



**J**ORDAN  
LOAN GUARANTEE CORP.

The Small Business Company Of Jordan

## 24th Annual Report

2017

### Jordan Loan Guarantee Corporation

The Small Business Company of Jordan

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](http://www.jlgc.com) / [mail@jlgc.com](mailto:mail@jlgc.com)





**His Majesty King Abdullah II Bin Al-Hussein**





**His Royal Highness  
Crown Prince Hussein Bin Abdullah II**



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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 and then increased to JD 29,080,310 in 2016.

## Jordan Loan Guarantee Corporation

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.

## Mission Statement





## Chairman's Statement

**Dr. Maher "Sheikh Hasan"**

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

The year 2017 has continued the achievements that were accomplished in various programs and activities of the Jordan Loan Guarantee Corporation (JLGC) during previous years. JLGC has accomplished a high growth rate in the volume of loan guarantee programs. A matter that supported and enhanced the contribution of the company in improving the business environment for small and medium income generating companies and advancing their opportunities. The company also continued its efforts to support national exports by providing credit insurance to Jordanian exporters against risks of default payments caused by buyers and importers.

On behalf of members of the Board of Directors, I am pleased to present the 24th Annual Report of the Jordan Loan Guarantee Corporation for the year 2017, which includes major achievements and external auditors report. JLGC achievements reflect clearly that the company has become one of the leading institutions supporting the development of small and medium enterprises in the Kingdom.

### **Distinguished Shareholders,**

During 2017, all JLGC programs were supported by the Central Bank of Jordan, which provided a special advance of JD 100 million to the company at a preferential interest rate to invest in higher return government bonds, and benefit from the spend in building special reserves to support export credit insurance program. The reserves will enable the company to accept higher risk levels through direct independent underwriting, especially with the reinsurers' reluctance to provide required insurance coverage for national exports due to the security challenges in the region.

The Central Bank assigned JLGC, in coordination with the government of Jordan and the World Bank for Reconstruction and Development, the responsibility for implementing the Jordan Innovative Small & Startups Fund (ISSF) with a capital of approximately US \$ 100 million, of which 49% was provided by the Central Bank. The fund was established as a private joint stock company under the supervision of the Jordan Loan Guarantee Corp. during the fourth quarter of the year 2017. The fund will start operation officially in the third quarter of 2018.

The Central Bank has also worked with external financing bodies to provide additional funds that will allow an increase of the guarantee ceilings for industrial finance & small startups programs to higher levels during 2018.

### **Dear Shareholders,**

The year 2017 witnessed a significant increase in the volume of loan guarantees extended to small and medium-sized companies. The company provided credit guarantees for more than 1,800 loans granted to small and medium-sized companies with a nominal value of about JD 99 million. The company also provided insurance coverage for 986 export shipments and domestic sales with a insured value of JD 52 million.

In terms of JLGC financial performance during 2017, the company achieved a growth of 54% in total revenues relative to 2016, which is equivalent to JD 2,965 million in 2017 compared to a total revenues of JD 1,924 million in 2016.

The growth in the company's revenues was a result of the increase in operating revenues that increased from JD 1,152 million in 2016 to JD 1,426 million in 2017 and the increase in investment revenues that increased from JD 744 thousand to JD 1,508 million.

Total equity increased from JD 33, 6 million at the end of 2016 to JD 34,7 million by the end of 2017, while the total assets of the company ,at the end of 2017, amounted to JD 178 million compared to JD 72 million at the end of 2016.

The company's profits before tax reached JD 983 thousand in 2017 compared to JD 407 thousands in 2016, while net profits after tax amounted JD 731 thousand in 2017 compared to JD 270 thousands in 2016. Accordingly.

### **Dear Shareholders,,,**

On this occasion, I would like to thank the Central Bank of Jordan for its continuous support to JLGC and its contribution to the development of the company's performance and support for its vital economic role in achieving its long term objectives.

We are also grateful to our valued shareholders for their confidence and support for the company's development role. We assure them that we will continue working to present the best for their company so that we can remain faithful to their confidence.

I would like to take this opportunity to express my gratitude to the members of the Board of Directors for their constructive contribution in the company's achievements, which have had a great impact on achieving this success and pursuing further excellence opportunities with regard to company's performance, and also would like to extend special thanks and appreciation to JLGC staff and employees for their outstanding performance and sincere efforts of which we could have not been able to achieve our strategic goals year after year without.

We sought and will still seek to achieve more accomplishments to strengthen the position of the company on the map of the national economy. Within this year, with all these achievements, we will build the basis for further growth and greater development contribution. We ask God to help us in achieving these goals.

May God help us all in serving our beloved country and our national economy in the presence of His Majesty King Abdullah II Ibn Al Hussein, supporter of building the modern Jordanian state.

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,,,**

On behalf of my colleagues at the Jordan Loan Guarantee Corporation, I am pleased to present the 24th annual report which includes the company's results, achievements, and the consolidated financial statements for the year ended on 31 December 2017.

The year 2017 presented a new challenge for JLGC. The Corporation started to implement the necessary recommendations associated with the Economic Policies Council as to improve the company's performance and enhance business environment for small and medium enterprises, in addition to advancing the national export credit insurance program, supporting Jordanian exporters, and enabling them to enter new markets by providing the needed insurance coverage for their exports.

### **Dear Shareholders**

During its 24th year of operations, the company continued to play its national role to support SMEs access to finance in cooperation with its key partners among public and private sectors. JLGC, on the other hand, appreciates the role of the Central Bank of Jordan in providing all available means to enable the company to perform its role effectively. The Central Bank continues to support JLGC various activities and initiatives as to achieve the desired change that aims at enhancing the company's programs and diversifying its services.

JLGC is proud to be chosen as the implementing organization for the establishment of the Jordan Innovative SMEs & Startups Fund (ISSF) that will be officially launched in 2018 as an initiative founded by the Central Bank of Jordan and funded jointly with the Government of Jordan. This project will contribute significantly in supporting entrepreneurship and the direct investment in innovative projects in cooperation with participating institutions and sponsors of creative ideas.

### **Dear Shareholders**

The company launched 2017 with outstanding results in line with its strategic plan that aims collectively at advancing the delivery model of its products and services. The company has benefited from its value proposition at the national level to develop SMEs sector and to support the national exports. The company has become a major supporter to small and medium-sized companies, entrepreneurs and business owners in the kingdom. Besides, supporting Jordanian exporters through the expansion and new launching of JLGC financed program. The company will continue its efforts to improve its professional and institutional working methodology in serving the national economy.

In 2017, the company provided guarantees for 1864 loans with a nominal value of JD 99 million. The outstanding balance of the guaranteed loans portfolio reached about JD 93 million by the end of 2017, which is more than 4300 companies compared to JD 79.2 million at the end of 2016.

The company continued to guarantee the national exports and domestic sales by providing guarantees for 724 export shipments with a guaranteed value of JD 48.4 million and 262 local sales shipments with a guaranteed value of JD 3.2 million.

It is worth mentioning that in 2018 the company will adopt IFRS 9 to prepare financial reports. It will adopt a new set of internal governance regulations to comply with the provisions of the Corporate Governance of Listed Companies on the Jordan Securities Commission (JSC) issued by the Securities Commission in 2017 and in line with international best practices in this regard.

