



Jordan Loan Guarantee Corporation

Annual Report 22nd

2015

Prince Shaker Bin Zaid St. Bldg. No.24 - Shmisani
P.O.Box 830703 Amman 11183 Jordan
Tel: (962) (6) 562 5400 - Fax: (962) (6) 562 5408
www.jlgc.com / mail@jlgc.com



His Majesty King Abdullah II Bin Al-Hussein





His Royal Highness Crown Prince Hussein Bin Abdullah II



TABLE OF CONTENTS

Subject	Page
Chairman's Statement	10 – 11
Director General Statement	12 – 13
Summary of Financial & Operational Results for the year 2015	14 – 16
BOD Report	17 – 31
Operational Activities	32 – 41
Revenues & Expenses	42 – 44
JLGC's Business Activities & Signed Agreements in 2015	45 – 48
Important Regional and International Meetings and Activities during 2015	49 – 55
Disclosure Related to the Directions of the Guide on Corporate Governance	56 – 57
Representations	58
Financial Statements and Auditors Report for the year Ended 31 December 2015	59 – 82







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 26th March, 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.



Chairman's Statement

Dr. Maher "Sheikh Hasan"

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

On behalf of my colleagues, members of the Board of Directors, allow me to thank you for attending the Ordinary General Assembly Meeting and I am pleased to present the 22nd Annual Report for Jordan Loan Guarantee Corporation that highlights JLGC continuous efforts to empower SMEs and ease their access to finance, in addition to the support to Jordanian exporters through expanding the national exports and protecting exporters against the risk of non-payment by the importers and buyers of the Jordanian goods.

The report outlines our achievements, financial results including the external auditor's report for the year ended 31/12/2015 besides JLGC future plans in the coming years.

Distinguished Shareholders,

JLGC continues to assume its main responsibilities that it was established for. In terms of presenting loan guarantees for productive SMEs and also the service of export credit insurance to enhance its competitiveness and reach new markets.

The company benefited during the year from the technical assistance program presented by the International Finance Corporation (IFC) to improve its operational activities and business lines. For that purpose, The Central Bank of Jordan extends special efforts to enhance corporate development in terms of loan guarantees by benefiting from mutual experiences regionally & globally.

It is worth mentioning that the success of the company in offering loan guarantees and achieving social and economic impact did not only depend on the formal national support, but also on the recognition and better understanding of the company's critical role by the banks and other financial institutions, which enhances finance to SMEs and ease the way for borrowers to obtain the needed finance to establish and expand their projects. SMEs finance is profitable as it opens great opportunities for banks and business synergies for new clients and expand the scope of financial services. On the other hand, it is considered less risky than other types of finance especially with the existence of loan guarantees.

Moreover, serving SMEs sector is a national responsibility which comes in favor of the kingdom to increase GDP growth and decrease unemployment rates within a stable economic and financial environment in general.

CBJ also launched many initiatives directed to SMEs, startups, industrial, tourism and renewable energy sectors. It continued to work in cooperation with the Jordanian banks to encourage financing to small and medium sized enterprises with subsidized rates and tenors aligned with their financing needs. CBJ avails around JD 1 billion for banks to lend SMEs with more competitive conditions.

Thus, that motivated banks to deal more with JLGC programs. The corporation provided guarantees for 872 loans for SMEs with a loaned value of JD 41 million during 2015 and also signed export credit insurance covering 1083 shipments valued at JD 54 million, within the export credit insurance program.

Dear Shareholders,,,

JLGC still paying most of its efforts to achieve the goals for which it has been established, aiming to reach all economic sectors with a high efficiency, and still adopting inclusive plans to enhance its corporate role in improving SMEs sector at the kingdom by reviewing and developing its current programs and finding new ones directed to startups, energy and tourism sectors. In addition to cooperation with the government to manage a specialized program for co-equity funding by contributing in the capital of feasible projects with innovative and creative dimensions.

In light of these initiatives, the Board of Directors approved the capital increase and will discuss this important step during the general assembly meeting. CBJ will participate in the capital increase along with the operating banks in the kingdom for the great believe in the company fundamental role and programs in the current economic phase.

In terms of the financial performance, the financial statements showed that the Corporation achieved total revenues of JD 1,713 million during 2015 compared with JD 1,755 million in 2014. Gross Operational revenues went up by 11% to reach JD 970 million during the year. The Corporation also registered a net profit of JD 597 thousand, compared with a net profit of JD 420 thousand in 2014. The balance sheet showed shareholders' equity at JD14,7 million compared to JD 14,5 million by the end of 2014 and total assets at JD 26,028 million by the end of 2015 compared with JD 25,947 million a year earlier.

Dear Shareholders,

The corporation is keen to develop and expand its services at 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 end, allow me to extend 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 employees of JLGC for their outstanding performance, professionalism, loyalty and dedication to the Corporation, assuring you of our ongoing commitment to continue our journey of success and accomplishments. May God almighty grant further progress to keep our beloved country prosperous under the guidance of His Majesty King Abdullah II Ibn Al Hussein; may God protect him.

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

Dr. Maher "Sheikh Hasan"

Chairman of the Board



Director General Statement

Dr. Mohammed Al-Ja'fari

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

The Jordan Loan Guarantee Corporation (JLGC) continues to deal with a number of challenges imposed by the nature of its activities. Accordingly it continues to develop its strategies and policies, prioritizing risk management and strong corporate governance practices to optimize and improve the overall loan guarantee services over the long term in order to better cope with increased financing needs of SMEs. Enhancing sustainable economic growth through improving business environment for economically viable SMEs still the main objective that guides JLGC activities going towards. That will open new job opportunities and reduce unemployment rates, and also provide credit insurance to national exporters against the risk of non-payment by the importers and buyers of the Jordanian goods.

JLGC kept encouraging banks and financial institutions operating in the kingdom to play closer attention to productive SMEs, and also supporting exporters to promote growth of national products to reach the desired financial inclusion.

Dear Shareholders

The year 2015 was full of achievements. JLGC and through SMEs loan guarantee programs, offered guarantees to 872 loans with a nominal value of JD 41 million. On the other hand, the guaranteed loans portfolio amounted JD 67,8 million granted to more than 3500 borrowers compared to JD 64,6 million at the end of 2014.

Under the export and domestic credit insurance programme, JLGC also provided insurance to almost one thousand export shipments ensuring payments in excess of JD54 million and 314 local shipments valued at JD 6 million during 2015.

JLGC signed a number of cooperation agreements with many financial institutions to offer guarantees for SMEs financing, without which the company could not have achieved these results, to enhance its service's network to reach a larger segment of SMEs. The last chapter of the annual report contains a brief of the main guarantee agreements signed and their objectives during 2015.

The company preserved the soundness of its financial position and enhance its financial sustainability during 2015. Total revenues accomplished in 2015 totaling JD 1,713 million compared with JD 1,755 million in 2014.

The gross earnings went up in 2015 by 11 per cent to reach JD 970 thousand, while investment revenues amounted to JD 713 thousand for the same year. According to the income statement for the year ended at December 31, 2015, JLGC generated JD 597 thousand net profit slightly higher than the JD 420 realized a year earlier.

Today we look to the next phase of JLGC's journey with optimism. The company will set strategies and development plans for the upcoming five years to realize its vision in expanding guarantee services and launching new products in partnership with our main partners from the banking sector in response to the increased financing needs of SMEs at different stages of establishment and growth that all aim at the end to find suitable finance for different stages. The company is looking forward to achieving a set of key objectives during the coming period, particularly strengthening its position when it comes to credit guarantee.

In addition to this, the focus on effective risk management in a carefully studied manner is core to our strategic approach. Topping the list of strategic priorities is the focus on SMEs services across various segments to meet their needs and fulfill their aspirations.

Dear Shareholders,

I would like to take this opportunity to thank the Central Bank of Jordan for its policies and continued support to the company since establishment and for motivating Small & Medium Enterprises sector in Jordan.

I would also like to thank members of the Board and the entire JLGC staff for their hard work and dedication, Special thanks to all partners and supporting entities for their continuous support and trust in the company's essential role in enforcing guarantees concepts and protecting exporters.

May God bless and protect Jordan under the leadership of His Majesty King Abdullah II.

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

Dr. Mohammed Al-Ja'fari

Director General



Summary Results of 2015 Compared to 2014

Operational Results

Loan Guarantee Results:

Guaranteed Loans

Type of Loan	2015		2014	
	No,	Guaranteed value	No,	Guaranteed value
Productive Loans	872	27,018,630	824	21,575,367
Real Estate and Personal Loans	70	2,847,500	72	2,676,886
Total	942	29,866,130	896	24,252,253

Total Loan Guarantees (Executed & In Process) Guaranteed in 2015

Type of Loan	Executed		In process		Total	
	No,	Guaranteed Value	No,	Guaranteed Value	No,	Guaranteed Value
Productive Loans	872	27,018,630	63	2,864,672	935	29,883,302
Real Estate and Personal Loans	70	2,847,500	11	436,170	81	3,283,670
Total	942	29,866,130	56	3,300,842	1,016	33,166,972

Outstanding Loan Guarantee Portfolio

Outstanding Loans Guaranteed Portfolio at the end of the year	2015		2014	
	No,	Guaranteed Value	No,	Guaranteed Value
Productive Loans	1,725	23,798,229	1,647	19,684,294
Housing and Personal Loans	1,631	26,742,374	1,773	28,558,531
Industrial Finance Loans	211	17,355,527	179	16,394,131
Total	3,567	67,896,130	3,599	64,636,957

Ceilings Granted to Banks and Utilized

Type of Loan	2015		2014	
	Ceilings	Utilized	Ceilings	Utilized
Productive Loans ceilings	23,427,000	23,798,229	20,027,000	19,684,294
Real Estate and Personal Loans ceilings	30,199,605	26,742,374	37,926,299	28,558,531
Total	53,626,605	50,540,603	57,953,299	48,242,825

Export Credit Guarantee Results:

Guaranteed Shipments

Guaranteed Shipments	2015		2014	
	No,	Guaranteed Value	No,	Guaranteed Value
Export Credit Guarantees	769	47,763,158	794	47,450,527
Domestic Sales Credit Guarantees	314	6,118,787	425	5,158,421
Total	1,083	53,881,945	1,219	52,608,948

Guaranteed Shipments Portfolio

Guaranteed Shipments Portfolio	2015		2014	
	No,	Guaranteed Value	No,	Guaranteed Value
Export Credit Guarantees	191	2,874,363	178	1,771,978
Domestic Sales Credit Guarantees	81	590,551	196	449,278
Total	272	3,464,914	374	2,221,256

Summary Results of Claims, Claims Paid, Recoveries Re-scheduling:

Claims	2015	2014	Claims Paid	2015	2014
Loan Guarantee Dept.	1,166,407	399,858	Loan Guarantee Dept.	762,564	208,490
Industrial Finance Dept.	707,416	130,740	Industrial Finance Dept.	420,992	90,120
Exports Credit Dept.	27,284	28,019	Exports Credit Dept.	40,028	8,660
Total	1,901,107	558,617	Total	1,223,584	307,270

Re-scheduling	2015	2014	Recoveries	2015	2014
Loan Guarantee Dept.	5,971,837	4,323,163	Loan Guarantee Dept.	226,636	287,933
Industrial Finance Dept.	1,695,550	1,104,000	Industrial Finance Dept.	357,082	66,211
Exports Credit Dept.	--	--	Exports Credit Dept.	--	--
Total	7,667,387	5,427,163	Total	583,718	354,144

Financial Results

Revenues and Expenses	2015	2014
Operational Revenues	969,996	874,048
Realized Financial Revenues	712,866	819,920
Other Revenues	30,220	2,240
Total Realized Revenues	1,713,082	1,696,208
Financial Assets measured at fair value through profit or loss of revaluation	-	59,090
Total Revenues	1,713,082	1,755,298
(Less) General and Administrative Expenses	1,130,147	992,725
Gross Profit / (Loss)	582,935	762,573
(less) Provisions and other fees	251,807	306,824
(less) income tax	265,566	(35,413)
Profit (loss)	596,694	420,336

Board Of Directors Report

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	550,000	96	70%
Entrepreneurship Financing Program	75,000	96	80%

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 - Shmisani Area, Bldg. No. 24 Prince Shaker Bin Zaid Street, Opposite to Citi Bank and 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 3,280,646 million in 2015 in comparison with JD 3,325,718 million in 2014.

