual interest rate ranging between (5.498%) and (8.6%) yearly.

**8. Receivables and other current assets**

	2014	2013
Accrued commissions income	273,625	264,611
Accrued interest income	169,166	217,024
Accounts receivable	53,971	-
Prepaid expenses	12,016	7,537
Refundable deposits	7,855	7,815
Others	170	576
Deduct : provision against impairment in accrued interest	(11,807)	(11,807)
	<b>504,996</b>	<b>485,756</b>

**9. Income tax**

The movements on the income tax provision are as follows:

	2014	2013
Balance at beginning of the year	117,814	66,285
Current income tax charge	166,162	136,150
Income tax paid	(146,182)	(84,621)
	<b>137,794</b>	<b>117,814</b>

The income tax presented in the statement of income consists of:

	2014	2013
Current income tax charge	(166,162)	(136,150)
Deferred tax relating to provisions against loans guarantee	127,189	51,884
Deferred tax relating to end of service indemnity provision	3,560	2,932
	<b>(35,413)</b>	<b>(81,334)</b>

**Jordan Loan Guarantee Corp.**

Notes to the Financial Statements (continued)

31 December 2014

Deferred tax assets presented in the statement of financial position relates to:

	2014	2013
Provisions against loans guarantee	488,934	361,745
Provision against impairment of financial assets measured at amortized cost	40,537	40,537
End of service provision	10,012	6,452
Change in fair value reserve	(4,650)	(1,521)
	<b>534,833</b>	<b>407,213</b>

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2010.
- The Income Tax returns for the years 2011, 2012 and 2013 have been filed with the Income Tax Department but the department has not reviewed the Company's records till the date of this report.
- The income tax provision for the year 2014 was calculated in accordance with the Income Tax Law.

**10. Property & Equipment**

	Lands	Buildings	Furniture & Fixtures	Vehicles	Comput- ers & Software	Advance payments to purchase software	Total
<b>Cost</b>							
Balance as at 1/1/2014	1,688,453	1,522,285	137,555	95,721	184,511	120,427	3,748,952
Additions	-	-	3,560	-	31,391	80,000	114,951
Balance as at 31/12/2014	1,688,453	1,522,285	141,115	95,721	215,902	200,427	3,863,903
<b>Accumulated depreciation</b>							
Balance as at 1/1/2014	-	119,941	103,951	85,722	176,014	-	485,628
Depreciation for the year	-	30,446	7,730	7,080	7,301	-	52,557
Balance as at 31/12/2014	-	150,387	111,681	92,802	183,315	-	538,185
<b>Net book value as at 31/12/2014</b>	<b>1,688,453</b>	<b>1,371,898</b>	<b>29,434</b>	<b>2,919</b>	<b>32,587</b>	<b>200,427</b>	<b>3,325,718</b>
<b>Cost</b>							
Balance as at 1/1/2013	1,688,453	1,522,285	139,759	95,721	196,538	-	3,642,756
Additions	-	-	4,532	-	894	120,427	125,853
Disposals	-	-	(6,736)	-	(12,921)	-	(19,657)
Balance as at 31/12/2013	1,688,453	1,522,285	137,555	95,721	184,511	120,427	3,748,952
<b>Accumulated depreciation</b>							
Balance as at 1/1/2013	-	89,495	102,201	78,642	183,066	-	453,404
Depreciation for the year	-	30,446	8,443	7,080	5,860	-	51,829
Disposals	-	-	(6,693)	-	(12,912)	-	(19,605)
Balance as at 31/12/2013	-	119,941	103,951	85,722	176,014	-	485,628
<b>Net book value as at 31/12/2013</b>	<b>1,688,453</b>	<b>1,402,344</b>	<b>33,604</b>	<b>9,999</b>	<b>8,497</b>	<b>120,427</b>	<b>3,263,324</b>

**11. Provisions against loans guarantee**

During 2014 the Board of Directors has adjusted the basis of calculating provisions against loans guarantee to reflect the estimated risk against guaranteed loans, where the general provision is computed at 1% of the guaranteed productive and housing loans and 3% of the average daily guaranteed portion of export credit for the last three months. The special provision is computed against loans defaulted for more than (180) days for productive and housing loans.