### **Dear Shareholders,**

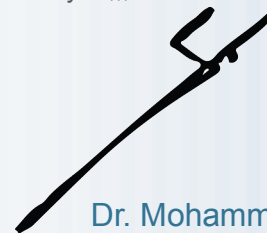
The Jordan Loan Guarantee Corporation works to achieve very important national objectives. It encourages various banks and financial institutions to facilitate SMEs access to credit continuously and also seeks to enable Jordanian exporters to obtain the insurance coverage necessary to protect their export products. In this framework, the company contributes in improving the standards of living for Jordanians in these sectors by providing appropriate sources of income for them and their families.

I would like to thank and extend my appreciation to all the supporting national institutions, particularly the Central Bank of Jordan, for their continuous support for the company and its programs in enhancing the business environment and stimulating economic growth. I would also like to thank our valued shareholders for their selection for the Jordan Loan Guarantee Company and confidence that the company working team will spare no efforts in meeting the shareholders' expectations.

I also extend my sincere thanks and appreciation to the Chairman of the Board Dr. Maher «Sheikh Hasan», and to all members of the Board of Directors for their support. I would like also to express my special gratitude to my colleagues at all levels of management for their dedication to fulfill the company's achievements.

God bless you for the benefit and success of our company as to be able to continue serving the national economy under the able leadership of His Majesty King Abdullah II bin Al Hussein.

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



**Dr. Mohammed Al-Ja'fari**  
Director General

## Summary Results of 2017 Compared to 2016

### Operational Results

#### Loan Guarantee Results:

##### Guaranteed Loans

Type of Loan	2017		2016	
	No,	Guaranteed value	No,	Guaranteed value
Productive Loans	1,638	48,382,387	1,197	35,234,917
Real Estate and Personal Loans	41	1,463,937	51	1,808,034
<b>Total</b>	<b>1,679</b>	<b>49,846,324</b>	<b>1,248</b>	<b>37,042,951</b>

##### Total Loan Guarantees (Executed & In Process) Guaranteed in 2017

Type of Loan	Executed		In process		Total	
	No,	Guaranteed Value	No,	Guaranteed Value	No,	Guaranteed Value
Productive Loans	1,638	48,382,387	98	2,568,640	1,736	50,951,027
Real Estate and Personal Loans	41	1,463,937	4	217,500	45	1,681,437
Industrial Finance Loans	208	17,920,983	35	4,578,185	243	22,499,168
<b>Total</b>	<b>1,887</b>	<b>67,767,307</b>	<b>137</b>	<b>7,364,325</b>	<b>2,024</b>	<b>75,131,632</b>

##### Outstanding Loan Guarantee Portfolio in 2017

Outstanding Loans Guaranteed Portfolio at the end of the year	2017		2016	
	No,	Guaranteed Value	No,	Guaranteed Value
Productive Loans	2,657	48,873,435	2,124	35,799,758
Housing and Personal Loans	1,348	21,976,898	1,484	24,129,454
Industrial Finance Loans	344	22,170,139	256	19,345,662
<b>Total</b>	<b>4,349</b>	<b>93,020,472</b>	<b>3,864</b>	<b>79,274,874</b>

## Ceilings Granted to Banks and Utilized

Type of Loan	2017		2016	
	Ceilings	Utilized	Ceilings	Utilized
Productive Loans ceilings/ Small Projects	49,817,134	48,873,435	32,177,000	35,799,758
Housing and Personal Loans ceilings	28,940,106	21,976,898	29,350,605	24,129,454
Small Startups Loans ceilings	6,000,000	1,578,808	5,500,000	214,062
Total	84,757,240	72,429,240	67,027,605	60,143,274

## Export Credit Guarantee Results:

### Guaranteed Shipments

Guaranteed Shipments	2017		2016	
	No,	Guaranteed Value	No,	Guaranteed Value
Export Credit Guarantees	724	48,421,970	542	49,558,226
Domestic Sales Credit Guarantees	262	3,207,846	147	3,736,305
Total	986	51,629,816	689	53,294,531

### Guaranteed Shipments Portfolio

Guaranteed Shipments Portfolio	2017		2016	
	No,	Guaranteed Value	No,	Guaranteed Value
Export Credit Guarantees	216	3,075,519	186	3,311,418
Domestic Sales Credit Guarantees	46	342,891	76	363,029
Total	262	3,418,410	262	3,674,447

## Summary Results of Claims, Claims Paid, Recoveries Re-Scheduling:

Claims	2017	2016	Claims Paid	2017	2016
Loan Guarantee Dept.	1,639,960	807,392	Loan Guarantee Dept.	834,584	445,643
Industrial Finance Dept.	307,746	283,494	Industrial Finance Dept.	42,721	248,160
Exports Credit Dept.	0	16,674	Exports Credit Dept.	0	15,239
Total	1,947,706	1,107,560	Total	877,305	709,042

Re-scheduling	2017	2016	Recoveries	2017	2016
Loan Guarantee Dept.	7,572,320	6,375,865	Loan Guarantee Dept.	404,871	311,544
Industrial Finance Dept.	2,164,620	3,682,411	Industrial Finance Dept.	11,100	65,961
Exports Credit Dept.	--	--	Exports Credit Dept.	--	--
Total	9,736,940	10,058,276	Total	415,971	377,505

## Summary Results of 2017 Compared to 2016

### Financial Results

Revenues and Expenses	2017	2016
Operational Revenues	1,425,701	151,978
Realized Financial Revenues	1,508,085	743,648
Other Revenues	31,905	28,824
<b>Total Realized Revenues</b>	<b>2,965,691</b>	<b>1,924,450</b>
<b>(Less) General and Administrative Expenses</b>	<b>1,370,018</b>	<b>1,185,020</b>
<b><u>Gross Profit / (Loss)</u></b>	<b><u>1,595,673</u></b>	<b><u>739,430</u></b>
<b>(less ) Provisions and other fees</b>	<b>612,424</b>	<b>332,485</b>
<b>(less) income tax</b>	<b>252,269</b>	<b>136,839</b>
<b>Profit (loss )</b>	<b>730,980</b>	<b>270,106</b>

# 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, startups 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	250,000	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 (Productive & Industrial)	550,000	96	70%
Entrepreneurship Financing Program	75,000	96	80%
Small Startups program	100,000	60	85%
Renewable Energy program	500 – 350,000	36 - 60	70%

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

Credit Guarantee Programs	Max. Shipment Amount (\$)	Max. Payment Period (Month)	Guarantee Percentage (%)
Export Credit Guarantees	4,000,000	6	90%
Domestic Credit Guarantees	4,000,000	4	80-90%

### 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 50 employees.

## C. Size of Capital Investment

Total size of Capital investment was JD 3,225,008 million in 2017 in comparison with JD 3,217,656 million in 2016.

## 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**

- Date of Birth : 17 January, 1970
- 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 Until 10/5/2017**

##### **Director General - Jordan Loan Guarantee Corp.**

- Date of Birth : 28 October, 1962
- 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.
- Representative of Loan Guarantee Schemes in MENA region at the World Bank Task Force to set the Principles on the design and implementation of PCGs for SMEs since 2015.
- 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 Executive Council in the International Association of Deposit Insurers (IADI) during the period of February 2004 until June 2011.

### **Mr. Kamal Ghareeb Al Bakri**

**Board Member since 15 March, 2017**

**Vice Chairman since 15 June, 2017**

**General Manager– Cairo Amman Bank**

- Date of Birth : 7 June, 1969
- Master's Degree in Management of International Banking & Finance / Salford Manchester / UK
- Bachelor's Degree in Law / University of Jordan/ 1991.
- Member of Jordanian Bar Association.
- General Manager of Cairo Amman Bank since 2008.
- Deputy General Manager of Cairo Amman Bank.
- Legal Dept. Manager and Legal Advisor at Cairo Amman Bank.
- Chairman of Board of Directors at Jordan Tourist Transport Company (JETT).
- Vice Chairman of the Association of Banks in Jordan.
- Board member at Jordan Insurance Company.
- Board member Zara Investment Holding Company.
- Board member of National Portfolio Securities.
- Chairman of Directors at Tamalak Leasing Company.
- Board member of Real Time Gross Settlement System.
- Board member at Jordan Payment & Clearing Co.