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.D Mohammed Lutfi Al Ja'fari

Vice Chairman

Director General - 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 for Credit – 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

Chief Executive Officer – Arab Bank

- 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
- Chief Executive Officer 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

Mrs. Ranya Moosa Al Araj

Board Member since

Section Head; Treasury Dept. - Social Security Investment Fund

- Masters Degree in Banking & Finance /Arab Academy for Banking and Financial Sciences – Jordan 2003.
- 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 - 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 until 23rd August, 2015

General Manager - Cities and Villages Development Bank

- General Manager and member of the Board of Directors of the Cities & Villages Development Bank.
- 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).

H.E. Mr. Zyad Attalah Adayla

Board Member since 1st September, 2015

General Manager - Cities and Villages Development Bank

- Masters Degree in Finance / Yarmouk University / 2005.
- High Diploma in Administration / Yarmouk University / 1997.
- Bachelor Degree in Accounting / Ein Shams University / 1979.
- General Manager of the Cities & Villages Development Bank since 25th January, 2016.
- Acting General Manager / Cities & Villages Development Bank from 2nd Sept. 2015 until 24th Jan, 2016.
- Deputy General Manager / Cities & Villages Development Bank from 1st Jan, 2008 until 1st June, 2015.
- Branch Manager Cities & Villages Development Bank / Kerak 1997 -2007
- Long & various experiences in budgeting, financial analysis, feasibility study and setting administrative & HR systems, and strategic plans and dealing with many lending institutions.

*** JLGC Board of Directors held 7 meetings during 2015

B. Top Management

- Dr. Mohammed Al Ja'fari / Director General

- 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 / 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

- Masters Degree in Financial Management / Arab Academy for Banking & Finance Sciences 2005.
- Bachelor Degree in Economics / Yarmouk University 1993.
- Working at JLGC since 1st October, 1995.
- Credit Officer at the Housing Bank for Trade and Finance.
- SMEs Instructor at Institute of Banking studies.

- Mr. Jamal Al Ja'fari / Loan Guarantee Department Manager

- Bachelor Degree in Accounting / Philadelphia University – Jordan 1999.
- Working at JLGC since 1st January, 1995.
- Accountant in the Jordan Distribution Agency

- Mr. Zaid Al Kayed / Credit Guarantee Department Manager

- Masters Degree in Business Administration / Kent Business School, UK 2005.
- Bachelor Degree in Economics / Al Ahliya Amman University 2002.
- Working at JLGC since 2003

- Mrs. Amal Jaradat / Industrial Finance Department Manager (EJADA)

- Bachelor Degree in Business Administration / University of Jordan 1993
- Working at JLGC since 12th August, 2013.
- Retail Credit Review Officer / Bank of Jordan 2006 – 2012.
- Credit Analyst / Bank of Jordan 1998 -2006.
- SMEs Instructor at the Institute of Banking Studies – Jordan.

- Mr. Issa Al Tarayra / Acting Manager for Finance Department

- Bachelor Degree in accounting / Al Ahliya Amman University 2002.
- Working at JLGC since 11th July, 2004.
- External Auditor at the international professional office for auditing 2002 – 2004.

4. Largest Shareholders

Names of JLGC's largest shareholders owning 5% or more of total company shares by the end of 2015 in comparison with 2014

Shareholder	2015		2014	
	Number of Shares	% of Share	Number of Shares	% of Share
Central Bank of Jordan	4,775,000	47,75%	4,775,000	47,75%
Hani Ahmad Saeed Misa'd	1,147,605	11,476%	0	0
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). 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

- No Patents or Licensing Rights obtained by the JLGC in 2015

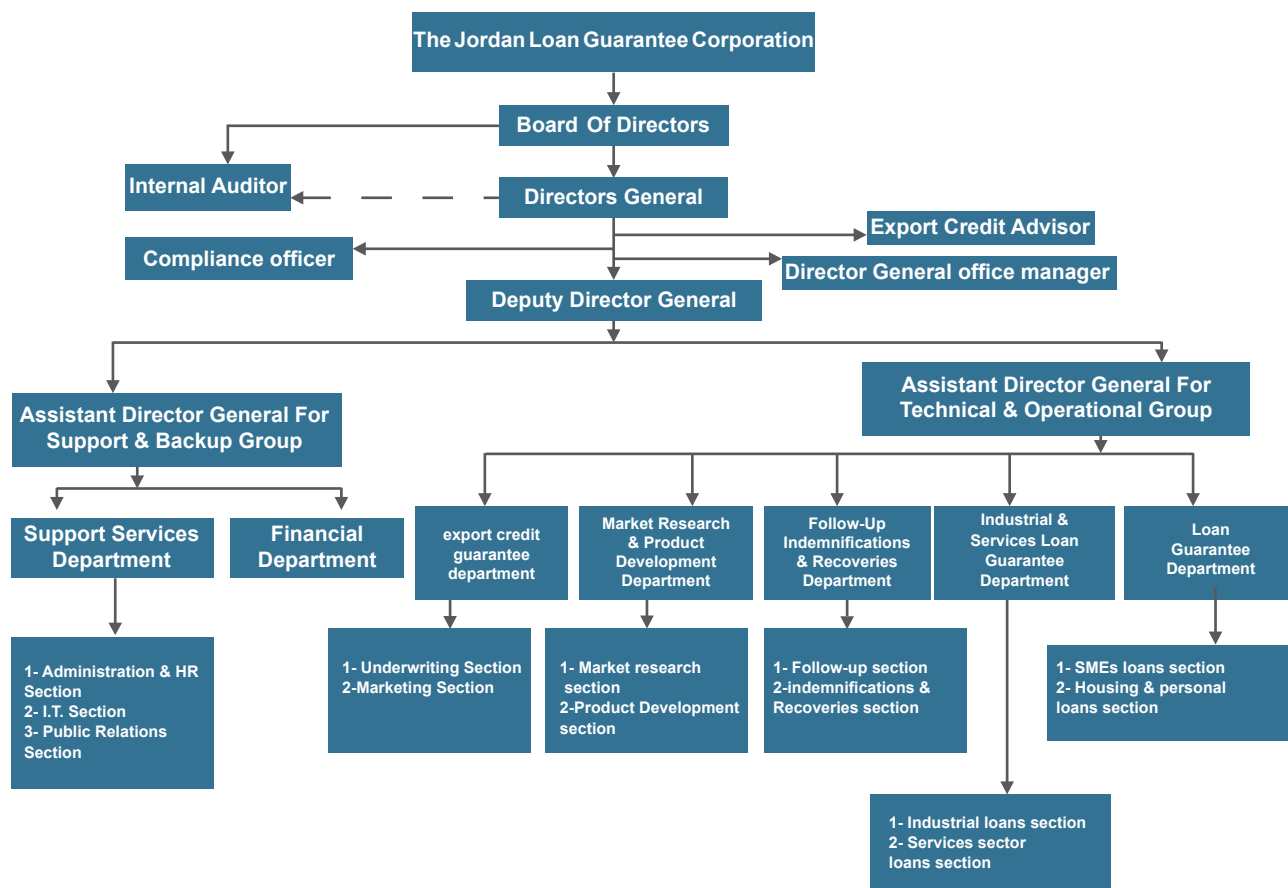


8. Any Governmental Decisions with a Material Impact on JLGC

- 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.
- No implementation of international quality standards in 2015.

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

A. Organizational Structure at the End of 2015



*Executive Management Vacancies: (Deputy Director General, Assistant Director General for Support & Backup Group)

B. Number of Employees and their Classes of Qualifications in 2015

The Number of employees in 2015 was 39 the same as in 2014, 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
2015	1	3	1	24	3	4	3	39
2014	1	4	1	23	3	4	3	39

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 table shows employees' turnover during the past 5 years:

Year	Employees Turnover
2015	7,7%
2014	28,9%
2013	31,9%
2012	20,3%
2011	27,7%

C. Employees Training in 2015

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

Year	Number of Internal Training	Number of Participating Employees	Number of External Training	Number of Participating Employees
2015	27	18	8	10
2014	12	12	8	8
2013	7	14	9	10
2012	19	13	7	9
2011	16	15	4	3

10. JLGC's Risk Exposure

JLGC's 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 2015 JLGC's payments for default loans including (Export Credit Program) reached to JD 1,223,584 million compared to JD 307,270 thousand in 2014.

11. JLGC Accomplishments Supported by Quantitative Indicators in 2015

The Jordan Loan Guarantee Corporation guaranteed 872 loans with a nominal value of JD 41 million during 2015 through a wide range of loan guarantee programs.

The outstanding guaranteed portfolio reached 3567 loans by the end of 2015 with a guaranteed value of JD 67,8 million, compared to 3599 loans with a guaranteed value of JD 64,6 million by the end of 2014.

The outstanding guaranteed portfolio at the end of the year 2015 consists of 1936 productive loans with a guaranteed value of JD 41 million, and 1631 housing and personal loans with a guaranteed value of JD 26,7 million.

Under the export and domestic sales credit guarantee programs, JLGC guaranteed 1083 shipments with a value of JD 54 million in 2015 compared with 1219 shipments guaranteed in 2014 totaling of JD 93 million.

The shipments guaranteed in 2015 divided into 769 export credit shipments worth JD 48 million and 314 domestic sales shipments worth JD 6 million.

JLGC received during 2015 compensation claims from participating banks and lending institutions for bad loans worth JD 1,873 million compared to JD 530 thousand claimed in 2014. Export Credit Guarantee program claims totaling JD 27 thousand during 2015 compared to JD 28 thousand in 2014.

Compensation paid by the company for bad loans reached to JD 1,184 million in 2015 compared with JD 298 thousand paid in 2015. Export Credit Guarantee program compensations amounted JD 40 thousand during 2015 compared to JD 9 thousand paid for bad shipments in 2014.

JLGC has recovered JD 584 thousand in 2015 compared with recoveries amounting to JD 354 thousand in 2014. Whereas, the company rescheduled guaranteed loans with a value of JD 7,6 million during 2015, compared to JD 5,4 million rescheduled in 2014.

Total operating revenues for JLGC amounted JD 970 thousand in 2015 compared to JD 874 thousand in 2014. While investment revenues totaling JD 713 thousand compared to JD 879 thousand during 2014.

This has resulted into a net profit of JD 597 thousand in 2015 compared to net profit of JD 420 thousand accomplished in 2014.

12. Financial Impact of Non-Recurrent Transactions which are not part of JLGC main Activities

There are no “non-recurrent” transactions during 2015.

13. A chronology of Realized Profits or Losses, Dividends, Shareholders’ Net Equity and the Prices of securities issued by JLGC

Year	Net Profit before Taxes & other Provisions	Dividends Distributed to Shareholders	Shareholders Net Equity	Share Price
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
2015	365,580	300,000	14,690,192	1.010

14. Analysis of JLGC's Financial Status and the Results of its Activities during 2015

RATIO	2015	2014	2013	2012	2011
Earnings per Share	0,060	0,042	0,042	0,028	-0,026
Return on Investment	2,292%	1,620%	1,693%	1,146%	-1,194%
Return on Shareholder's Equity	4,062%	2,891%	2,914%	1,927%	-1,873%
Return on Paid Up Capital	5,967%	4,203%	4,197%	2,753%	-2,624%
Ownership Ratio	56,438%	55,918%	58,105%	59,463%	63,741%
Fixed Assets / Shareholder's Equity	22,332%	22,921%	22,657%	22,326%	23,148%
Rate of Indebtedness	3,105%	3,391%	2,429%	1,818%	1,637%
Liabilities to 3rd parties / Total Assets	43,562%	44,082%	41,895%	40,537%	36,259%
Liabilities to 3rd parties / Shareholder's Equity	77,185%	78,832%	72,102%	68,171%	56,884%
Current Liabilities / Shareholder's Equity	5,501%	6,063%	4,181%	3,057%	2,568%
Revenue / Total Assets	6,581%	6,765%	6,751%	6,500%	5,3%
Circulation Ratio	2718,850%	2510,582%	3506, 636%	4689,552%	5124,458%
Working Capital (JD)	21,163,241	21,207,261	20,514,829	20,045,648	18,075,238



15. JLGC's Prospective Developments and Proposed Plan for 2016

- The main proposed plans for JLGC and Supportive Policies and Procedures for Future Plans implementation are summarized as the following:
- JLGC's Capital Increase that aims to empower the company to rise the ceilings of guarantees and finding new guarantee tools directed to SMEs and Export Credit Insurance to support exporters.
- Establishing a new specialized credit guarantee program for small-sized startups covered by JLGC.
- Establishing a co-equity fund to provide equity for innovative and creative projects.
- Find new specialized guarantee programs for energy sector in cooperation with the Jordan Renewable Energy & Energy Efficiency Fund / Ministry of Energy and Mineral Resources, supported by the Central Bank of Jordan (CBJ).
- Launch a new guarantee products in line with the Islamic Shari'a, and expand guarantee programs to include profitable economic sectors like tourism, agriculture, energy, constructions, etc.....
- Developing the work flow and moving gradually to portfolio guarantees in coordination with banks and financial institutions and delegating authority to certain banks in granting loans without prior approval of the JLGC with specified limits of guarantee.
- Establishing new programs for export credit insurance and establishing a section for underwriting to expand the activities of export credit insurance department to include risk analysis for different countries and importers. Furthermore, dealing with a wider database of reinsurance companies based on optional reinsurance action to balance between both goals that are to increase returns and decrease risks on the company.
- Seeking sources to finance specialized guarantee fund covering political risks.
- Enhance operational sustainability during a balanced timeframe by improving operational revenues and controlling the expenditures.