The excess in provisions resulted from the new estimates have been transferred to restricted special provision.

The breakdown of provisions for loans guarantee presented in the statement of financial position is as follows:

	2014	2013
General provision	538,477	789,427
Special provision	1,278,596	871,558
Restricted special provision	168,248	-
Provision for industrial financing	1,935,942	1,597,187
Provision for pioneer projects financing	227,902	115,149
	<b>4,149,165</b>	<b>3,373,321</b>

The movements on these provisions are as follows:

**General provision**

	2014	2013
Balance at beginning of the year	789,427	679,337
Transfer to special provision	(70,328)	-
Transfer to restricted special provision	(281,248)	-
Charge for the year	100,626	110,090
	<b>538,477</b>	<b>789,427</b>

**Special provision**

	2014	2013
Balance at beginning of the year	871,558	867,411
Transfer from general provision	70,328	-
Charge for the year	266,972	79,481
Recoveries	287,653	129,494
Compensations paid	(217,915)	(204,828)
	<b>1,278,596</b>	<b>871,558</b>

**Jordan Loan Guarantee Corp.**

Notes to the Financial Statements (continued)

31 December 2014

**Restricted special provision**

	2014	2013
Transfer from general provision	281,248	-
Unneeded provision	(113,000)	-
	168,248	-

**Provision for industrial financing**

	2014	2013
Balance at beginning of the year	1,597,187	1,338,892
Charge for the year	362,675	385,383
Recoveries	66,211	-
Compensations paid	(90,131)	(127,088)
	1,935,942	1,597,187

**Provision for pioneer projects financing**

	2014	2013
Balance at beginning of the year	115,149	6,988
Charge for the year	112,753	108,161
	227,902	115,149

**12. Central Bank of Jordan loan**

The board of ministers in their meeting held on 7 February 2006 authorized the Central Bank of Jordan, to give the Company a non interest bearing loan granted by the European commission of an amount equivalent to JOD 5,160,695, the loan does not have a maturity date. The grant shall revert to the Central Bank of Jordan upon the liquidation of the Company.

Interest earned on the amount restricted against the loan is transferred to the provision for industrial financing and is to be used along with the restricted amount against liabilities resulting from industrial loans doubtful debt.

The restricted balance presented under assets in the statement of financial position amounted to JOD 7,017,179 and JOD 6,692,182 as at 31 December 2014 and 2013, respectively.

**13. Payables and other current liabilities**

	2014	2013
Reinsurers	200,690	203,118
Provision for end of service indemnity	71,516	46,088
Accrued expenses	20,223	50,703
Provision for Board of Directors' remunerations	26,798	34,590
Unearned commissions	230,994	78,300
Shareholders Withholdings	80,852	71,173
Deferred grant income	110,159	-
Others	731	416
	<b>741,963</b>	<b>484,388</b>

**14. Ministry of planning deposit**

The company signed an agreement with the Ministry of Planning and Development and Employment fund whereby, the Ministry will provide an amount of JOD 1,250,000 for setting up a loan guarantee scheme for the loans granted by the Development and Employment fund to finance pioneer projects. guarantees given under this scheme will cover up to maximum of 70% of the principal value of a guaranteed loan and of the interest accrued up to maximum of 180 days, funds transferred to the company under this agreement plus accrued interest shall be used to cover the guaranteed portion of defaulted loans.

The fund balance as at 31 December 2014 amounted to JOD 1,248,500 and the restricted balance presented under assets in the statement of financial position amounted to JOD 1,475,928 (2013: JOD 1,363,481).

**15. Grant from World Bank**

The World Bank has granted the company JOD (1,000,000) under supervision of Central Bank of Jordan to develop certain areas in the Company (market research, risk management, product development, marketing, analysis and systems, human resources management).

Total amount received till end of 2014 was JOD (112,400) to purchase property and equipment and JOD (94,583) to cover other expenses related to the grant.

Revenues were offset against their related expenses.

**16. Equity**

**Paid in Capital**

The Company's authorized and paid in capital is JOD (10) Million divided equally into (10) Million shares with par value of JOD (1) each as at 31 December 2014 & 2013.