### **Dr. Khaldoun Abdullah Mahmoud Al Wisha**

**Board Member since 11 May, 2017**

**Executive Director of the Open Market Operations and Public Debt Dept. –  
Central Bank of Jordan**

- Date of Birth : 14 April, 1970
- PhD in Finance / HULL University / UK 2010.
- Master degree in scientific research in business administration / HULL University / Britain 2006
- Master in Business Administration / Finance / University of Jordan 2006.
- Bachelor of Economics / University of Mustansiriya / Iraq 1992.
- Executive Director / Department of Open Market Operations and Public Debt 2013 until now.
- Assistant Executive Director / Department of Investments and Foreign Operations 2012.
- Head of External Loans and Grants Department / Foreign Investments & Operations Department 2010.
- Senior Economist / Department of Open Market Operations and Public Debt 2009.
- Senior Issues Officer / Department of Open Market Operations and Public Debt 2005.
- Dealer / Dealing Room / Investment and Foreign Operations Department 2003.
- Financial Analyst / Department of External Loans and Grants / Department of Investments and Foreign Operations 2000.
- Credit and Transfers Officer / Department of Investments and Foreign Operations 2000.
- Part-time lecturer at several Jordanian universities since 2010 until now.
- Expert and lecturer on international and regional trade finance issues.
- Member of many committees inside and outside the Central Bank.

### **Mr. Adel Ibrahim Asa'ad**

**Board Member until 31 December, 2017**

**Chief Risk Officer – The Housing Bank for Trade and Finance**

- Date of Birth : 29 January, 1967
- MBA from Eastern University / USA 1993.
- Chief Risk Officer 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.
- Board member at Jordan International Bank / London – UK.
- Board member at Jordan Mortgage Refinance Company.

### **Mr. Walid Muhi Eddin Al Samhour**

#### **Board Member**

#### **EVP- Jordan Country Head - Arab Bank Plc**

- Date of Birth : 27 October, 1962
- MSc in Economics University of Jordan, Amman 1994.
- BSc in Economics, Statistics & Public Administration - University of Jordan, Amman 1985.
- EVP- Jordan Country Head - Arab Bank Plc. ( currently )
- Senior Vice President – Senior Credit Officer - Credit Group, Gulf, Egypt & Subsidiaries 2012-2015.
- Senior Vice President- Senior Credit Officer - Credit Group, Gulf, International & subsidiaries 2010-2011
- Various responsibilities and positions at the Arab Bank inside and outside Jordan since 1988.
- Chairman - Arab Sudanese Bank- Sudan.
- Board Member - Arab Tunisian Bank, Oman Arab Bank.

### **Mr. Tawfeek Abdel Kader Mukahal**

#### **Board Member**

#### **Deputy General Manager - Jordan Kuwait Bank**

- Date of Birth : 15 April, 1951
- Bachelor Degree in economics and Trade / University of Jordan 1970.
- Deputy General Manager of Jordan Kuwait Bank since 1991 until now.
- 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

### **H.E. Mr. Zyad Attalah Adayla**

#### **Board Member**

#### **General Manager - Cities and Villages Development Bank**

- Date of Birth : 20 June, 1956.
- 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.

### **Mrs. Luma Ghaleb Abdullah**

#### **Board Member until 5 March, 2017 (Social Security resignation from JLGC BOD)**

#### **Section Head; Board secretariat & Follow up / Social Security Investment Fund**

- Date of Birth : 20 November, 1982
- Bachelor Degree in Business Administration / Philadelphia University – Jordan 2004.
- Board Secretariat & Follow up Section Head - Social Security Investment Fund since 2006 until now.

**Mr. Mohannad Al Rashdan, Assistant Director General for Technical & Operational Group at JLGC was the Secretary of the Board until 26 April, 2017.**

**Mr. Issa Al Tarayra, Finance Dept. Manager at JLGC assigned as the Secretary of the Board since 27 April, 2017.**

- **Mrs. Luma Nayef Bakri was nominated as the representative of the Housing Bank for Trade & Finance at JLGC BOD on 1/1/2018.**
- **Mr. Osama Mohammed Al Azzam was nominated as the representative of Cities & Villages Development Bank on 1/2/2018.**

**\*\*\* JLGC Board of Directors held 7 meetings during 2017**

## **B. Top Management**

### **Dr. Mohammed Al Ja'fari** **Director General**

- Date of Birth : 28 October, 1962
- 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
- Representative of Loan Guarantee Schemes in MENA region at the World Bank Task Force to set the Principles on the design and implementation of PCGs for SMEs since 2015.
- 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**

- Date of Birth : 17 June, 1968
- 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** **Follow ups, Indemnifications & Recoveries Dept. Manager until 30 June, 2017**

- Date of Birth : 14 April, 1964
- Bachelor Degree in Accounting / Philadelphia University – Jordan 1999.
- Follow ups, Indemnifications & Recoveries Dept. Manager until 30 June, 2017
- Loan Guarantee Dept. Manager until 8 April, 2017.
- Working at JLGC since 1st January, 1995.
- Accountant in the Jordan Distribution Agency

### **Mr. Firas Mustafa Fayad**

**Industrial Finance Department Manager since 26 November, 2017**

- Date of Birth: 22 August, 1970.
- Master of Science in Banking and Finance, 1998.
- Higher Diploma in Finance and Banking, specializing in Banking, 1998
- Bachelor of Business Administration and Political Science in 1994.
- Holder of Lender Business Banker Certificate (CCLB) 2005.
- Working at JLGC since 26/11/2017
- Senior Business Relations Manager / Commercial Bank of Dubai - Abu Dhabi 2014-2017
- Senior Customer Relationship Manager, Large Corporate Unit, Arab Bank, Dubai, 2013-2014
- Branch Deputy Manager / Bank of Sharjah 2011-2013
- Director of Corporate Relations / Large Companies Unit / Arab Bank - Dubai 2007-2011
- Credit Analysis Officer - Large Companies / Jordan Commercial Bank 2005-2007
- Commercial Facilities Monitor / Jordan Kuwait Bank 2001-2005
- Banker - Commercial Facilities Department / Arab Egyptian Land Bank 1995-2001.

### **Mr. Tareq Talal Al Nabulsi**

**Follow ups, Indemnifications & Recoveries Dept. Manager since 25 September, 2017**

- Date of Birth: 20 July, 1970.
- Bachelor Degree in Financial and Banking Sciences / Amman Private University in 1994
- Working at JLGC since 25/9/2017.
- Collecting Officer / Abdali Boulevard 2017
- Credit Assistant / Citibank 2004-2014
- Executive Collection Manager / Rouya Marketing Services 1998-2004
- Department of Visa / Jordan Investment and Finance Bank 1994-1998

### **Mr. Issa Al Tarayra**

**Acting Manager for Finance Department**

- Date of Birth : 17 September, 1980.
- 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.

### **Mr. Rami Awwad Samardali**

**Loan Guarantee Dept. Manger since 9 April, 2017**

- Date of Birth : 6 December, 1978
- Bachelor Degree in Banking & Finance / Philadelphia University 2000.
- Working at JLGC since 20 June, 2005.
- Accountant at Arab Printers Company 2001 – 2005.