- Enhance JLGC Corporate Image and activating the role of Public Relations in this area in a professional noticeable way.
- Organizing workshops, seminars and conferences aiming on bringing about the importance of Loan Guarantee among partners and possible competitors.
- Sign new guarantee agreements with specialized companies in Micro-financing, Capital Leasing and Islamic finance companies.
- Enhancing employee satisfaction and improving their productivity and loyalty by providing the necessary training opportunities that suit the actual needs of staff and the nature of their work and thus contributing to upgrading the performance of employees and their skills, and improving their communication skills.
- Sharing the best international practices followed by loan guarantee schemes regionally and globally and benefiting from the study tours through the technical assistance program granted by the World Bank to enrich Jordan experience in this area of expertise.
- Contribute in establishing association for loan guarantee schemes in MENA region similar to the international & regional associations & networks to share and learn from mutual experiences.

16. Auditing Fees

The total amount paid to the “Arab Professionals” as auditing fees in 2015 was JD 10,208 thousand including the 16% sales tax, similar to the fees paid in 2014.

17. A statement that indicates the number of securities issued by the JLGC which are owned by any member of its Board of Directors, any member of its Senior Executive Management or any of their relatives

- None of the member of JLGC’s Board of Directors or its Senior Executive Management or any of their relatives own any securities issued by JLGC.

- The number of Securities issued by JLGC which are owned by members of its Board of Directors in their Corporate Capacity

Shareholder	2015		2014	
	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%
Total	6,752,000	67,252%	6,752,000	67,252%

- All members of JLGC's Board of Directors are Jordanians except Mr. Ne'meh Sabbagh, Arab Bank representative is Lebanese.

- All of JLGC Senior Executive Management personnel are Jordanians.

- No companies controlled by the members of JLGC's Board of Directors or its Senior Executive Management.

18. The benefits and remunerations of the Chairman, members of the Board of Directors, and Senior Executive Management during 2015

A. Benefits paid to the Chairman & the Board of Directors

Total amounts paid as transportation, travel allowance, committee allowance and annual bonus to the Chairman and Members of the Board of Directors was JD 78,654 thousand in 2015 compared to JD 71,196 thousand in 2014.

NAME	Title	*Bonus	Transportation Allowance	Travel Allowance	Committee Allowance	Total
H.E.Dr. Maher "Sheikh Hasan"	Chairman	4992	6000	0	0	10922
H.E.Dr. Mohammed Al Ja'fari	Vice Chairman	4992	6000	0	0	10922
Cities & Villages Development Bank	Member	4992	6000	0	600	11522
Social Security Corporation	Member	4992	6000	0	0	11722
Mr. Adel Ibrahim Asa'ad	Member	4992	6000	0	800	11722
Mr. Tawfeek Abdulqader Al Mukahal	Member	4992	6000	0	800	10922
Mr. Ne'meh Elias Sabbagh	Member	4992	6000	0	0	10922
TOTAL		34454	42000	0	2200	78654

*Annual bonus for the year 2015

B. Privileges Paid to The Senior Executive Management

Total amounts paid as salaries, travel allowance and annual bonus to the senior executive management was JD 300,549 thousand in 2015 compared to JD 275,121 thousand in 2014.

Name	Job Title	Annual Salaries	Bonus	Travel Allowance	Committee Allowance	Total
*H.E.Dr. Mohammed Lutfi Al a'fari	Director General	125179	8500	2538	-	136217
Mr. Mohannad Mohammed Al Rashdan	Assistant Director General for Technical & Operational Group	54948	3728	500	2400	61576
Mr. Jamal Lutfi Al Ja'fari	Loan Guarantee Department Manager	30766	2131	-	-	32897
Mrs. Amal Mahmoud Jaradat	Industrial Finance Dept. Manager	24819	1755	-	-	26574
Mr. Zaid Abdel Hameed Al Kayed	Export Credit Guarantee Dept. Manager	20719	1481	400	-	22600
Mr. Issa Ismail Al Tarayra	Acting Manager for Finance Dept.	19322	1363	-	-	20685
Total		275753	18958	3438	2400	300549

*The Director General has a car and mobile owned by JLGC

19. Donations and Grants made by JLGC

No donations or grants paid during 2015.

20. JLGC's Contracts, Projects and Engagements concluded with Subsidiaries, Sister Companies or Affiliates

There are no contracts, projects or engagements concluded with Subsidiaries, Sister Companies or affiliates or with the Chairman of the Board of Directors, members of the Board of Directors, the Director General or any employee of JLGC or their relatives.

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, through encouraging financial institutions to finance SMEs, which contribute in employment for being the main incubator for innovative ideas and a key generator of economic development in the local community.



OPERATIONAL ACTIVITIES

Loan Guarantees

Loan Guarantees Ceilings and Utilized Amounts during the year 2015 VS. 2014

	2015			2014			Change	
	Ceiling	Utilized	Utilized %	Ceiling	Utilized	Utilized %	Ceiling	Utilized
*Productive Loans Ceilings	23,427,000	23,798,229	101%	20,027,000	19,684,294	98,35%	3,400,000	4,113,935
Real Estate and Personal Loans Ceilings	30,199,605	26,742,374	88,5%	37,926,299	28,558,531	75,29%	(7,726,694)	1,816,157-
Total Ceilings	53,626,605	50,540,603	94,2%	57,953,299	48,242,825	83,24%	2,326,694-	2,297,778

* No determined ceilings for Industrial Finance Loans.

Loan Guarantees Ceilings & Utilized Amounts according to Banks / Lending Institutions

Banks / Lending Institutions	*Productive Loans		Real estate loans		Total Ceilings	
	Ceiling	Utilized	Ceiling	Utilized	Ceiling	Utilized
Jordan Kuwait Bank	350,000	160,074	50,000	3,277	400,000	163,351
Jordan Ahli Bank	950,000	329,830	4,200,000	3,669,645	5,150,000	3,999,473
Jordan Commercial Bank	1,100,000	446,636	0	0	1,100,000	446,636
Islamic International Arab Bank	0	7,622,980	0	0	0	7,622,980
Arab Bank	2,500,000	2,397,219	16,905	12,264	2,516,905	2,409,483
Egyptian Arab Land Bank	27,000	0	312,000	67,225	339,000	97,970
Ahli Microfinance company	500,000	176,207	0	0	500,000	176,207
Bank al Etihad	1,300,000	696,366	0	0	1,300,000	696,366
Bank of Jordan	500,000	142,293	5,415,000	3,699,108	5,915,000	3,841,402
Arab Jordan Investment Bank	150,000	0	150,000	0	300,000	0
The Housing Bank	11,500,000	7,181,436	0	0	11,500,000	7,181,436
Cairo Amman Bank	1,100,000	1,440,953	14,052,000	13,806,260	15,152,000	15,247,214
ABC Bank	200,000	81,948	6,003,700	5,484,595	6,203,700	5,566,543
Societe Generale Bank	700,000	28,549	0	0	700,000	28,549
Capital Bank	1,500,000	206,682	0	0	1,500,000	206,682
Bindar Trading & Investment Co,	250,000	53,415	0	0	250,000	53,415
Development & Employment Fund	0	1,983,374	0	0	0	1,983,374
Microfund for Woman	800,000	850,259	0	0	800,000	850,259
Total	23,427,000	23,798,229	30,199,605	26,742,374	53,626,605	50,540,603

* No determined ceilings for Industrial Finance program loans.

Guaranteed Executed Loans during the Year 2015 Vs. 2014

Guaranteed Executed Loans according to Loan Type								
Productive Programs SME's								
	2015		2014		Change (JD)		Change (%)	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
Pharmacies Loans	4	43,000	4	32,000	0	11,000	0	34,3%
SMEs Loans	408	8,153,869	244	4,921,303	164	3,232,566	67,2%	65,6%
Business Loans	66	1,351,700	159	3,251,934	-93	-1,900,234	-58,4%	-58,4%
Micro Loans	71	181,206	162	448,525	-91	-267,319	-56%	-59,5%
Kafala	222	8,042,757	169	5,910,426	53	2,132,331	31,3%	36%
Entrepreneurship (DEF)	21	711,405	27	545,911	-6	165,494	-22,2%	30,3%
Total	792	18,483,937	765	15,110,099	27	3,376,838	3,40%	22,32%
Industrial Finance Loans								
Industrial Finance	25	4,178,130	26	4,504,270	-1	-326,140	-3,84%	-7,24%
Leasing	3	664,948	7	990,518	-4	-325,570	-57,14%	-32,86%
Business Vehicles	7	99,260	10	152,600	-3	-53,340	-30%	-34,95%
Kafala	45	3,592,355	16	817,880	29	2,774,475	181%	339,22%
Total	80	8,534,693	59	6,465,268	21	2,096,425	35%	32%
Total Productive Loans	872	27,018,630	824	21,575,367	48	5,443,263	5,5%	20,14%

Real Estate & Personal Loans								
	2015		2014		Change (JD)		Change (%)	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
Housing Loans	70	2,847,500	70	2,613,886	0	233,614	0	8,9%
Urban Development Loans	0	0	0	0	0	0	0	0
Land Purchase Loans	0	0	2	63,000	-2	-63,000	-1%	-1%
Total Real Estate Loans	70	2,847,500	72	2,676,886	-2	170,614	-3%	6%

TOTAL	2015		2014		Change (JD)		Change (%)	
	No.	Guaranteed Amounts	No.	Guaranteed Amounts	No.	Guaranteed Amounts	No.	Guaranteed Amounts
ALL PROGRAMS	942	29,866,130	896	24,252,253	46	5,613,877	4,88%	18,86%

Guaranteed Executed Loans according to Banks / Lending Institutions during 2015

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	3	77,000	0	0	1	105,000	4	182,000
Jordan Ahli Bank	8	158,500	0	0	5	964,950	13	1,123,450
Jordan Commercial Bank	13	190,680	0	0	0	0	13	190,680
Islamic International Arab Bank	222	8,042,757	0	0	45	3,592,355	267	11,635,112
Arab Bank	128	2,948,505	0	0	3	269,500	131	3,218,005
Ahli Microfinance company	30	151,410	0	0	0	0	30	151,410
Bank al Etihad	30	1,018,496	0	0	4	822,150	34	1,840,646
Bank of Jordan	5	153,927	0	0	0	0	5	153,927
The Housing Bank	123	2,727,021	0	0	8	211,260	131	2,938,281
Cairo Amman Bank	157	1,316,574	61	2,442,820	4	854,000	222	4,613,394
Capital Bank	3	126,000	9	404,680	2	380,980	14	911,660
ABC Bank	0	0	0	0	1	74,550	1	74,550
Societe Generale Bank	0	0	0	0	4	595,000	4	595,000
Al Ahli Leasing Co.	0	0	0	0	3	664,948	3	664,948
Development & Employment Fund	21	711,405	0	0	0	0	21	711,405
Microfund for Woman	49	861,662	0	0	0	0	49	861,662
Total	792	18,483,937	70	2,847,500	80	8,534,693	942	29,866,130