**Statutory Reserve**

The accumulated amounts in this account represent 10% of the Company's net income before income tax according to the Companies Law. The statutory reserve is not available for distribution to shareholders.

## Jordan Loan Guarantee Corp.

### Notes to the Financial Statements (continued)

31 December 2014

#### Voluntary Reserve

The accumulated amounts in this account represent cumulative appropriations not exceeding 20% of net income. This reserve is available for distribution to shareholders.

#### Proposed Dividends

- The Board of Directors will propose to the General Assembly in its meeting which will be held during 2015 to distribute 4% cash dividends to shareholders.
- The General Assembly has resolved in its meeting held on 13 March 2014 to distribute 4% cash dividends to shareholders.

#### 17. Administrative expenses

	2014	2013
Salaries and wages	553,522	508,820
Company's contribution in social security	62,286	55,389
Company's contribution in saving fund	51,493	43,951
Board of Directors' transportation	46,800	46,800
Medical and health insurance expenses	47,118	54,467
Depreciation	52,557	51,829
Maintenance	11,947	12,377
Vehicles expenses	9,519	11,035
Marketing expenses	7,628	19,438
Professional fees	37,920	18,243
Official duties and training courses	28,195	30,213
Stationary and printings	13,669	10,548
Subscriptions	24,174	24,676
Post, telephone, water and electricity	35,290	28,158
Rent	783	787
Others	9,824	10,423
	<b>992,725</b>	<b>927,154</b>

#### 18. Basic and diluted earnings per share

	2014	2013
Profit for the year	420,336	419,696
Weighted average number of shares	10,000,000	10,000,000
	<b>0.042</b>	<b>0.042</b>

**19. Executive management remuneration**

The salaries and remunerations of the executive management amounted to JOD 275,121 and JOD 241,481 during 2014 and 2013 respectively.

**20. Legalization**

The Company appears as a defendant in a law suit relating to export guarantee amounting to JOD 702,994 the Company's share is JOD 124,134 the management believes that this case will have no effect on the financial position of the Company.

**21. Analysis of the maturities of assets and liabilities**

The following table illustrates the analysis of assets and liabilities according to the expected period of their recoverability or settlement.

2014	Less than 1 year	More than 1 year	Total
<b>Assets</b>			
Cash and cash equivalents	5,596,391	-	5,596,391
Restricted bank deposits	-	5,606,977	5,606,977
Restricted financial assets measured at amortized cost	-	2,886,130	2,886,130
Financial assets measured at fair value through profit or loss	2,180	-	2,180
Financial assets measured at fair value through other comprehensive income	-	793,873	793,873
Financial assets measured at amortized cost	3,600,014	3,096,457	6,696,471
Receivables and other current assets	504,996	-	504,996
Deferred tax assets	-	534,833	534,833
Property and equipment	-	3,325,718	3,325,718
<b>Total assets</b>	<b>9,703,581</b>	<b>16,243,988</b>	<b>25,947,569</b>
<b>Liabilities</b>			
Provisions against loans guarantee	-	4,149,165	4,149,165
Central Bank of Jordan loan	-	5,160,695	5,160,695
Payables and other current liabilities	741,963	-	741,963
Ministry of planning deposit	-	1,248,500	1,248,500
Income tax provision	137,794	-	137,794
<b>Total liabilities</b>	<b>879,757</b>	<b>10,558,360</b>	<b>11,438,117</b>

**Jordan Loan Guarantee Corp.**  
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2013	Less than 1 year	More than 1 year	Total
<b>Assets</b>			
Cash and cash equivalents	2,626,520	-	2,626,520
Restricted bank deposits	-	5,169,921	5,169,921
Restricted financial assets measured at amortized cost	-	2,885,742	2,885,742
Financial assets measured at fair value through profit or loss	72,764	-	72,764
Financial assets measured at fair value through other comprehensive income	-	600,288	600,288
Financial assets measured at amortized cost	3,380,941	5,895,099	9,276,040
Receivables and other current assets	485,756	-	485,756
Deferred tax assets	-	407,213	407,213
Property and equipment	-	3,263,324	3,263,324
<b>Total assets</b>	<b>6,565,981</b>	<b>18,221,587</b>	<b>24,787,568</b>
<b>Liabilities</b>			
Provisions against loans guarantee	-	3,373,321	3,373,321
Central Bank of Jordan loan	-	5,160,695	5,160,695
Payables and other current liabilities	484,388	-	484,388
Ministry of planning deposit	-	1,248,500	1,248,500
Income tax provision	117,814	-	117,814
<b>Total liabilities</b>	<b>602,202</b>	<b>9,782,516</b>	<b>10,384,718</b>