### **Mrs. Amal Jaradat**

**Export Credit Guarantee Department Manager since 3 July, 2017**

- Date of Birth : 4 October, 1971.
- 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

### **Mrs. Sohad Shafiq Sharaf**

**Acting Manager – Support & Services Dept. since 16 August, 2017**

- Date of Birth : 23 June, 1973
- Bachelor Degree in Business Administration / World Islamic Sciences & Education University 2014
- Accounting Diploma / Arab Community College 1992.
- Acting Manager for Support & Services Dept. since 16 August, 2017.
- Head of Administration and Personnel Section 3/10/2011
- Head of Market Studies and Business Development 1/6/2011
- Head of Follow-up Section 1/9/2009.
- Head of Risk Management Department 26/7/2009
- Head of Administration and Personnel Section 1/1/2007
- Head of Administration and Personnel Section 3/7/2006
- Acting Head 1/1/2005
- Working at JLGC Since July 1, 1996
- Amman National School Secretary 1995 - 1996
- Executive Secretary / Al Borouj Commercial Foundation 1993 - 1994

### **Mr. Ala' Shafiq Sahawneh**

**Bussiness Development & Market Research Manager since 24 September, 2017**

- Date of Birth: 8 February, 1983.
- Masters Degree in Business Administration / German University, 2014.
- Bachelor Degree in Industrial Engineering / 2006.
- Working at JLGC since 24 September, 2017.
- Marketing & Corporate Communication Manager, Business Development Manager, Research & Development Unit Manager at Tamwelcom 2014 – 2017.
- Senior advisor / Dajani Group 2012- 2013
- Senior advisor / knowledge for process improvement – KPI 2007 – 2012.



## 4. Largest Shareholders

The names of the company shares holders owning 5% of the JLGC total capital amounted JD 29,080,310 in 2017:

Shareholder	2017		2016	
	Number of Shares	% of Share	Number of Shares	% of Share
Central Bank of Jordan	13,122,250	45.12%	14,322,250	49.25%
Arab Bank	1,769,439	6.08%	1,469,439	5.05%
Cairo Amman Bank	1,734,424	5.96%	1,734,424	5.96%
Housing bank for trade and finance	1,480,618	5.09%	1,430,618	4.92%

## 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) for (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:-

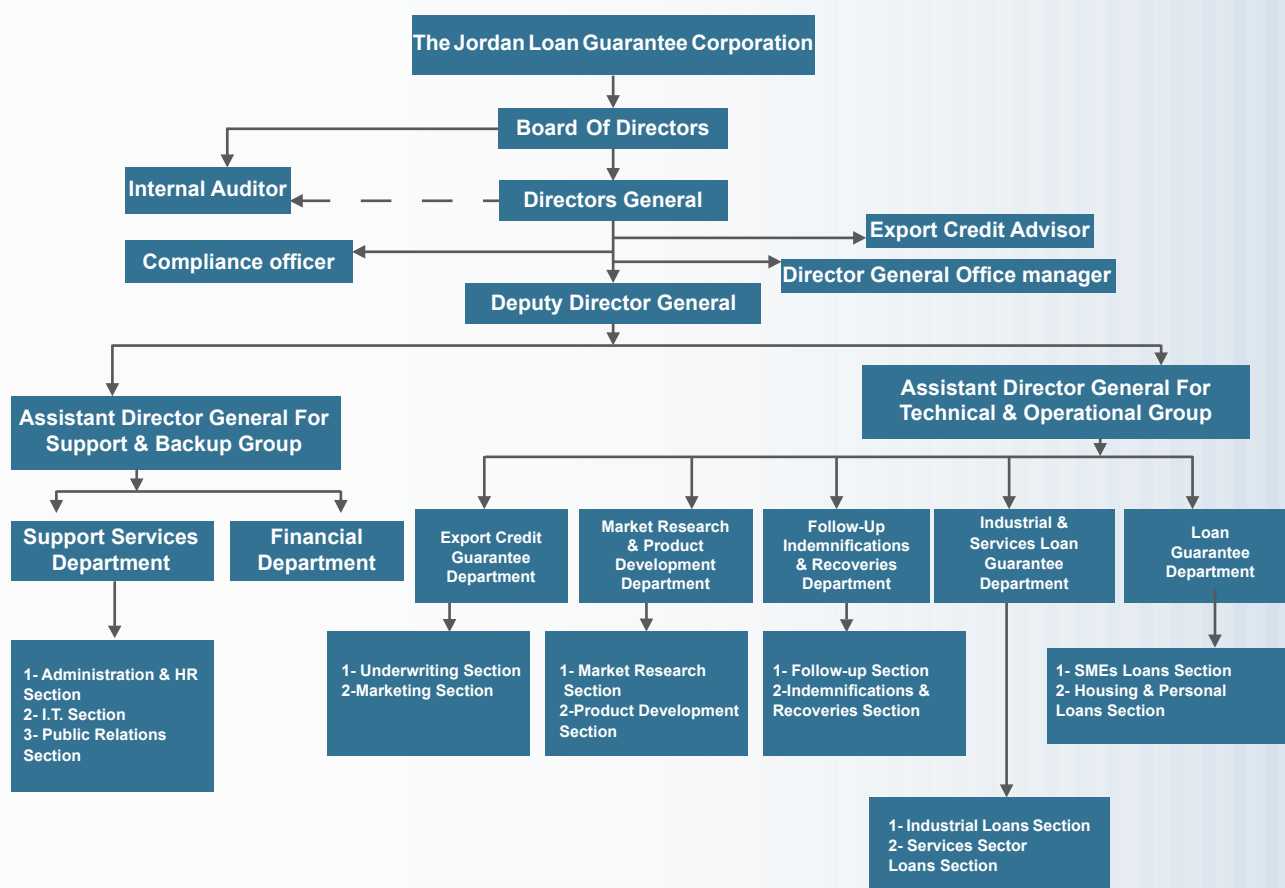
- Generally, loans granted by banks and guaranteed by JLGC considered good and they are exempted from general provisions required by the Central Bank of Jordan. Default loans are also exempted from the special provisions for the first year but have to be provisioned against starting the second year.
- 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 2017.

## 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 resolution 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 2017.

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

### A. Organizational Structure at the End of 2017



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

### B. Number of Employees and their Classes of Qualifications in 2017

The Number of employees in 2017 was 50 in comparison with 45 at the end of 2016, 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
2017	1	7	1	30	4	4	3	50
2016	1	3	1	28	5	4	3	45

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
2017	%29
2016	31%
2015	7,7%
2014	28,9%
2013	31,9%

## C. Employees Training in 2017

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
2017	50	39	4	6
2016	37	21	5	12
2015	27	18	8	10
2014	12	12	8	8
2013	7	14	9	10

## 10. JLGC's Risk Exposure

JLGC's provides guarantees SMEs loans and Export Credit & Domestic Sales. Accordingly, the company is exposed to default risks of SME loans and the non-payment risk of foreign buyers. In 2017 JLGC's payments for default loans reached to JD 877,305 thousand compared to JD 709,042 thousand in 2016.

## 11. JLGC Accomplishments in 2017

- JLGC signed 9 agreements with the participating banks for Renewable Energy Guarantee program, and 15 export credit contracts with policy holders, in addition to ISSF agreements and MOU with the Jordan Chamber of Industry. The last chapter of this report contains more details on the signed agreements and their main purposes.
- JLGC guaranteed 1864 loans with a nominal value of JD 99 million during 2017 through a wide range of loan guarantee programs.
- The outstanding guaranteed portfolio reached 4349 loans by the end of 2017 with a guaranteed value of JD 93 million, compared to 3864 loans with a guaranteed value of JD 79,2 million by the end of 2016.