Outstanding Guaranteed Portfolio at the End of the Year

Outstanding Guaranteed Portfolio according to Loan Type								
Productive Programs SMEs								
	2015		2014		Change (JD)		Change (%)	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
Pharmacies Loans	11	87,873	11	84,520	0	3,353	0	4%
SMEs Loans	744	9,313,777	545	6,551,722	199	2,762,055	36%	42%
Business Loan	469	4,611,347	608	6,815,321	-139	-2,203,974	-22%	-32%
Micro Loans	92	178,878	224	410,044	-132	-231,166	-59%	-56%
Kafala	342	7,622,980	213	4,751,554	129	2,871,426	60%	60%
Entrepreneurship (DEF)	67	1,983,374	46	1,058,127	21	925,247	46%	87%
Total	1,725	23,798,229	1,647	19,684,294	78	4,126,941	5%	21%
Industrial Finance Loans								
Industrial Finance	82	10,326,055	84	10,025,727	-2	300,328	-2,38%	2,99%
Leasing	50	3,734,072	60	5,360,558	-10	-1,626,486	-16,66%	-30,34%
Vehicles program	22	217,873	19	235,662	3	-17,749	15,78%	-7,54%
Kafala	57	3,077,528	16	772,225	16	2,305,303	256%	298%
Total	211	17,355,527	179	16,394,132	32	961,395	17,87%	5,86%
Total Productive Loans	1,936	41,153,756	1,826	36,078,426	110	5,075,330	5,68%	12,33%

Real Estate and Personal Loans								
	2015		2014		Change (JD)		Change (%)	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
Housing Loans	1,611	26,550,507	1,732	28,358,628	-121	-1,808,128	-7%	-6%
Urban Development Loans	11	66,691	19	31,433	-8	35,258	-42%	112%
Land Purchase Loans	9	125,176	12	168,007	-3	(-42,831)	-25%	-25%
PC Loans	0	0	10	462	-10	(-462)	0	0
Total	1,631	26,742,374	1,773	28,558,531	-142	(1,816,164)	-8%	-6%

TOTAL	2015		2014		Change (JD)		Change (%)	
	No.	Guaranteed Amounts	No.	Guaranteed Amounts	No.	Guaranteed Amounts	No.	Guaranteed Amounts
ALL PROGRAMS	3,567	67,896,130	3,599	64,636,957	-32	3,259,166	-0,89%	4,8%

Outstanding Guaranteed Portfolio according to Banks / Lending Institutions during 2015

Bank / Lending Institutions	Productive Loans		Real Estate and Personal 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	25	329,830	262	3,669,642	15	1,810,374	302	5,809,846
Cairo Amman Bank	220	1,440,953	869	13,806,260	14	1,673,857	1103	16,921,070
The Housing Bank	656	7,181,436	0	0	30	1,185,883	686	8,367,319
Bank of Jordan	13	142,293	295	3,699,108	13	437,369	321	4,278,770
Bank al Etihad	35	696,366	0	0	10	1,588,717	45	2,285,083
ABC Bank	3	81,948	183	5,484,595	4	584,054	190	6,150,597
Jordan Kuwait Bank	9	160,074	3	3,277	3	267,361	15	430,712
Jordan Commercial Bank	33	446,636	0	0	4	310,635	37	757,271
Arab Bank	164	2,397,219	3	12,263	8	825,958	175	3,235,440
Capital Bank	5	206,682	0	0	3	439,584	8	646,266
Islamic International Arab Bank	342	7,622,988	0	0	57	3,077,528	399	10,700,516
Societe Generale Bank	7	28,549	0	0	12	1,798,564	19	1,827,113
Egyptian Arab Land Bank	0	0	16	67,229	0	0	16	67,229
Al Ahli Leasing Co	0	0	0	0	24	2,761,813	24	2,761,813
Ejara Leasing Company	0	0	0	0	1	19,608	1	19,608
Tamkeen Leasing Co,	0	0	0	0	13	574,222	13	574,222
Bindar for Trading & Investment Co.	15	53,415	0	0	0	0	15	53,415
Ahli Microfinance company	82	176,207	0	0	0	0	82	176,207
Development & Employment Fund	67	1,983,374	0	0	0	0	67	1,983,374
Microfund for Woman	49	850,259	0	0	0	0	49	850,259
Total	1,725	23,798,229	1,631	26,742,374	211	17,355,527	3,567	67,896,130

Outstanding Guaranteed Portfolio according distribution according to Major Cities during 2015

City	Productive Loans		Housing & Personal 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	1,101	17,171,515	1,261	22,123,381	164	13,206,144	2,526	52,501,040
Balqa	51	495,796	41	410,819	4	105,690	96	1,012,305
Irbid	206	2,096,771	74	1,079,192	16	1,254,917	296	4,430,880
Karak	58	825,354	35	321,640	5	793,098	98	1,940,092
Ma'an	15	118,443	15	81,685	0	0	30	200,128
Tafileh	16	250,968	13	79,486	1	246,170	30	576,624
Zarqa	176	1,581,494	45	495,120	13	1,503,617	234	3,580,231
Mafraq	24	202,083	15	172,830	4	131,266	43	506,179
Madaba	24	435,787	22	281,414	1	9,008	47	726,209
Jerash	16	206,513	20	155,893	1	72,365	37	434,771
Ajloun	12	66,367	4	10,840	0	0	16	77,207
Aqaba	26	347,137	86	1,530,074	2	33,253	114	1,910,464
Total	1,725	23,798,229	1,631	26,742,374	211	17,355,527	3,567	67,896,130

Export & Domestic Credit Guarantees

Guaranteed Contracts

Guaranteed Contracts Signed during 2015 vs, 2014				
Program	Number		Value (JD)	
	2015	2014	2015	2014
Export Credit	14	14	183,405,688	182,951,075
Domestic Sales Credit	3	5	20,074,312	76,000,000
TOTAL	17	19	203,480,000	258,951,075

Guaranteed Shipments

- By Program

Program	Number		Value (JD)		Guaranteed Value (JD)	
	2015	2014	2015	2014	2015	2014
Export Credit	769	794	53,180,200	52,722,802	47,763,158	47,450,527
Domestic Sales Credit	314	425	6,630,500	5,731,111	6,118,787	5,158,421
TOTAL	1,083	1,219	59,810,700	58,453,913	53,881,945	52,608,948

By Sector

Sector	2015	2014
Fertilizers	40%	50%
Food	30%	23%
Textile & Clothing	8%	6%
Hygienic paper	2%	5%
Chemical	10%	4%
Others	10%	12%
TOTAL	100%	100%

By Geographical Area

Area	2014	2013
Far East	30%	40%
Europe	14%	15%
Middle East & Gulf	36%	31%
USA & Canada	8%	5%
Other	12%	9%
TOTAL	100%	100%

Outstanding Guaranteed Shipments Portfolio at the End of 2015

Outstanding Guaranteed Portfolio According to Program				
Program	Number of Shipments		Guaranteed Value (JD)	
	2015	2014	2015	2014
Export Credit	191	178	2,874,363	1,771,978
Domestic Sales Credit	81	196	590,551	449,278
TOTAL	272	374	3,464,914	2,221,256

Details of Claims Paid, Recoveries, Re-Scheduled Loans

By Program				
Loan Type	Claims	Claims Paid	Recoveries	Re-scheduling
Real Estate	337,512	285,749	208,042	1,670,556
SMEs	828,895	476,815	18,594	4,301,280
Industrial Finance	384,676	108,157	66,123	1,230,000
Financial Leasing	322,740	312,835	290,959	447,100
Business Vehicles	0	0	0	18,450
Credit Export Program	27,284	40,028	0	0
TOTAL	1,901,107	1,223,584	583,718	7,667,387

By Bank / Lending Institutions				
Bank / Lending Institution	Claims	Claims Paid	Recoveries	Re-scheduling
Jordan Kuwait Bank	0	0	0	60,000
Jordan Ahli Bank	69,259	42,033	7,597	639,880
Jordan Commercial Bank	10,741	4,330	0	152,819
Bank of Jordan	104,468	67,464	122,276	27,300
Arab Bank	10,500	7,991	1,150	1,414,384
The Housing Bank	699,723	384,207	12,622	2,328,200
Egyptian Arab Land Bank	0	0	5,625	0
Ahli Microfinance Company	0	2,460	1,209	40,200
Cairo Amman Bank	255,212	234,912	75,825	1,175,501
Societe Generale Bank	271,730	0	,0	0
Capital Bank	63,194	61,201	0	58,413
Bank al Etihad	66,256	66,123	66,123	446,013
Islamic International Arab Bank	0	0	0	338,784
ABC Bank	0	0	332	538,793
Tamkeen leasing Co.	322,740	312,835	290,959	163,100
Al Ahli Leasing Co.	0	0	0	284,000
Credit Export Program	27,284	40,028	0	0
TOTAL	1,901,107	1,223,584	583,718	7,667,387

By Major Cities				
City	Claims	Claims Paid	Recoveries	Re-scheduling
Amman	1,170,565	943,438	526,994	5,892,082
Irbid	177,139	78,655	1,864	609,733
Zarqa	76,163	36,601	17,300	488,084
Balqa	39,894	34,757	0	116,407
Kerak	0	0	0	136,228
Mafraq	54,943	24,619	0	6,000
Jerash	0	0	828	65,000
Madaba	0	0	0	104,000
Ma'an	48,618	25,048	0	0
Aqaba	34,771	40,438	2,712	207,817
Others	299,014	40,028	34,020	42,036
TOTAL	1,901,107	1,223,584	583,718	7,667,387

Delayed Payments Analysis of Guaranteed Loans at the End of 2015

Productive Loans / SMEs Delays					
Category	Delay Days	Payments Overdue	Guaranteed Balance	Payments Overdue/ Balance of Outstanding Loans	Guaranteed Balance / Outstanding Guaranteed Portfolio
		(JD)	(JD)		
Early Warning	60-89 Days	202,349	978,923	0,60%	4,13%
Below Average	91-180 Days	215,424	587,699	0,64%	2,48%
Doubtful	181-359 Days	189,909	352,019	0,56%	1,49%
Bad	Over 360 Days	450,754	326,459	1,33%	1,38%
Balance of Outstanding Loans =		33,809,874			
Outstanding Guaranteed Portfolio =		23,691,728			
Guaranteed Balance of Default loans =		106,501			

Industrial Finance Loans Delay					
Category	Delay Days	Payments Overdue	Guaranteed Balance	Payments Overdue/ Balance of Outstanding Loans	Guaranteed Balance / Outstanding Guaranteed Portfolio
		(JD)	(JD)		
Early Warning	60-89 Days	313,055	1,163,448	1,07%	6,70%
Below Average	91-180 Days	768,450	285,475	2,62%	1,64%
Doubtful	181-359 Days	79,738	58,607	0,27%	0,34%
Bad	Over 360 Days	646,435	408,099	2,21%	2,35%
Balance of Outstanding Loans =		29,274,389			
Outstanding Guaranteed Portfolio =		17,355,527			

Housing & Personal Loans Delay					
Category	Delay Days	Payments Overdue	Guaranteed Balance	Payments Overdue/ Balance of Outstanding Loans	Guaranteed Balance / Outstanding Guaranteed Portfolio
		(JD)	(JD)		
Early Warning	60-89 Days	48,534	963,687	0,13%	3,61%
Below Average	91-180 Days	140,020	298,625	0,37%	1,12%
Doubtful	181-359 Days	361,712	272,960	0,95%	1,02%
Bad	Over 360 Days	71,761	105,311	0,19%	0,39%
Balance of Outstanding Loans =		37,974,447			
Outstanding Guaranteed Portfolio =		26,728,118			
Guaranteed Balance of Default loans=		14,256			

All Guaranteed Loans Payment delays					
Category	Delay Days	Payments Overdue	Guaranteed Balance	Payments Overdue/ Balance of Outstanding Loans	Guaranteed Balance / Outstanding Guaranteed Portfolio
		(JD)	(JD)		
Early Warning	60-89 Days	563,938	3,106,058	0,56%	4,58%
Below Average	91-180 Days	1,123,894	1,171,799	1,11%	1,73%
Doubtful	181-359 Days	631,360	683,586	0,62%	1,01%
Bad	Over 360 Days	1,168,950	839,869	1,16%	1,24%
Balance of all Outstanding Loans =		101,058,710			
Outstanding Guaranteed Portfolio =		67,775,373			
Guaranteed Balance of Default loans =		120,757			

REVENUES & EXPENSES

REVENUES & EXPENSES

Operational Revenues in 2015 v. 2014			
Revenues	JD		
	2015	2014	Change
Housing Loan Guarantee Fees	237,405	263,911	-26,506
Productive Loan Guarantee Fees / SMEs	401,715	299,775	101,940
Industrial Finance & Leasing Loan Guarantee Fees	201,392	165,522	35,870
Export & Domestic Credit Guarantee Fees	129,484	144,840	-15,356
Total Operational Revenues	969,996	874,048	95,948

Realized Financial Revenues in 2015 vs. 2014			
Revenues	JD		
	2015	2014	Change
Interest on Deposits	284,964	207,636	77,328
Interest from Investment in Bonds	63,958	50,247	13,711
Gain from Sale of Financial Assets	365,593	562,037	-196,444
Losses of financial assets – statement of income	-1,649	-	-1,649
Total Realized Financial Revenues	712,866	819,920	-107,054