## 22. Interest rate re-pricing gap

The Company adopts the assets - liabilities compatibility principle and the suitability of maturities to narrow gaps through categorizing assets and liabilities into various maturities or price review maturities, whichever are nearer, to lower risks in interest rates, studying gaps in the related interest rates.

2014	Less than 1 year	More than 1 year	Non-interest bearing	Total
<b>Assets</b>				
Cash and cash equivalents	5,595,923	-	468	5,596,391
Restricted bank deposits	-	-	5,606,977	5,606,977
Restricted financial assets measured at amortized cost	-	-	2,886,130	2,886,130
Financial assets measured at fair value through profit or loss	-	-	2,180	2,180
Financial assets measured at fair value through other comprehensive income	-	-	793,873	793,873
Financial assets measured at amortized cost	3,600,014	3,096,457	-	6,696,471
Receivables and other current assets	-	-	504,996	504,996
Deferred tax assets	-	-	534,833	534,833
Property and equipment	-	-	3,325,718	3,325,718
<b>Total assets</b>	<b>9,195,937</b>	<b>3,096,457</b>	<b>13,655,175</b>	<b>25,947,569</b>
<b>Liabilities</b>				
Provisions against loans guarantee	-	-	4,149,165	4,149,165
Central Bank of Jordan loan	-	-	5,160,695	5,160,695
Payables and other current liabilities	-	-	741,963	741,963
Ministry of planning deposit	-	-	1,248,500	1,248,500
Income tax provision	-	-	137,794	137,794
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>11,438,117</b>	<b>11,438,117</b>
<b>Net</b>	<b>9,195,937</b>	<b>3,096,457</b>	<b>2,217,058</b>	<b>14,509,452</b>

**Jordan Loan Guarantee Corp.**

## Notes to the Financial Statements (continued)

31 December 2014

2013	Less than 1 year	More than 1 year	Non-interestbearing	Total
<b>Assets</b>				
Cash and cash equivalents	2,616,965	-	9,555	2,626,520
Restricted bank deposits	-	-	5,169,921	5,169,921
Restricted financial assets measured at amortized cost	-	-	2,885,742	2,885,742
Financial assets measured at fair value through profit or loss	-	-	72,764	72,764
Financial assets measured at fair value through other comprehensive income	-	-	600,288	600,288
Financial assets measured at amortized cost	3,380,941	5,895,099	-	9,276,040
Receivables and other current assets	-	-	485,756	485,756
Deferred tax assets	-	-	407,213	407,213
Property and equipment	-	-	3,263,324	3,263,324
<b>Total assets</b>	<b>5,997,906</b>	<b>5,895,099</b>	<b>12,894,563</b>	<b>24,787,568</b>
<b>Liabilities</b>				
Provisions against loans guarantee	-	-	3,373,321	3,373,321
Central Bank of Jordan loan	-	-	5,160,695	5,160,695
Payables and other current liabilities	-	-	484,388	484,388
Ministry of planning deposit	-	-	1,248,500	1,248,500
Income tax provision	-	-	117,814	117,814
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>10,384,718</b>	<b>10,384,718</b>
<b>Net</b>	<b>5,997,906</b>	<b>5,895,099</b>	<b>2,509,845</b>	<b>14,402,850</b>

### 23. Operating segments

The company's main operations include providing guarantees to fully or partially cover loans of different types granted by banks and financial institutions, extending guarantees required to cover risks in the field of Jordanian export sector, and investing in financial securities, information about operating segments are as follows:

	2014	2013
	Local	Local
Revenue from loans guarantee	729,208	643,802
Revenue from guarantee of exports and domestic buyers	144,840	199,242
Revenue from investing in financial securities	879,010	828,885
Assets related to guarantee of loans and export sector	8,766,732	8,320,274
Assets related to investment in financial securities	13,245,805	12,771,274

### 24. Financial Instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets of the Company include cash and cash equivalents, financial securities and receivables. Financial liabilities of the Company include Central Bank of Jordan loan, accounts payable and ministry of planning deposit.