- The outstanding guaranteed portfolio divided into 3001 productive loans with a guaranteed value of JD 71 million, and 1348 housing and personal loans with a guaranteed value of JD 22 million at the end of the year 2017.
- Under the export and domestic sales credit insurance programs, JLGC guaranteed 986 shipments with a value of JD 52 million in 2017 compared with 689 shipments guaranteed in 2016 totaling of JD 53 million. The shipments guaranteed in 2017 divided into 724 export credit shipments worth JD 48,4 million and 262 domestic sales shipments worth JD 3,2 million during 2017.
- JLGC received claims from participating banks and lending institutions for bad loans worth JD 1,947 million during 2017 compared to JD 1,09 million claimed in 2016. Export Credit Guarantee program had no claims in 2017 compared to JD 16,6 thousand in 2016.
- Compensation paid by the company for bad loans amounted JD 877 thousand in 2017 compared with JD 694 thousand paid in 2016. While the Export Credit Guarantee program has no compensations 2016 compared to JD 15 thousand paid in 2016.
- JLGC has recovered JD 416 thousand in 2017 compared with recoveries amounting to JD 378 thousand in 2016. Whereas, the company rescheduled guaranteed loans with a value of JD 9,7 million during 2017, compared to JD 10 million rescheduled in 2016.
- Total operating revenues for JLGC amounted JD 1,426 million in 2017 compared to JD 1,152 million in 2016. While investment revenues totaling JD 1,058 million in 2017 compared to JD 744 thousand during 2016.
- Net profit amounted JD 731 thousand in 2017 compared to JD 270 thousand at the end of 2016.

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

There are no “non-recurrent” transactions during 2017.

## 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
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
2016	433,615	-	33,585,401	0.870
2017	1,018,249	-	34,699,924	0,480

## 14. Analysis of JLGCS Financial Status and the Results of its Activities during 2017

RATIO	2017	2016	2015	2014	2013
Earnings per Share	0.025	0,022	0,060	0,042	0,042
Return on Investment	0.411%	%0,373	%2,292	%1,620	1,693%
Return on Shareholder's Equity	2.107%	%0,804	%4,062	%2,891	2,914%
Return on Paid Up Capital	2.514%	%0,929	%5,967	%4,203	4,197%
Ownership Ratio	19.529%	%46,347	%56,438	%55,918	58,105%
Fixed Assets / Shareholder's Equity	9.294%	%9,581	%22,332	%22,921	22,657%
Rate of Indebtedness	1.286%	%1,626	%3,105	%3,391	2,429%
Liabilities to 3rd parties / Total Assets	80.471%	%53,653	%43,562	%44,082	41,895%
Liabilities to 3rd parties / Shareholder's Equity	412.070%	%115,763	%77,185	%78,832	72,102%
Current Liabilities / Shareholder's Equity	6.583%	%3,508	%5,501	%6,063	4,181%
Revenue / Total Assets	1.669%	%2,656	%6,581	%6,765	6,751%
Circulation Ratio	2431,8%	4355,090%	%2718,850	%2510,582	3506, 636%
Working Capital (JD)	53,267,978	50,136,316	21,163,241	21,207,261	20,514,829

## 15. JLGCS Prospective Developments and Proposed Plan for 2017

In accordance the company's strategic plan and for the purpose of continuing its achievements during the year 2017, JLGCS working plan in 2018 summarized as follows:

- Modernizing potential as well as current loan guarantee programs, while providing new set of guarantee services in accordance with the central bank's aspirations to achieve financial inclusion in the Kingdom.
- Providing appropriate Guarantee programs for small and medium enterprises that noticeably contribute in pushing the national economy in light of the local and global trend to support this sector.
- Increasing JLGCS efficiency in export credit guarantees by enhancing JLGCS marketing activities in export credit by intensifying communication with exporters among all economic sectors to provide the necessary awareness about the role of the company in supporting them and explain the advantages of JLGCS services in securing their exports through the company's guarantees.
- Maintaining operational sustainability and improving operational efficiency.
- Achieving a high quality guarantee portfolio among all different programs and within risk rations accepted by JLGCS, besides developing and designing new programs and products that meet JLGCS ambitions within the growth of the company's portfolios.

- Expanding guarantees to startups, renewable energy sector, and programs directed to Jordanian women, and motivating participating banks to finance these projects and enhancing the company's role in those vital sectors.
- Implementing IFRS9 requirements on JLGC financial reports and organizing its accounts.
- Completing the establishment of the Jordan Innovative Startups & SMEs Fund (ISSF) in cooperation with the Jordanian government, the Central Bank of Jordan and the International Bank for Reconstruction and Development to encourage innovation and entrepreneurship as to officially starts functioning during 2018.
- Working on a special fund to guarantee the political risk of exports.
- Continuing the proper implementation of the HR development plan that aims at developing human resources capabilities and skills with a special focus on specialized training programs locally and abroad, improving productivity of employees, enabling them to keep abreast of the expansion and diversity of the company's business smoothly, and creating a work environment that encourages innovation and development.
- Benefiting from different opportunities and ties that the company enjoys with the loan guarantee schemes operating in the MENA region and the various international institutions as to allow the development of joint business, exchange of experiences, supporting credit guarantee and export credit, and strengthening the capabilities of the company and its employees.
- Highlighting the image of the company as a supporter of small and medium enterprises and Jordanian exports. To develop the corporate identity of the company and the website, and activate the role of social networks in the marketing process. In this regard its worth mentioning that an official LinkedIn page has been created for the company in which and news and information on the programs of the company are getting published, in addition to announcing workshops and seminars aimed at consolidating the importance of loan guarantee programs and the important role played by the company to its shareholders and key partners.

## 16. Auditing Fees

The total amount paid to the "Arab Professionals" as auditing fees in 2017 was JD 10,208 thousand including the 16% sales tax, similar to the fees paid in 2016.

## 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.
- All members of JLGC's Board of Directors are Jordanians.
- 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.
- The number of Securities issued by JLGC which are owned by members of its Board of Directors in their Corporate Capacity

Shareholder	2017		2016	
	Number of Shares	% of Share	Number of Shares	% of Share
Central Bank of Jordan	13,122,250	%45.12	14,322,250	%49.25
Arab Bank	1,769,439	%6.08	1,469,439	%5.05
Cairo Amman Bank	1,734,424	%5.96	1,734,424	%5.96
The Housing Bank for Trade & Finance	1,480,618	%5.09	1,430,618	%4.92
Jordan Kuwait Bank	788,066	%2.71	788,066	%2.71
Cities & Villages Development Bank	525,000	%1.81	525,000	%1.81
<b>Total</b>	<b>19,419,797</b>	<b>%66.78</b>	<b>20,269,797</b>	<b>%69.70</b>

## 18. The benefits and remunerations of the Chairman, members of the Board of Directors, & Senior Executive Management during 2017

### 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 75958 thousand in 2017 compared to JD 73295 thousand in 2016.

NAME	Title	*Bonus	Transportation Allowance	Travel Allowance	Committee Allowance	Total
H.E.Dr. Maher "Sheikh Hasan"	Chairman	5000	6000	0	0	11000
H.E.Dr. Mohammed Al Ja'fari Until 10 May, 2017	Vice Chairman	2857	2167	0	0	5024
Mr. Kamal Gharib AlBakri Since 15 March, 2017	Vice Chairman since 15/6/2017	2857	4500	0	0	6643
Dr. Khaldoun Abdullah Al Wishah Since 11 may, 2017	Member	2143	3833	0	600	7290
Cities & Villages Development Bank	Member	4286	5000	0	800	10086
Social Security Corporation	Member	1429	1000	0	400	2829
The Housing Bank for Trade & Finance	Member	5000	2500	0	0	7500
*Mr. Adel Ibrahim Asa'ad	Member	0	3500	0	800	4300
Mr. Tawfeek Abdulqader Al Mukahal	Member	5000	6000	0	0	11000
Mr. Walid Muhi Eddin Al Samhouri	Member	4286	6000	0	0	10286
<b>TOTAL</b>		<b>32858</b>	<b>40500</b>	<b>0</b>	<b>2600</b>	<b>75958</b>

\*Transpiration allowance paid to Mr. Adel Asa'ad until 31/7/2017 then it's paid to the Housing Bank for Trade & Finance.