Total Realized Revenues in 2015 vs. 2014			
Revenues	JD		
	2015	2014	Change
Operational Revenues	969,996	874,048	95,948
Financial Revenues	712,866	819,920	-107,054
Other Revenues	30,220	2,240	27,980
Total Realized Revenues	1,713,082	1,696,208	16,874

Total Un- Realized Financial Revenues in 2015 vs. 2014			
Revenues	JD		
	2015	2014	Change
Financial assets measured at fair value through profit or loss of revaluation	-	59,090	-59,090
Total Un-Realized Financial Revenues	-	59,090	-59,090

General & Administrative Expenses in 2015 vs. 2014			
Expenses	(JD)		
	2015	2014	Change
Salaries and wages	680,949	600,640	80,309
JLGC's contribution in saving fund	55,413	51,493	3,920
JLGC's contribution in social security	68,841	62,286	6,555
Official duties abroad	9,845	15,188	-5,343
Training courses	9,345	13,007	-3,662
Rent	850	783	67
Water & Electricity	27,046	24,497	2,549
Post & Telephone	10,910	10,793	117
Depreciation	92,979	52,557	40,422
Marketing expenses	17,529	7,628	9,901
Professional fees	28,973	37,920	-8,947
Maintenance	12,967	11,947	1,020
Vehicle expenses	5,142	9,519	-4,377
Subscriptions & Fees	40,036	24,174	15,862
Stationary and printing	13,614	13,669	-55
Hosting	4,379	4,883	-504
Board Members Transportation	46,600	46,800	-200
Other expenses	4,729	4,941	-212
Total General and Administrative Expenses	1,130,147	992,725	137,422

JLGC's Business Activities in 2015



«Increasing the efficiency of loan Guarantee Programs and Improving Delivery Models» workshop at Dead Sea - Jordan

JLGC organized a specialized workshop for its main partners entitled “Increasing the efficiency of loan Guarantee Programs and Improving Delivery Model” on the 5th of March, 2015 at Kempinski Ishtar Hotel Dead Sea.

Representatives from local banks, leasing companies and lending funds attended the workshop. The main sessions of the workshop discussed the key topics regarding the existing loan guarantee programs and delivery models, in addition to JLGC future programs and implementation plans.

The workshop highlighted several points related to understanding the market’s needs, developing the company programs and procedures and determinants of the current guarantee programs ceilings. It also focused on the available database for inquiry of credit history and JLGC cooperation with the participating banks to improve the work efficiency and to respond to the needs of entrepreneurs to establish their projects.

On the other hand, JLGC directed the future efforts to deal with new business partners, and re-assured its commitment to meet the current partners’ needs and expectations through continued coordination to achieve the company strategic goals.

Cooperation Agreements / Programs in 2015

Jordan Loan Guarantee Corporation signed a number of loan guarantee agreements and export credit contracts with many local and international institutions. The guarantee agreements focused on guaranteeing loans granted by local banks, funds and leasing companies to support small and medium size enterprises.

Main agreements signed during 2015 are the followings: -

1. JLGC Agreement with Microfund for Women (MFW):

At MFW premises, Jordan Loan Guarantee Corporation signed a guarantee agreement with Microfund for Women (MFW) on Tuesday the 24th March, 2015 in the presence of JLGC's Director General, Dr. Mohammed Al Ja'fari and MFW's General Manager, Muna Sukhtian, The agreement aims at supporting the Microfund for directing new programs to SMEs.

This agreement allows the two parties to work jointly in developing new loan products for Small Medium Enterprises (SMEs) and micro business in the kingdom. The agreement will enable JLGC to provide MFW with the guarantees needed to finance startups in the absences of the traditional collaterals encouraging the financial institutions to finance these projects depending on the credit evaluation of the borrower and his ability and commitment to repay.

It is important to mention that JLGC cooperation with MFW translating the mutual objectives of both parties and will open new horizons for entrepreneurs, who lack enough guarantees to expand and enhance their operational activities.

The signing ceremony attended by a number of executive managers from JLGC and MFW.

2. JLGC Agreement with Jordan Islamic Bank (JIB) to Support Finance to SMEs

Jordan Loan Guarantee Corporation and Jordan Islamic Bank (JIB) signed a cooperation agreement on the 24th May, 2015 at JLGC's offices; The guarantee agreement aims to provide finance to SMEs according to Islamic Shari'a covered by the guarantee of JLGC.

The agreement was signed by H.E.Dr. Mohammed Al Ja'fari; JLGC Director General and Mr. Mousa Shihadeh; CEO and the General Manager of Jordan Islamic Bank in the presence of H.E.D. Maher "Shiekh Hasan"; Deputy Governor of the Central Bank of Jordan and the executive managements of the company and the bank.

Dr. Ja'fari indicated that the company exerts its efforts to develop SMEs access to finance, specifically the finance based on Islamic shari'a, JLGC surveys showed that the majority of SMEs owners prefers Islamic Finance, while 70% of them didn't manage to expand their projects because of the lack of guarantees required by banks.

The company looking forward to strengthen SMEs access to finance through "Kafala" agreement with the Jordan Islamic Bank which has a wide base of customers and 90 branches spread all over the kingdom.

Mr. Mousa Shihadeh, JIB General Manager said that Shari'a Supervisory Board at the bank finalized the necessary procedures of the agreement that enables the bank to lend SMEs owners in compliance with the Islamic Sharia' and in accordance with the provisions of Jordan Islamic Bank's Special Law. That support to SMEs will contribute in the growth of the national economy through encouraging business owners to develop and expand.

Generally, JLGC cooperates with banks to overcome difficulties that SMEs usually face to access finance with proper costs and tenors.

3. MOU between JLGC and Architecture and Engineering Business Council (AEBC)

JLGC and Architecture and Engineering Business Council (AEBC) signed a Memorandum of Understanding (MOU) with A/E Business Council aiming enhancing protection of Jordanian exporters and increase competitiveness of engineering and consulting sector in Jordan. The joint efforts between JLGC & AEBC to raise the capacity of the council members and develop business environment in the kingdom.

Dr. Mohammed Al Ja'fari, JLGC Director General and Eng. Sa'eed Abu Jaber, Chairman of A/E Business Council signed the MOU at JLGC headquarters on the 17th June, 2015. The signing ceremony was attended by senior council members and engineers and JLGC executive managers.

Dr. Ja'fari stressed on the readiness of JLGC to provide the necessary support and protect exporters against non-payment risks through Export Credit Program, he also indicated that MOU will reinforce the role of JLGC to present its services for consulting and engineering companies (members of the council) to develop their exports and support competitiveness among foreign markets, it also encourages them to expand their business in existing markets and encourage them to enter new one.

Eng. Sa'eed Abu Jaber explained that signing the MOU came in line with the goals of the Council in terms of excellence, quality and competitiveness. It also emphasized the importance of export for the advancement of engineering & consultancy sector.

4. "KAFALA" Agreement with Jordan Dubai Islamic Bank (JDIB)

Jordan Loan Guarantee Corporation (JLGC) and Jordan Dubai Islamic Bank (JDIB) have signed a cooperation agreement aims to provide finance to SMEs in accordance with Islamic Shari' principles covered by the guarantee of JLGC.

The agreement was signed by H.E.Dr. Mohammed Al Ja'fari; JLGC Director General and Mr. Sami Al Afaghani; CEO of Jordan Dubai Islamic Bank on May 9th, 2015 at the Bank headquarters.

Dr. Ja'fari remarked at the signing ceremony "the Company is looking forward to further enhance SMEs access to finance through "Kafala Program" agreement with Jordan Dubai Islamic Bank", This is the third Kafala agreement signed with Islamic bank; JLGC signed similar agreements with Islamic International Arab Bank (IIABank) and Jordan Islamic Bank (JIB), Dr. Ja'fari stressed on the key role that Islamic finance plays, as many SMEs owners prefers Islamic Finance. The program guarantees loans to many SMEs activities up to JD 100,000 and Industrial Finance program up to JD 550,000.

JLGC has always been committed towards improving SMEs access to finance and developing the enabling business environment, through providing guarantees required by banks, which represents the main obstacle SMEs face when borrowing from banks.

5. JLGK and Capital Bank sign an agreement to provide loan Guarantees to SMEs



On Sunday, 25 October 2015 the Jordan Loan Guarantee Corporation (JLGC) and Capital Bank signed an agreement under which JLGC will guarantee the loans granted by Capital Bank to small and medium-sized enterprises (SMEs) as part of the financing of fixed asset and financing of purchases programs.

The agreement was signed by Director General Dr. Mohammed Al-Ja'fari, on behalf of JLGC and General Manager, Haytham Kamhiyah, on behalf of Capital Bank, in the presence of a number of executives from both sides at Capital Bank headquarters.

Commenting on the agreement, JLGK Director General, Dr. Mohammed Al-Ja'fari, said: "Signing this agreement furthers JLGK's objectives of providing guarantees to SMEs to enable them to obtain the necessary funding for the development of their business away from conventional collaterals that continue to be an obstacle to SME financing. These obstacles may be overcome through partnerships between JLGK and the banking sector"

Mr. Kamhiyah stated: "This agreement aims to provide the necessary guarantees to facilitate the financing of SMEs", highlighting the great role played by JLGK in offering SMEs stability and incentives, in addition to the speed in executing and granting facilities under the two above-mentioned programs. Capital Bank expanded the range of services offered to SME's by opening service centers in selected branches and launching special financing products such as financing of purchases, financing of fixed assets, and others.

Signing this agreement reflects the company's eagerness to play a leading role in supporting SMEs sector given its vital role in economic development and creating job opportunities. It also reflects the bank readiness to improve access to finance at preferential rates over long terms for SMEs operating in various sectors such as renewable energy, tourism, industry, and agriculture, either through Central Bank advances or through regional or international corporations.

Important Regional and International Meetings and Activities during 2015

• SME'S Business Development Conference 2015 in Cairo – Egypt

An official delegate from JLGC led by H.E.Dr. Mohammed Al Ja'fari , Director General participated in 2015 SME's Business Development Conference "Role of Regulators in Promoting SME's Financing" that was organized by the Central Bank of Egypt, World Bank Group and the Arab Monetary Fund in Cairo / Egypt on the 14th & 15th of January 2015.

The conference sessions discussed the key topics regarding opportunities and changing landscapes in SME business in MENA Region. It also focused on the role of central banks in promoting and supporting SME business and lead to the implementation of national strategies, frameworks, action plans for international best practices. The sessions also addressed various topics about managing risks of the SME portfolios and outlining the challenges and position of SME entrepreneurs and their requirements from the authorities and central banks. Furthermore, highlighting the importance of guarantee programs, innovative tools and techniques, financial infrastructure in SMEs development and the role of multilateral organizations in supporting SMEs.

Dr. Mohammed Al Ja'fari moderated the session on the role of guarantee fund programs in SMEs development. Managers of the loan guarantee schemes in Egypt, Lebanon, KSA and UAE participated in the session to discuss the increasing role played recently by guarantee fund programs towards enabling SMEs in the region to access fair and secure financing with appropriate conditions.

JLGC official delegate comprising of Dr. Mohammed Al Ja'fari, Director General, Mrs. Amal Jaradat, Manager of Industrial Finance Dept. Ms. Wafaa' Al Rabiee, Public Relations officer and Ms. Luma Aqrabawi, Credit Officer at the Loan Guarantee Dept. visited the Egyptian Credit Guarantee Company (CGC) in their premises to share experiences and ideas in the field of loan guarantees and discussing the details and specifications of the banks along with the systems used to save the database and analyzing the guarantee applications.

• COFACE Partners Meeting in France

Export Credit Manger Dept. Mr. Zaid Al Kayed represented JLGC at the Annual Meeting for Coface partners and the Political Risk Conference in Paris – France during the period 26th , 27th January 2015.

• JLGC Study Tour to Lebanon

JLGC delegated Mr. Mohannad Al Rashdan / Assistant Director General for Technical & Operational group and Mr. Jamal Al Ja'fari / Loan Guarantee Dept. Manager & Mrs. Noor Abbadi, Credit Officer / Compensation section to visit Kafalat institute in Lebanon during the period 8th to 13 March 2015 to learn from their rich experiences some guarantee methods and programs, and introduced new techniques of the guarantee services through sharing experiences with similar companies working in SMEs field.

• WORLD BANK meetings in Washington DC

H.E.Dr. Mohammed Al Ja'fari participated lately in the World Bank meetings at their premises in Washington DC on March 30-31,2015. The World Bank formed a task force to oversee the process of developing the Principles on the design and implementation of PCGs for SMEs supported by the World Bank, which will act as Secretariat.