#### Fair Value

The fair values of the financial assets and liabilities are not materially different from their carrying values as most of these items are either short-term in nature or re-priced frequently.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3:** unobservable inputs for the asset or liability.

2014	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	2,180	-	-	2,180
Financial assets at fair value through other comprehensive income	439,683	-	354,190	793,873
	441,863	-	354,190	796,053

2013	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	72,764	-	-	72,764
Financial assets at fair value through other comprehensive income	350,288	-	250,000	600,288
	423,052	-	250,000	673,052

**Jordan Loan Guarantee Corp.**

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Financial assets included in level 3 are stated at cost less impairment charges, as the fair value of these assets cannot be measured reliably due to the lack of available active markets for identical assets.

**Credit Risk**

Credit risk arises principally from banks deposits and loans granted to the financial institutions to refinance housing loans. The Company limits its credit risk by adopting conservative lending standards and setting limits to its customers, noting that the Company does not bear any loss arising from any default in the refinanced loans, as it is carried out in full by the financial institutions. The maximum exposure to credit risk is represented by the carrying value of each financial asset.

**Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its net financial obligation. In this respect, the Company's management diversified its funding sources, and managed assets and liabilities taking into consideration liquidity and keeping adequate balances of cash, and cash equivalents and quoted securities.

**Jordan Loan Guarantee Corp.**  
Notes to the Financial Statements (continued)  
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The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date:

2014	Less than one year	More than one year	Total
Provisions against loans guarantee	-	4,149,165	4,149,165
Central Bank of Jordan loan	-	5,160,695	5,160,695
Payables and other current liabilities	741,963	-	741,963
Ministry of planning deposit	-	1,248,500	1,248,500
Income tax provision	137,794	-	137,794
	<b>879,757</b>	<b>10,558,360</b>	<b>11,438,117</b>
2013	Less than one year	More than one year	Total
Provisions against loans guarantee	-	3,373,321	3,373,321
Central Bank of Jordan loan	-	5,160,695	5,160,695
Payables and other current liabilities	484,388	-	484,388
Ministry of planning deposit	-	1,248,500	1,248,500
Income tax provision	117,814	-	117,814
	<b>602,202</b>	<b>9,782,516</b>	<b>10,384,718</b>

**Loans and exports guarantee risks**

The company guarantees 70% of productive loans to the low and medium income applicants not exceeding JOD 100,000 and guarantees 75% of housing loans to the low and medium income applicants provided that the loan does not exceed JOD 75,000. The company guarantees 70% of industrial loans and financial leasing up to JOD 550,000 for each.

The company guarantees 90% of post shipment exports losses caused by any of the risks covered by the guarantee contract. The company reinsures the guaranteed capital through agreements with Regional & International Insurance Companies.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of its holdings of financial instruments, interest rates ranging from 4% to 5% annually. To avoid this risk, the company's deposits are short term and have fixed interest rates, if interest rates had increased or decreased by 0.5% annually the net result for the year would have been reduced / increased by JOD 27,980 during 2014 (2013: JOD 13,085).

## **Jordan Loan Guarantee Corp.**

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### **Currency Risk**

The management considers that the Company is not exposed to significant currency risk. The majority of their transactions and balances are in either Jordanian Dinar or US Dollar. As the Jordanian Dinar is pegged to the US Dollar, balances in US Dollar are not considered to represent significant currency risk and the Company's results or equity to movements in exchange rates is not considered significant.

### **Equity Price Risk**

Equity price risk result from the change in the fair value of equity securities. The Company manages these risks through the diversification of investments in several geographical areas and economic sectors. If the quoted market price of listed equity securities had increased or decreased by 10%, the comprehensive income for the year would be increased / reduced by JOD 42,429 during 2014 (2013: JOD 33,803).

### **25. Capital Management**

The Company manages its capital structure with the objective of safeguarding the entity's ability to continue as a going concern and providing an adequate return to shareholders.