## B. Privileges Paid to The Senior Executive Management

The salaries and remunerations of the executive management amounted to JOD 370,136 and JOD 328,751 during 2017 and 2016 respectively.

Name	Job Title	Annual Salaries	*Bonus	Travel Allowance	Committee Allowance	Total
*H.E.Dr. Mohammed Lutfi Al Ja'fari	**Director General	135,173	18,400	4,200	0	157,773
Mr. Mohannad Mohammed Al Rashdan	Assistant Director General for Technical & Operational Group	60,045	3,968	0	800	64,813
Mr. Jamal Lutfi Al Ja'fari Until 30/6/2017	Indemnification & Follow up Dept. Manager	22,190	0	0	0	22,190
Mrs. Amal Mahmoud Jaradat	Export Credit Guarantee Dept. Manager	31,320	2,088	400	0	33,808
Mr. Issa Ismail Al Tarayra	Finance Dept. Manager	23,790	1,561	400	1600	27,351
Mr. Rami Awad Samardali	Loan Guarantee Dept. Manager	22,440	1,461	0	0	23,901
Mrs. Sohad Shafiq Sharaf	Acting Manager / Support Services Dept. since 16/8/2017	21,570	1,438	0	0	23,008
Mr. Firas Mustafa Fayad since 26/11/2017	Industrial Finance Dept. Manager	3,555	0	0	0	3,555
Mr. Tareq Talal Al Nabulsi since 25/9/2017	Indemnification & Follow up Dept. Manager	7,832	0	0	0	7,832
Mr. Alaa' Shafiq Sahawneh since 24/9/2017	Business Development & Market Research Manager	5,905	0	0	0	5,905
<b>Total</b>		<b>333,820</b>	<b>28,916</b>	<b>5,000</b>	<b>2,400</b>	<b>370,136</b>

\* Annual Bonus for the year 2017.

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

## 19. Donations and Grants made by JLGC

No donations or grants paid during 2017.

## 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

Besides the economic importance for Small & Medium Enterprises SMEs & small startups, the social importance for JLGC programs also motivate entrepreneurs to manage & expand their projects and specify its expenditures and outline the challenges, the thing that create new job opportunities for youth and decent life for them and their families.

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. Moreover, they encourage women & the usage of renewable energy.





## **OPERATIONAL ACTIVITIES**



## OPERATIONAL ACTIVITIES

### Loan Guarantees & Industrial Finance

#### Loan Guarantees Ceilings and Utilized Amounts during the year 2017 VS. 2016

Ceilings	2017			2016			Change	
	Ceiling	Utilized	Utilized %	Ceiling	Utilized	Utilized %	Ceiling	Utilized
Productive Loans	49,817,134	48,873,435	%98	32,177,000	35,799,758	111 %	17,640,134	13,073,677
Real Estate & Personal Loans	28,940,106	21,976,898	%76	29,350,605	24,129,454	82%	-410,499	-2,152,556
*Startups Program	6,000,000	1,578,808	26%	5,500,000	214,062	3%	500,000	1,364,746
<b>Total Ceilings</b>	<b>84,757,240</b>	<b>72,429,141</b>	<b>%85</b>	<b>67,027,605</b>	<b>60,143,274</b>	<b>90%</b>	<b>17,729,635</b>	<b>12,285,814</b>

\* Startups program (Industrial Finance Dept.)

#### Loan Guarantees Ceilings & Utilized Amounts according to Banks / Lending Institutions in 2017

Banks / Lending Institutions	*Productive Loans		Real Estate Loans		Startups Loans		Total Ceilings	
	Ceiling	Utilized	Ceiling	Utilized	Ceiling	Utilized	Ceiling	Utilized
Jordan Kuwait Bank	350,000	357,351	50,000	95	0	0	400,000	357,446
Jordan Ahli Bank	950,000	706,875	4,200,000	2,565,919	500,000	78,497	5,650,000	3,351,291
Jordan Commercial Bank	5,100,000	951,896	0	0	500,000	143,164	5,600,000	1,095,060
Islamic International Arab Bank	0	14,774,546	0	0	0	167,359	0	14,941,905
Arab Bank	5,000,000	3,781,960	16,905	3,703	500,000	35,468	5,516,906	3,821,132
Egyptian Arab Land Bank	27,000	0	75,000	39,110	0	0	102,000	39,110
Ahli Microfinance company	300,000	163,265	0	0	0	0	300,000	163,265
Bank al Etihad	2,315,134	1,766,569	0	0	500,000	149,436	2,815,134	1,916,005
Bank of Jordan	500,000	86,137	5,415,000	2,528,483	0	0	5,915,000	2,614,620
Arab Jordan Investment Bank	150,000	0	150,000	0	0	0	300,000	0
The Housing Bank for Trade & Finance	16,000,000	7,802,577	0	0	2,000,000	230,900	18,000,000	8,033,477
Cairo Amman Bank	3,625,000	2,933,487	13,029,500	12,619,104	500,000	201,527	17,154,500	15,754,118
ABC Bank	800,000	271,314	6,003,700	4,220,484	0	0	6,803,700	4,491,797
Societe General Bank	700,000	14,976	0	0	0	0	700,000	14,976
Capital Bank	7,000,000	4,753,938	0	0	500,000	87,780	7,500,000	4,841,718
Bindar Trading & Investment Co.	500,000	392,527	0	0	0	0	500,000	392,527
Development & Employment Fund	0	2,085,530	0	0	0	0	0	2,085,530
Sanadcom for Business Finance	5,500,000	4,121,972	0	0	0	0	5,500,000	4,121,972
Islamic Finance House	0	151,679	0	0	0	0	0	151,679
Al Rajhi Bank	0	191,352	0	0	0	0	0	191,352
Ithmar for Islamic Microfinance	0	152,995	0	0	0	0	0	152,995
Jordan Islamic Bank	0	585,917	0	0	0	3,809	0	589,726
Safwa Islamic Bank	0	2,116,193	0	0	0	57,903	0	2,174,096
BLOM Bank	1,000,000	710,379	0	0	1,000,000	422,965	2,000,000	1,133,344
<b>Total</b>	<b>49,817,134</b>	<b>48,873,435</b>	<b>28,940,105</b>	<b>21,976,898</b>	<b>6,000,000</b>	<b>1,578,808</b>	<b>84,757,240</b>	<b>72,429,141</b>