It has been agreed on appointing two delegates representing the Arab region in the task force. The first delegate from one of loan guarantee schemes in the MENA region represented by H.E.Dr. Mohammed Al Ja'fari, JLGC's Director General. The second representative is Arab Monetary Fund (AMF) which acts as the Arab Regional Financial Corporation that keen about finance and banking sectors in the Arab countries, represented by Mr. Hafid Oubrik, Chief Financial Expert at AMF.

The two days meeting outlining topics for the "Principles for the Design, Implementation and Evaluation of Public Partial Credit Guarantee Schemes for Small and Medium Enterprises in Emerging Markets and Developing Economies" to reach broad consensus on topics to be covered by the Principles and to provide direction for the drafting and adopting the principles and methodologies to implement.

• The 2nd WB Task Force Meetings in Washington DC

Following the first World Bank Task Force meeting in March 2015, H.E.Dr. Mohammed Al Ja'fari participated in the task force second meetings in Washington DC during the period from 8-10,2015 representing Loan Guarantee Schemes in MENA region to develop the Principles of designing and implementing PCGs for SMEs.

The task force meetings discussed the Draft Consultative Document outlining the proposed "Principles for the Design and Implementation of Public Credit Guarantee Schemes for Small and Medium Enterprises in Emerging Markets and Developing Economies". The document based on the outcome of the First Task Force Meeting that provides the purpose and objectives of the proposed Principles to reach consensus on the principles and adopt it by the World Bank.

Dr.Al Ja'fari also participated as a speaker in the Dialog meeting about "Innovations in Islamic Financing to SMEs in Jordan and West Bank and Gaza: Shari'a Compliant Guarantee (Kafala) ".

The objective of the Kafala program is to expand the access of rural SMEs and women entrepreneurs outside the metropolitan area of Amman to access formal Islamic banking services and provide opportunities for growth and job creation.

JLGC has provided technical support to the Palestinian Monetary Authority to design an innovative structure based on Kafala program to help financing SMEs in Gaza through Islamic Banks.

• The Industrial SMEs Financing Fair

JLGC participated in the "Industrial SMEs Financing Fair" organized by Jordan Chamber of Industry and the patronage of the Central Bank of Jordan on the 26th of April, 2015 at Al Hussein Youth City. The event was attended by many industrialists and the participation of local banks and financial institutions.

H.E.Dr. Ziad Fariz; CBJ Governor in his opening remarks, revealed a study to establish a special fund to finance innovative projects, in cooperation with the Jordan Loan Guarantee Corporation and the Jordan Chamber of Industry (JCI), with focus on funding developmental and technological innovative initiatives, Dr. Fariz, mentioned that a total of JD 500 million was provided to startup SMEs, through lending from international development funds in coordination with the government.

The event formed a good opportunity to promote financing to industrial sector, giving the importance of dialogue between the industrial and finance sectors to set the proper tools to facilitate the loan processing, especially for small medium and entrepreneurial projects, which face challenges in securing funds, It also highlighted different types of loans and banking services financiers provide, in addition to Islamic financing available for the industrial sector.

The fair was a great opportunity for JLGC to present and promote loan guarantee programs, exploring the obstacles manufacturers usually face when borrowing from the banks. This was to enhance JLGC role through improving the credit environment for economically viable small and medium enterprises to achieve sustainable economic development in Jordan.

• Trade Financing for SMEs Meeting in Cooperation with IIBank

Jordan Loan Guarantee Corporation participated in the meeting held at the premises of Amman Chamber of Commerce to discuss Trade Finance for SMEs program, which was organized by the Islamic International Arab Bank on the 4th May,2015, The bank presented a variety of financial products to facilitate Islamic financing to the trade sector, particularly small and medium-sized establishments.

Mr. Iyad Asali, IIBank General Manager praised the important role of Jordan loan Guarantee Corporation through the vital partnership between the bank and the company by signing “Kafala” agreement based on the provisions of Islamic Sharia.

H.E.Dr. Mohammed Al Ja’fari outlined the role that Jordan loan Guarantee Corporation plays among partner banks to support SMEs, He urged the banks to better utilize JLGC products and services, he also urged traders and business owners to visit JLGC offices for more explanation about the guarantees they need to establish, develop or expand their projects.

Dr. Ja’fari also explained different aspects of the Export Credit Guarantee program run by the company, as a contribution to develop national economy in Jordan, The company encourages Jordanian exporters by offering various facilities and services to protect external exports and urge the exporters to expand in other new global markets by inquiring about the importers and other countries in coordination with COFACE in France, which considered to be the third largest reinsurer in the world next to other major reinsurers.

The meeting gathered a number of traders and members of chamber of commerce, representing many economic sectors like trade, agriculture, services, engineering, constructions and information technology.

The meeting was also attended by H.E.Dr Maher AL Shiekh Hassan, CBJ deputy governor/ chairman of JLGC, and Mr. Issa Murad; Chairman Chamber Amman of Commerce and H.E. Faris Sharaf , IIBank chairman and Mr. Iyad Assali , the General Manager of the bank.

• Prague Club Spring Meetings in Italy

H.E.Dr. Mohammed Al Ja’fari, Director General of JLGC joined lately Berne Union/ Prague Club (link is external) Meetings 2015 that took place in Florence, Italy from 11 –15 May,2015.

The meetings discussed several topics regarding Export Credit Insurance among the club members, while the meetings and workshops contributed in defining the main and professional aspects of the credit insurance during the past years.

The meeting was attended by various Prague Club members from different countries and multilateral organizations many speakers / panelists as well as officials from the Secretariat of the Berne Union.



- **Small & Medium Enterprises: The Road to Economic Growth Forum**

Jordan Loan Guarantee Corp. (JLGC) participated in “Small & Medium Enterprises: The Road to Economic Growth” Forum on the 26th - 27th August, 2015. The forum was organized by the Union of Arab Banks and under the auspices of the Governor of the Central Bank of Jordan H.E.Dr. Ziad Fariz in cooperation with the Association of Banks in Jordan.

The critical role of SMEs and microenterprises in supporting economic and social development was highlighted in the forum besides the strategies and mechanisms for developing SMEs and the importance of financial inclusion to motivate Corporate Social Responsibility (CSR) and activate the role of banking sector and international financial institutions in supporting the development of these projects to open up a wide range of individual initiatives and self-employment, thus easing pressure on the public sector and serve better the Arab world economics.

Dr. Mohammed Al Ja'fari in his speech on a session about “Financial Inclusion: a platform to support small and microenterprises”, said that financial inclusion generally increases and raises the level of economic activity for individuals, it also improves their incomes and economic opportunities by enabling all society segments particularly the poorest and the most excluded from traditional banking to participate in the economic cycle. He also indicated that the main reason behind the low level of financial inclusion in the Arab region is the high cost of financial products and services according to JLGC's surveys. The banks justified this in light of the nature of the services and products and the cost of management and high risks in the absence of the credit information and its accuracy.

JLGC participated in the tow days forum, it was attended by Mr. Mohannad Al Rashdan; Assistant Director General for Technical and Operational affairs, Mrs. Rana Tahboub; Advisor Risk Management, Mrs. Amal Jaradat; Manager of Industrial Finance Dept. and Mrs. Diana Al Jariri , Credit Officer at Industrial Finance Dept.

• The 1st Conference for the Jordanian Association of the Leasing Companies

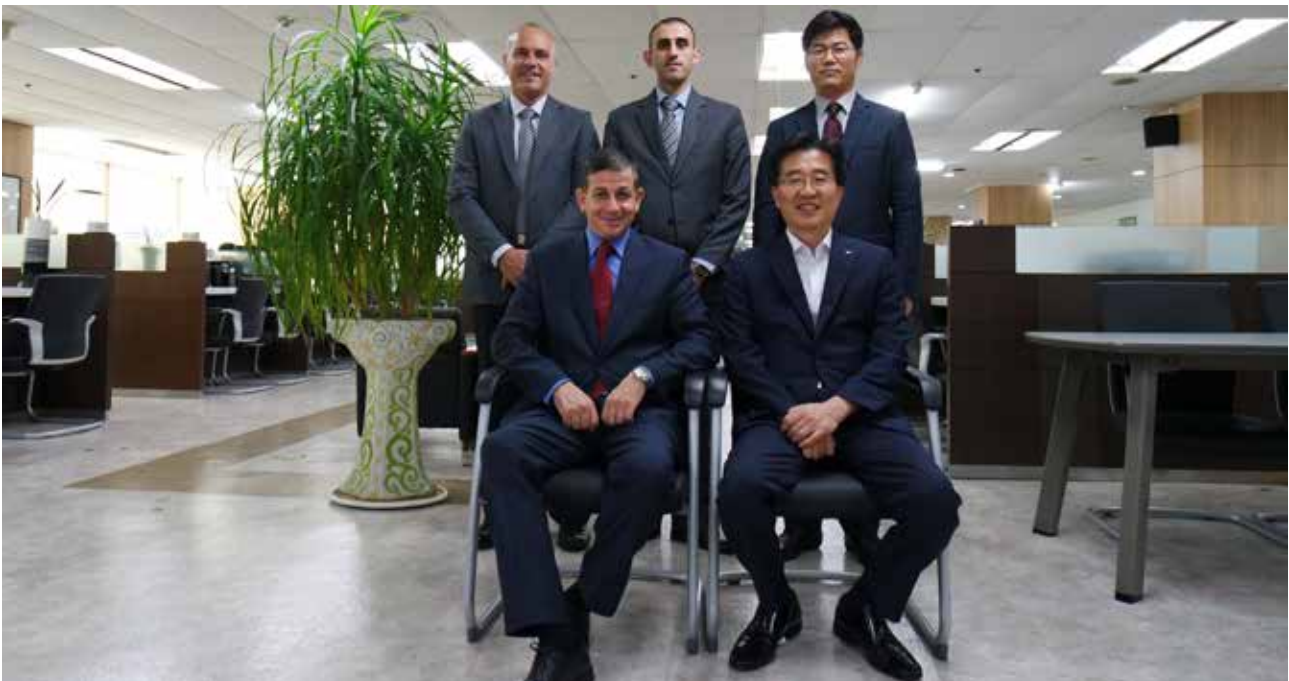
The Jordanian Association of the Leasing Companies in Jordan, in cooperation with the International Finance Corporation (IFC), a member of the World Bank Group held its first conference during the period of September 8-9, 2015 at Le Meridien Amman Hotel.

Jordan Loan Guarantee Corp. (JLGC) participated in the conference due to its significant importance as it addresses the expanding role of financial leasing as a major finance tool available for large companies, SMEs, and individuals. In addition, financial leasing provides benefits and contributes to economic growth.

The Conference chaired by the prominent US expert in the field of financial leasing Mr, Sudhir Amemba, Chairman of Amemba & Halladay Associates, it also hosted several international and local experts who shared their experiences in this field.

Mrs. Amal Jaradat; Manager of Industrial Finance and Financial Leasing Dept. at JLGC participated in the conference sessions for two days.

• JLGC Study Tour to Korea



An official delegate from JLGC led by H.E.Dr. Mohammed Al Ja'fari and comprising of Mr. Samer AlRoud, Senior Credit Officer at Follow up and Collection Department, Mr. Iyad Mu'amr, Credit Officer at the SME Loan Guarantee Dept. participated in the study tour program to Korea during the period of 6th until 12 September, 2015. The delegate visited Korea Credit Guarantee Fund (KODIT), Korea Enterprise Data (KED) and the Industrial Bank of Korea (IBK).

The study tour mainly aimed to share experiences and ideas with peer organizations in the field of loan guarantees and discussing the details of SMEs lending and different supporting enablers. The visit will help JLGC to develop its strategies and action plans for the implementation of the best international practices.

The delegate met the top management of the organizations visited and discussed various topics about managing risks of the SME portfolios and the management of distressed guarantees and debt collection.

As a next step to deepen the relationship between JLGC and KODIT, the Korean Credit Fund proposed a project for Knowledge Sharing Program (KSP) to enhancing the partnership with JLGC and nurturing mutually beneficial relationships through practical approaches for supporting both countries' economic development efforts.

• ENERGIZE JORDAN 2015

Jordan Loan Guarantee Corp, (JLGC) participated in the forum under the title "Energize Jordan 2015" Pioneering Jordan Industries in Renewable Energy and the specialized exhibition held under the patronage of H.E. Prime Minister Dr. Abdullah Ensour. The Forum organized by Jordan Chamber of Industry in coordination with Ministry of Energy and Mineral Resources, and in cooperation with the German Agency for International Cooperation (GIZ) and the United States Agency for International Development (USAID) on the 17 November, 2015 at Le Royal – Amman.