## OPERATIONAL ACTIVITIES

### Guaranteed Executed Loans During the Year 2017 Vs. 2016

#### Guaranteed Executed Loans According to Loan Type

Productive Programs SME's								
	2017		2016		Change (JD)		Change (%)	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
Pharmacies Loans	4	48,000	7	79,000	-3	-31,000	-43%	-39%
SMEs Loans	1,028	28,536,600	666	18,653,037	362	9,883,563	54%	53%
Business Loans	15	254,100	33	667,100	-18	-413,000	-55%	-62%
Micro Loans	53	96,335	50	83,982	3	12,353	6%	15%
Kafala	538	19,447,352	436	15,507,797	102	3,939,555	23%	25%
Entrepreneurship (DEF)	0	0	5	244,000	-5	-244,000	-100%	-100%
<b>Total</b>	<b>1,638</b>	<b>48,382,387</b>	<b>1,197</b>	<b>35,234,917</b>	<b>441</b>	<b>13,147,470</b>	<b>37%</b>	<b>37%</b>
Industrial Finance Loans								
Industrial Finance	55	7,099,281	45	7,555,416	10	-456,135	22%	-6%
Leasing	1	15,890	3	481,673	-2	-465,783	-67%	-97%
Business Vehicles	2	46,200	4	51,397	-2	-5,197	-50%	-10%
Kafala	70	9,102,559	62	5,630,689	8	3,471,870	13%	62%
Startups	80	1,657,053	9	302,600	71	1,354,453	790%	448%
<b>Total</b>	<b>208</b>	<b>17,920,983</b>	<b>123</b>	<b>14,021,775</b>	<b>85</b>	<b>3,899,207</b>	<b>69%</b>	<b>27%</b>
<b>Total Productive Loans</b>	<b>1,846</b>	<b>66,303,370</b>	<b>1,320</b>	<b>49,256,692</b>	<b>526</b>	<b>17,046,677</b>	<b>40%</b>	<b>35%</b>
Real Estate & Personal Loans								
	2017		2016		Change (JD)		Change (%)	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
Housing Loans	41	1,463,937	51	1,808,034	-10	-344,097	-19.6%	-19%
<b>Total Real Estate Loans</b>	<b>41</b>	<b>1,463,937</b>	<b>51</b>	<b>1,808,034</b>	<b>-10</b>	<b>-344,097</b>	<b>-19.6%</b>	<b>-19%</b>

TOTAL	2017		2016		Change (JD)		Change (%)	
	No.	Guaranteed Amounts	No.	Guaranteed Amounts	No.	Guaranteed Amounts	No.	Guaranteed Amounts
ALL PROGRAMS	1,887	67,767,307	1,371	51,064,726	516	16,702,581	38%	33%

### Guaranteed Executed Loans according to Banks / Lending Institutions during 2017

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	13	297,040	0	0	2	294,000	15	591,040
Jordan Ahli Bank	23	509,300	0	0	7	884,950	30	1,394,250
Jordan Commercial Bank	34	859,835	0	0	6	333,870	40	1,193,705
Islamic International Arab Bank	406	15,413,740	0	0	61	6,573,181	467	21,986,921
Arab Bank	166	4,968,690	0	0	18	1,306,500	184	6,275,190
Ahli Microfinance company	22	124,660	0	0	-	-	22	124,660
Bank al Etihad	41	2,228,240	0	0	14	1,517,470	55	3,745,710
Bank of Jordan	3	93,800	0	0	1	70,000	4	163,800
The Housing Bank for Trade & Finance	249	5,301,195	0	0	12	366,900	261	5,668,095
Cairo Amman Bank	219	3,207,359	40	1,407,687	23	1,418,950	282	6,033,996
Capital Bank	71	5,313,838	0	0	12	1,338,700	83	6,652,538
ABC Bank	7	675,500	1	56,250	2	352,870	10	1,084,620
Societe General Bank	0	0	0	0	2	259,000	2	259,000
Sanadcom for Business Finance	211	4,346,108	0	0	-	-	211	4,346,108
Jordan Islamic Bank	8	527,000	0	0	1	21,250	9	548,250
Safwa Islamic Bank	84	2,978,508	0	0	4	158,250	88	3,136,758
Bindar for Investment	16	342,400	0	0	-	-	16	342,400
Blom Bank	25	667,070	0	0	30	433,202	55	1,100,272
Tamkeen Leasing Company	0	0	0	0	1	15,890	1	15,890
Ithmar for Islamic Microfinance	30	145,303	0	0	-	-	30	145,304
Al Rajihi Bank	3	245,000	0	0	12	2,576,000	15	2,821,000
Islamic Finance House	7	137,800	0	0	-	-	7	137,800
<b>TOTAL</b>	<b>1,638</b>	<b>48,382,387</b>	<b>41</b>	<b>1,463,937</b>	<b>208</b>	<b>17,920,983</b>	<b>1,887</b>	<b>67,767,307</b>

## OPERATIONAL ACTIVITIES

### Outstanding Guaranteed Portfolio at the End of the Year 2017

#### Outstanding Guaranteed Portfolio according to Loan Type

Productive Programs SMEs								
	2017		2016		Change (JD)		Change (%)	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
Pharmacies Loans	10	83,838	13	89,667	-3	-5,829	-23%	-7%
SMEs Loans	1,466	27,373,009	1031	17,093,356	435	10,279,653	42%	60%
Business Loan	167	1,254,441	314	2,582,831	-147	-1,328,390	-47%	-51%
Micro Loans	74	103,935	78	101,872	-4	2,063	-5%	2%
Kafala	872	17,972,682	617	13,649,080	255	4,323,602	41%	32%
Entrepreneurship (DEF)	68	2,085,530	71	2,282,952	-3	-197,422	-4%	-9%
<b>Total</b>	<b>2,657</b>	<b>48,873,435</b>	<b>2,124</b>	<b>35,799,758</b>	<b>533</b>	<b>13,073,677</b>	<b>25%</b>	<b>37%</b>
Industrial Finance Loans								
Industrial Finance	106	10,179,300	94	11,592,833	12	-1,413,533	12.7%	-12%
Leasing	28	1,797,377	43	3,080,837	-15	-1,283,460	-35%	-42%
Vehicles program	15	118,943	21	189,046	-6	-70,103	-29%	-37%
Kafala	110	8,495,711	90	4,268,884	20	4,226,827	22%	99%
Startups	85	1,578,808	8	214,062	77	1,364,746	963%	638%
<b>Total</b>	<b>344</b>	<b>22,170,139</b>	<b>256</b>	<b>19,345,662</b>	<b>88</b>	<b>2,824,477</b>	<b>34%</b>	<b>15%</b>
<b>Total Productive Loans</b>	<b>3,001</b>	<b>71,043,574</b>	<b>2,380</b>	<b>55,145,420</b>	<b>621</b>	<b>15,898,154</b>	<b>26%</b>	<b>29%</b>

Real Estate and Personal Loans								
	2017		2016		Change (JD)		Change (%)	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
Housing Loans	1,334	21,866,702	1463	23,900,795	-129	-2,034,093	-8.8%	-8.5%
Urban Development Loans	5	42,670	10	59,787	-5	-17,117	-50.0%	-28.6%
Land Purchase Loans	9	67,526	11	168,872	-2	-101,346	-18.2%	-60.0%
<b>Total</b>	<b>1,348</b>	<b>21,976,898</b>	<b>1,484</b>	<b>24,129,454</b>	<b>-136</b>	<b>-2,152,556</b>	<b>-9.2%</b>	<b>-8.9%</b>

TOTAL	2017		2016		Change (JD)		Change (%)	
	No.	Guaranteed Amounts	No.	Guaranteed Amounts	No.	Guaranteed Amounts	No.	Guaranteed Amounts
ALL PROGRAMS	4,349	93,020,472	3,864	79,274,874	485	13,745,598	13%	17%