The Forum considered to be a positive start for energy and environmental sustainability, it also clarified the role of the Chambers of Industry and Business Organizations in educating the industrial sector about the importance of the use of renewable energy technology to raise awareness about the basis and methods of renewable and alternative energy use and sharing the best local and international practices in this area.

Mrs. Amal Jaradat, Industrial Finance Department Manager at JLGC, participated as a speaker in the second session about "Financing Programs of the Banking Institutions for Renewable Energy and Energy Efficiency Projects " moderated by JLGC Chairman H.E.Dr. Maher Al Sheikh Hasan, Deputy Governor, Central Bank of Jordan. The session focused on the programs, services and frameworks provided by the Central Bank of Jordan which acts as an umbrella of the banking sector in order to encourage the banking institutions to work in this vital sector. The session also addressed the challenges that face the financing of energy and the main obstacles that face funds and the proposed solutions, it also highlighted the effectiveness of loan guarantee programs to stimulate small and medium sized projects to borrow in order to finance their energy projects.

• The 28th ACSIC Conference in Nusa Dua Bali, Indonesia

Next to multi international loan guarantee schemes worldwide, JLGC participated in ACSIC Conference 2015 held in Nusa Dua Bali , Indonesia during the period from 16 -19 Nov,2015. The conference aimed to share experiences of the best practices of the credit guarantee systems and corporations among ACSIC members, the theme of the conference was "Measuring the Soundness and Key performance Indicator (KPI) of Credit Guarantee Corporations".

Dr. Mohammed Al Ja'fari; Director General of JLGC participated in the conference and the International Seminar as a speaker in the session about "The Role of Credit Guarantee Corporation to Support SMEs' Access to Finance" with more than 500 attendees, members from 11 countries of ACSIC, banks, Ministries, Embassies and Consulates in Indonesia.

Dr. Ja'fari focused during his session on "The Role of CGC to Support SMEs in Middle East" through various topics highlighted in his presentation that covers the following:

- SMEs Economic Contribution in the MENA Region
- SMEs Access to Finance
- Obstacles to SME Lending in the MENA Region
- Creating Enabling Environment and Improving Lending Practices
- Credit Guarantee Schemes in MENA
- Main Design Elements (Mandate and policy objectives, Regulation, Eligibility Criteria, Coverage Ratio, Fee Structure, Payment Rules, Collateral, Down-payment Rules, etc.....)
- Financial Sustainability
- Outreach and Additionality
- Main Challenges facing LGS in the MENA
- Meeting the Challenge

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

JLGC gives considerable attention to the corporate governance practices and is committed to applying the highest standards of professional competence in all its activities. JLGC follows Corporate Governance Code for Public Shareholding Companies Listed on the Amman Stock Exchange.

The board of directors adopted an internal by-law that defines in details the duties, powers, and responsibilities of the board of directors,

JLGC also committed to the legislations and rules set by Companies Control Department in Jordan.

Board Committees

The Corporate Governance Committee:

- The corporate governance committee consists of the Chairman H.E.Dr. Maher Al Sheikh Hasan and two non-executive members, Mr. Ne'meh Sabbagh and Mr. Tawfiq Mukahal,

The Audit Committee:

- JLGC has an Audit Committee that comprises three non-executive Members, chaired by Mr, Adel As'ad, with the membership of Mrs. Ranya Al Aa'raj and Mr.Zyad Adayla.
- Four Meetings held in compliance with related Laws and regulations.
- The Committee is responsible for undertaking the tasks of overseeing and monitoring all accounting and internal control and auditing activities in the company.
- Studying periodic and annual financial reports prior to their presentation to the board of directors, and submitting recommendations thereabout.
- Monitoring the company's compliance with Laws and regulations in force, and the requirements of regulatory bodies.
- Taking necessary steps to ensure internal supervision on the company's work in progress, including ensuring compliance with the laws in force, the requirements of supervisory authorities, policies and procedures set by the board of directors.

The Nominations and Remuneration Committee:

- The Selection and Remuneration Committee consists of three non-executive Directors, the Chairman of the Board H.E.Dr. Maher Al Sheikh Hasan and Mr. Ne'meh Sabbagh and Mr. Tawfiq Mukahal.

- The Committee is responsible for setting the policy of compensations, privileges, incentives, and salaries and reviewing them on a yearly basis.
- Defining the company's needs of qualifications at the upper executive management and employees levels, and setting the criteria for their selection.
- Drawing the company's human resources and training policy, monitoring its implementation, and reviewing it on an annual basis.

The Risk Management Committee

- The Risk Management Committee is chaired by H.E.Dr. Mohammed Al Ja'fari, with the membership of Mr.Tawfiq Mukahal & Mrs. Ranya Al Aa'raj.
- The Board reviewed and approved the company's risk management strategy and policy. Executive management is responsible for implementing the strategies that have been approved by the Board, and for developing the policies and procedures for managing the various types of risks.

Representations

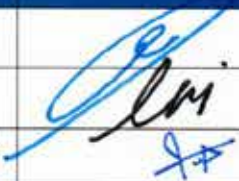

1.The Board of Directors of the Jordan loan Guarantee Corporation declares to that no material issues might influence the continuity of the corporation during the upcoming fiscal year 2016.

Name	Title	Signature
H.E.Dr. Maher Khalil "Sheikh Hasan"	Chairman	
H.E.Dr. Mohammed Lutfi Al Ja'fari	Vice Chairman	
Mr. Adel Ibrahim As'ad	Board Member	
Mr. Ne'meh Elias Sabagh	Board Member	
Mr. Ziad Ata'llah Adayleh	Board Member	
Mr. Tawfeek Abdel kader Mukahal	Board Member	
Mrs. Ranya Moosa Al Araj	Board Member	

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

Name	Title	Signature
H.E.Dr. Maher Khalil "Sheikh Hasan"	Chairman	
H.E.Dr. Mohammed Lutfi Al Ja'fari	Vice Chairman	
Mr. Adel Ibrahim As'ad	Board Member	
Mr. Ne'meh Elias Sabagh	Board Member	
Mr. Ziad Ata'llah Adayleh	Board Member	
Mr. Tawfeek Abdel kader Mukahal	Board Member	
Mrs. Ranya Moosa Al Araj	Board Member	

3.We the undersigned declare that the financial statements and information within the Annual Report 2015 are correct.

Name	Title	Signature
H.E.Dr. Maher Khalil "Sheikh Hasan"	Chairman	
H.E.Dr. Mohammed Lutfi Al Ja'fari	Director General	
Mr. Issa Ismail Tarayrah	Acting Manager /Finance Dept.	

Financial Statements & the Auditor's Report for the Year
Ended 31 December 2015

Jordan Loan Guarantee Corp.

Public Shareholding Company

Financial Statements as at 31 December 2015
Together With
Independent Auditors' Report

Arab Professionals
(Member firm within Grant Thornton International Ltd)

Jordan Loan Guarantee Corp.
Public Shareholding Company

Contents

	Page
- Independent auditors' report	61
- Statement of financial position	62
- Statement of profit or loss	63
- Statement of comprehensive income	64
- Statement of changes in equity	65
- Statement of cash flows	66
- Notes to the financial statements	67 - 82

INDEPENDENT AUDITORS' REPORT

To The Shareholders of
Jordan Loan Guarantee Corp.
Public Shareholding Company
Amman - Jordan

Report on the financial statement

We have audited the accompanying financial statements of Jordan Loan Guarantee Corp. which comprise the statement of financial position as at 31 December 2015, the statement of profit or loss, 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 2015, 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.

7 February 2016
Amman – Jordan

Arab Professionals

Jordan Loan Guarantee Corp.
Public Shareholding Company
Statement of financial position as at 31 December 2015
(In Jordanian Dinar)

	Notes	2015	2014
Assets			
Cash and cash equivalents	4	8,733,702	5,596,391
Restricted bank deposits	11,13	8,838,602	5,606,977
Restricted financial assets measured at amortized cost	11,13	-	2,886,130
Financial assets measured at fair value through profit or loss		-	2,180
Financial assets measured at fair value through other comprehensive income	5	779,177	793,873
Financial assets measured at amortized cost	6	3,097,962	6,696,471
Receivables and other current assets	7	521,910	504,996
Deferred tax assets	8	776,751	534,833
Property and equipment	9	3,280,646	3,325,718
Total assets		26,028,750	25,947,569
Liabilities and equity			
Liabilities			
Provisions against loans guarantee	10	4,121,251	4,149,165
Central Bank of Jordan loan	11	5,160,695	5,160,695
Payables and other current liabilities	12	774,026	741,963
Ministry of planning deposit	13	1,248,500	1,248,500
Income tax provision	8	34,086	137,794
Total liabilities		11,338,558	11,438,117
Equity			
	15		
Paid in capital		10,000,000	10,000,000
Statutory reserve		1,483,583	1,447,025
Voluntary reserve		2,204,824	2,204,824
Fair value adjustments		112,243	128,197
Retained earnings		889,542	729,406
Total equity		14,690,192	14,509,452
Total liabilities and equity		26,028,750	25,947,569

«The attached notes from (1) to (24) form an integral part of these financial statements»

Jordan Loan Guarantee Corp.
Public Shareholding Company
Statement of profit or loss for the year ended 31 December 2015
(In Jordanian Dinar)

	Notes	2015	2014
Revenues			
Bonds interest income		365,593	562,037
Interest income		284,964	207,636
Commissions on guaranteed loans		639,120	563,686
Commissions on guaranteed exports and domestic buyers		129,484	144,840
Commissions on guaranteed industrial loans and financial leasing		201,392	165,522
Dividends income		63,958	50,247
Revaluation of financial assets measured at fair value through profit or loss		-	59,090
Loss from sale of financial assets measured at fair value through profit or loss		(1,649)	-
Other revenues		30,220	2,240
Total revenues		1,713,082	1,755,298
Deduct :			
Administrative expenses	16	1,130,147	992,725
Provisions against loans guarantee	10	193,216	254,598
Provision against end of service indemnity		24,139	25,428
Board of directors' remunerations		34,452	26,798
Total expenses		1,381,954	1,299,549
Profit for the year before tax		331,128	455,749
Tax income (expense)		265,566	(35,413)
Profit for the year		596,694	420,336
Basic and diluted earnings per share	17	0.060	0.042

«The attached notes from (1) to (24) form an integral part of these financial statements»

Jordan Loan Guarantee Corp.
Public Shareholding Company
Statement of comprehensive income for the year ended 31 December 2015
(In Jordanian Dinar)

	2015	2014
Profit for the year	596,694	420,336
Other comprehensive income		
Change in fair value of financial assets through other comprehensive income	(15,954)	86,266
Total comprehensive income for the year	580,740	506,602

«The attached notes from (1) to (24) 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 2015
(In Jordanian Dinar)

	Paid in capital	Reserves		Fair value adjustments	Retained earnings	Total
		Statutory	Voluntary			
Balance at 1 January 2015	10,000,000	1,447,025	2,204,824	128,197	729,406	14,509,452
Dividends paid	-	-	-	-	(400,000)	(400,000)
Comprehensive income for the year	-	-	-	(15,954)	596,694	580,740
Statutory reserve	-	36,558	-	-	(36,558)	-
Balance at 31 December 2015	10,000,000	1,483,583	2,204,824	112,243	889,542	14,690,192
Balance at 1 January 2014	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)	-
Balance at 31 December 2014	10,000,000	1,447,025	2,204,824	128,197	729,406	14,509,452

«The attached notes from (1) to (24) 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 2015
(In Jordanian Dinar)

	2015	2014
Operating Activities		
Profit for the year before income taxes	331,128	455,749
Depreciation	92,979	52,557
Amortization of deferred income	(24,118)	(2,240)
Revaluation of financial assets measured at fair value through profit or loss	-	(59,090)
Provision against end of service indemnity	24,139	25,428
Provisions against loans guarantee	611,951	730,026
Board of directors' remunerations	34,452	26,798
Change in working capital		
Payables and other current liabilities	(16,914)	207,589
Receivables and other current assets	76,187	(19,240)
Financial assets measured at fair value through profit or loss	2,180	129,674
Net payments for loans guarantee	(639,865)	45,818
Income tax paid	(159,915)	(146,182)
Net Cash Flows From Operating Activities	332,204	1,446,887
Investing Activities		
Financial assets measured at amortized cost	3,598,509	2,579,569
Financial assets measured at fair value through other comprehensive income	-	(104,190)
Property and equipment	(47,907)	(114,951)
Net Cash Flows From Investing Activities	3,550,602	2,360,428
Financing Activities		
Restricted bank deposits	(3,231,625)	(437,056)
Restricted financial assets measured at amortized cost	2,886,130	(388)
Dividends paid	(400,000)	(400,000)
Net Cash Flows Used in Financing Activities	(745,495)	(837,444)
Net change in cash and cash equivalents	3,137,311	2,969,871
Cash and cash equivalents, beginning of the year	5,596,391	2,626,520
Cash and cash equivalents, end of the year	8,733,702	5,596,391

«The attached notes from (1) to (24) form an integral part of these financial statements»

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 7 February 2016 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

The following standards have been published that are mandatory for accounting periods after 31 December 2015. Management anticipates that the adoption of new and revised Standards will have no material impact on the financial statements of the Company.

Standard No.	Title of Standards	Effective Date
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations (Amendments)	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2018

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 profit or loss.

- Management reviews periodically provisions against loan guarantee to assess their sufficiency according to the Company's policy and the risk management assessment.

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 statement of profit or loss.

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.

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 profit or loss. 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.

Grants

Grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Grants whose primary condition is that the Company should purchase, construct or otherwise acquire depreciable assets are recognized as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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.

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 profit or loss.

3. Balances of guaranteed loans and ceilings

	Loans Ceilings		Guaranteed loans	
	2015	2014	2015	2014
Housing loans guarantees	30,199,606	37,926,299	26,742,374	28,558,530
Productive loans guarantees	23,427,000	20,027,000	23,798,229	19,697,300
Export credit guarantees & domestic buyers	3,464,914	2,221,000	3,464,914	2,221,000
Industrial loans guarantees	13,403,582	10,797,952	13,403,582	10,797,952
Financial leasing	3,734,072	5,360,558	3,734,072	5,360,558
Business vehicles	217,873	235,622	217,873	235,622

4. Cash and cash equivalents

	2015	2014
Cash on hand	1,000	468
Bank deposits	8,732,702	5,595,923
	8,733,702	5,596,391

Bank deposits mature within (3) to (11) months, with an annual interest rate ranging between (2%) and (3.85%) yearly.

5. Financial assets measured at fair value through other comprehensive income

	2015	2014
Investments in listed shares (in Jordan)	424,987	439,683
Investments in unlisted shares (in Jordan)	354,190	354,190
	779,177	793,873

6. Financial assets measured at amortized cost

	2015	2014
Investment in bonds – Jordan	3,375,702	6,974,211
Deduct: impairment provision	(277,740)	(277,740)
	3,097,962	6,696,471

Investment in bonds mature up to the year 2019 with an annual interest rate ranging between (5.498%) and (7.75%) yearly.

7. Receivables and other current assets

	2015	2014
Accrued commissions income	337,060	273,625
Accrued interest income	153,833	169,166
Accounts receivable	17,362	53,971
Prepaid expenses	15,277	12,016
Refundable deposits	7,865	7,855
Others	2,320	170
Deduct: provision against impairment in accrued interest	(11,807)	(11,807)
	521,910	504,996

8. Income tax

The movements on the income tax provision are as follows:

	2015	2014
Balance at beginning of the year	137,794	117,814
Current income tax charge	56,207	166,162
Income tax paid	(159,915)	(146,182)
	34,086	137,794

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

	2015	2014
Provisions against loans guarantee	705,619	488,934
Provision against impairment of financial assets measured at amortized cost	57,909	40,537
End of service provision	19,131	10,012
Change in fair value reserve	(5,908)	(4,650)
	776,751	534,833

- Due to the change in income tax rate from 14% to 20% according to the new income tax law number (34) for the year 2014 which became effective as at 1/1/2015, the company recalculated its differed tax assets at the beginning of the year and recorded a tax income of JOD (231,207).

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2014.

- The income tax provision for the year 2015 was calculated in accordance with the Income Tax Law.

9. Property and Equipment

	Lands	Buildings	Furniture & Fixtures	Vehicles	Computers & Software	Advance payments to purchase software	Total
Cost							
Balance at 1/1/2015	1,688,453	1,522,285	141,115	95,721	215,902	200,427	3,863,903
Additions	-	-	3,414	19,900	24,594	-	47,908
Disposals	-	-	-	(14,520)	-	-	(14,520)
Transfers	-	-	-	-	200,427	(200,427)	-
Balance at 31/12/2015	1,688,453	1,522,285	144,529	101,101	440,923	-	3,897,291
Accumulated depreciation							
Balance at 1/1/2015	-	150,387	111,681	92,802	183,315	-	538,185
Depreciation for the year	-	30,445	7,372	4,420	50,742	-	92,979
Disposals	-	-	-	(14,519)	-	-	(14,519)
Balance at 31/12/2015	-	180,832	119,053	82,703	234,057	-	616,645
Net book value at 31/12/2015	1,688,453	1,341,453	25,476	18,398	206,866	-	3,280,646
Cost							
Balance 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 at 31/12/2014	1,688,453	1,522,285	141,115	95,721	215,902	200,427	3,863,903
Accumulated depreciation							
Balance 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 at 31/12/2014	-	150,387	111,681	92,802	183,315	-	538,185
Net book value at 31/12/2014	1,688,453	1,371,898	29,434	2,919	32,587	200,427	3,325,718

10. Provisions against loans guarantee

Based on Board of Directors resolution related to the basis of calculating provisions against loans guarantee to reflect the estimated risk against guaranteed loans, 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 (181) days for productive and housing loans.

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

	2015	2014
General provision	593,163	538,477
Special provision	1,009,418	1,278,596
Restricted special provision	-	168,248
Provision for industrial financing	2,177,731	1,935,942
Provision for pioneer projects financing	340,939	227,902
	4,121,251	4,149,165

The movements on these provisions are as follows:

General provision

	2015	2014
Balance at beginning of the year	538,477	789,427
Charge for the year	54,686	100,626
Transfer to special provision	-	(70,328)
Transfer to restricted special provision	-	(281,248)
	593,163	538,477

Special provision

	2015	2014
Balance at beginning of the year	1,278,596	871,558
Transfer from restricted special provision	168,248	-
Charge for the year	138,530	266,972
Recoveries	226,637	287,653
Compensations paid	(802,593)	(217,915)
Transfer from general provision	-	70,328
	1,009,418	1,278,596

Restricted special provision

	2015	2014
Balance at beginning of the year	168,248	-
Transfer to special provision	(168,248)	-
Transfer from general provision	-	281,248
Unneeded provision	-	(113,000)
	-	168,248

Provision for industrial financing

	2015	2014
Balance at beginning of the year	1,935,942	1,597,187
Charge for the year	305,698	362,675
Recoveries	357,082	66,211
Compensations paid	(420,991)	(90,131)
	2,177,731	1,935,942

Provision for pioneer projects financing

	2015	2014
Balance at beginning of the year	227,902	115,149
Charge for the year	113,037	112,753
	340,939	227,902

11. 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 or any interest. 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 7,250,165 and JOD 7,017,179 as at 31 December 2015 and 2014 respectively.

12. Payables and other current liabilities

	2015	2014
Unearned commissions	313,381	230,994
Deferred grants income	110,635	110,159
Reinsurers	108,908	200,690
Shareholders Withholdings	82,948	80,852
Provision for end of service indemnity	95,654	71,516
Provision for Board of Directors' remunerations	34,452	26,798
Accrued expenses	27,846	20,223
Others	202	731
	774,026	741,963

13. 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 80% of the principal value of a guaranteed loan and of the interest accrued up to maximum of 181 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 2015 amounted to JOD 1,248,500 and the restricted balance presented under assets in the statement of financial position amounted to JOD 1,588,437 (2014: JOD 1,475,928).

14. 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 used from the grant till end of 2015 was JOD (136,994) to purchase property and equipment and JOD (235,583) to cover other expenses related to the grant purposes.

Revenues from the grant were deducted from their related expenses.

15. 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 2015 and 2014.

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.

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 2016 to distribute 3% cash dividends to shareholders.

- The General Assembly has resolved in its meeting held during 2015 to distribute 4% cash dividends to shareholders.

16. Administrative expenses

	2015	2014
Salaries and wages	620,497	553,522
Company's contribution in social security	68,841	62,286
Company's contribution in saving fund	55,413	51,493
Depreciation	92,979	52,557
Medical and health insurance expenses	60,452	47,118
Board of Directors' transportation	46,600	46,800
Subscriptions	40,036	24,174
Post, telephone, water and electricity	37,956	35,290
Professional fees	28,973	37,920
Official duties and training courses	19,190	28,195
Marketing expenses	17,529	7,628
Stationary and printings	13,614	13,669
Maintenance	12,967	11,947
Rent	850	783
Vehicles expenses	5,142	9,519
Others	9,108	9,824
	1,130,147	992,725

17. Basic and diluted earnings per share

	2015	2014
Profit for the year	596,694	420,336
Weighted average number of shares	10,000,000	10,000,000
	0.060	0.042

18. Executive management remuneration

The salaries and remunerations of the executive management amounted to JOD 300,549 and JOD 275,121 during 2015 and 2014 respectively.

19. 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.

20. 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.

2015	Up to one year	More than one year	Total
Assets			
Cash and cash equivalents	8,733,702	-	8,733,702
Restricted bank deposits	-	8,838,602	8,838,602
Financial assets measured at fair value through other comprehensive income	-	779,177	779,177
Restricted financial assets measured at amortized cost	-	3,097,962	3,097,962
Receivables and other current assets	521,910	-	521,910
Deferred tax assets	-	776,751	776,751
Property and equipment	-	3,280,646	3,280,646
Total assets	9,255,612	16,773,138	26,028,750
Liabilities			
Provisions against loans guarantee	-	4,121,251	4,121,251
Central Bank of Jordan loan	-	5,160,695	5,160,695
Payables and other current liabilities	774,026	-	774,026
Ministry of planning deposit	-	1,248,500	1,248,500
Income tax provision	34,086	-	34,086
Total liabilities	808,112	10,530,446	11,338,558
2014			
Assets			
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
Total assets	9,703,581	16,243,988	25,947,569
Liabilities			
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
Total liabilities	879,757	10,558,360	11,438,117

21. 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.

2015	Up to one year	More than one year	Non-interest bearing	Total
Assets				
Cash and cash equivalents	8,732,702	-	1,000	8,733,702
Restricted bank deposits	-	-	8,838,602	8,838,602
Financial assets measured at fair value through other comprehensive income	-	-	779,177	779,177
Financial assets measured at amortized cost	-	3,097,962	-	3,097,962
Receivables and other current assets	-	-	521,910	521,910
Deferred tax assets	-	-	776,751	776,751
Property and equipment	-	-	3,280,646	3,280,646
Total assets	8,732,702	3,097,962	14,198,086	26,028,750
Liabilities				
Provisions against loans guarantee	-	-	4,121,251	4,121,251
Central Bank of Jordan loan	-	-	5,160,695	5,160,695
Payables and other current liabilities	-	-	774,026	774,026
Ministry of planning deposit	-	-	1,248,500	1,248,500
Income tax provision	-	-	34,086	34,086
Total liabilities	-	-	11,338,558	11,338,558
Net	8,732,702	3,097,962	2,859,528	14,690,192
2014				
Assets				
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
Total assets	9,195,937	3,096,457	13,655,175	25,947,569
Liabilities				
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
Total liabilities	-	-	11,438,117	11,438,117
Net	9,195,937	3,096,457	2,217,058	14,509,452

22. 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:

	Local	
	2015	2014
Revenue from loans guarantee	840,512	729,208
Revenue from guarantee of exports and domestic buyers	129,484	144,840
Revenue from investing in financial securities	712,866	879,010
Assets related to guarantee of loans and export sector	9,175,662	8,766,732
Assets related to investment in financial securities	12,751,867	13,245,805

23. 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.

2015	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	424,987	-	354,190	779,177

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

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.

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:

	2015	Less than one year		
		More than one year	Total	
Provisions against loans guarantee	-	4,121,251	4,121,251	
Central Bank of Jordan loan	-	5,160,695	5,160,695	
Payables and other current liabilities	774,026	-	774,026	
Ministry of planning deposit	-	1,248,500	1,248,500	
Income tax provision	34,086	-	34,086	
	808,112	10,530,446	11,338,558	

	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	
	879,757	10,558,360	11,438,117	

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, 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 43,664 during 2015 (2014: JOD 27,980).

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 40,374 during 2015 (2014: JOD 42,429).

24. 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.