## Outstanding Guaranteed Portfolio according to Banks/ Lending Institutions during 2017

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	49	706,875	202	2,566,016	15	1,174,259	266	4,447,150
Cairo Amman Bank	285	2,933,487	767	12,619,104	31	1,768,725	1083	17,321,316
The Housing Bank	569	7,802,577	0	0	34	1,047,216	603	8,849,793
Bank of Jordan	7	86,137	223	2,528,482	2	49,770	232	2,664,389
Bank al Etihad	66	1,766,569	0	0	22	2,212,569	88	3,979,138
ABC Bank	7	271,314	142	4,220,483	4	400,896	153	4,892,693
Jordan Kuwait Bank	19	357,351	0	0	4	352,908	23	710,259
Jordan Commercial Bank	45	951,896	0	0	7	410,647	52	1,362,543
Arab Bank	212	3,781,960	2	3,703	22	1,414,920	236	5,200,583
Capital Bank	85	4,753,938	0	0	19	1,786,018	104	6,539,956
Islamic International Arab Bank	724	14,774,546	0	0	100	5,986,148	824	20,760,694
Societe General Bank	5	14,976	0	0	8	637,174	13	652,150
Egyptian Arab Land Bank	0	0	12	39,110	-	-	12	39,110
Al Ahli Leasing Co	0	0	0	0	18	1,415,208	18	1,415,208
Tamkeen Leasing Co,	0	0	0	0	9	352,082	9	352,082
Bindar for Trading & Investment Co.	18	392,527	0	0	-	-	18	392,527
Ahli Microfinance company	54	163,264	0	0	-	-	54	163,264
Development & Employment Fund	68	2,085,530	0	0	-	-	68	2,085,530
Sanadcom for Business Finance	270	4,121,977	0	0	-	-	270	4,121,977
BLOM Bank	26	710,379	0	0	30	422,965	56	1,133,344
Jordan Islamic Bank	12	585,917	0	0	1	3,809	13	589,726
Safwa Islamic Bank	96	2,116,193	0	0	6	197,844	102	2,314,037
Islamic Finance House	7	151,679	0	0	-	-	7	151,679
Al Rajihi Bank	3	191,352	0	0	12	2,536,981	15	2,728,333
Ithmar for Islamic Microfinance	30	152,995	0	0	-	-	30	152,995
<b>Total</b>	<b>2,657</b>	<b>48,873,435</b>	<b>1,348</b>	<b>21,976,898</b>	<b>344</b>	<b>22,170,139</b>	<b>4,349</b>	<b>93,020,474</b>

## Outstanding Guaranteed Portfolio according distribution according to Major Cities during 2017

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	2,009	38,798,889	1,050	18,634,159	250	15,848,965	3,309	73,282,013
Balqa	57	890,213	37	368,613	11	413,669	105	1,672,495
Irbid	197	2,646,374	66	939,344	34	2,337,672	297	5,923,390
Karak	84	1,417,896	29	234,467	7	634,951	120	2,287,314
Ma'an	19	245,944	10	54,676	1	1,135	30	301,755
Tafileh	31	528,824	12	63,261	4	412,273	47	1,004,358
Zarqa	151	2,488,109	43	536,654	17	894,240	211	3,919,003
Mafraq	16	254,607	13	145,468	6	337,950	35	738,025
Madaba	25	627,487	17	246,586	2	176,380	44	1,050,453
Jerash	18	194,710	17	126,432	4	590,524	39	911,666
Ajloun	10	120,658	2	7,124	1	21,065	13	148,847
Aqaba	40	659,724	52	620,114	5	87,031	97	1,366,869
King Abdul-lah City	-	-	-	-	1	57,903	1	57,903
Sahab	-	-	-	-	1	356,383	1	356,383
<b>Total</b>	<b>2,657</b>	<b>48,873,435</b>	<b>1,348</b>	<b>21,976,898</b>	<b>344</b>	<b>22,170,139</b>	<b>4,349</b>	<b>93,020,474</b>

## OPERATIONAL ACTIVITIES

### Export & Domestic Credit Guarantees

#### Guaranteed Contracts

Guaranteed Contracts Signed during 2017 vs. 2016				
Program	Number		Value (JD)	
	2017	2016	2017	2016
Export Credit	17	14	155,061,069	153,451,154
Domestic Sales Credit	3	4	1,872,980	1,613,830
<b>TOTAL</b>	<b>20</b>	<b>18</b>	<b>156,934,049</b>	<b>155,064,984</b>

## Guaranteed Shipments

### - By Program

Program	Number		Value (JD)		Guaranteed Value (JD)	
	2017	2016	2017	2016	2017	2016
Export Credit	724	542	54,235,924	56,123,687	48,421,970	49,558,226
Domestic Sales Credit	262	147	3,312,365	4,073,689	3,207,846	3,736,305
<b>TOTAL</b>	<b>986</b>	<b>689</b>	<b>57,548,289</b>	<b>60,197,376</b>	<b>51,629,816</b>	<b>53,294,531</b>

### - By Sector

Sector	2017	2016
Fertilizers	54%	50%
Food	16%	17%
Textile & Clothing	4%	0.5%
Plastic	0%	3%
Chemical	%25	21%
Others	%1	8.5%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

### - By Geographical Area

Area	2017	2016
Africa	%34	34%
Far East	%13	16%
Europe	%9	11%
Middle East & Gulf	%35	37%
USA & Canada	%4	1%
Other	%5	1%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

Middle East : 9%

Arab Gulf : 28%

## Outstanding Guaranteed Shipments Portfolio at the End of 2017

Outstanding Guaranteed Portfolio According to Program				
Program	Number of Shipments		Guaranteed Value (JD)	
	2017	2016	2017	2016
Export Credit	216	186	3,075,519	3,311,418
Domestic Sales Credit	46	76	342,891	363,029
<b>TOTAL</b>	<b>262</b>	<b>262</b>	<b>3,418,410</b>	<b>3,674,447</b>

## OPERATIONAL ACTIVITIES

### Details of Claims Paid, Recoveries, Re-Scheduled Loans in 2017

By Program				
Loan Type	Claims	Claims Paid	Recoveries	Re-scheduling
Real Estate	175,594	153,427	246,820	1,523,545
SMEs	1,464,366	681,157	158,051	6,048,775
Industrial Finance	185,296	42,721	0	1,366,520
Financial Leasing	122,450	0	11,100	618,300
Kafala	0	0	0	50,000
Small Startups	0	0	0	129,800
Credit Export Program	0	0	0	0
<b>TOTAL</b>	<b>1,947,706</b>	<b>877,305</b>	<b>415,971</b>	<b>9,736,940</b>

By Bank / Lending Institutions				
Bank / Lending Institution	Claims	Claims Paid	Recoveries	Re-scheduling
Jordan Kuwait Bank	56,169	0	0	170,000
Jordan Ahli Bank	227,554	30,170	50,392	428,800
Jordan Commercial Bank	0	0	0	147,000
Bank of Jordan	0	0	67,565	50,000
Arab Bank	0	0	0	693,320
The Housing Bank	697,867	297,425	64,646	1,765,228
Egyptian Arab Land Bank	0	0	0	0
Ahli Microfinance Company	6,435	0	0	0
Cairo Amman Bank	297,053	175,571	101,783	669,579
Societe General Bank	0	0	0	0
Capital Bank	81,233	0	0	749,000
Bank al Etihad	136,906	136,158	12,389	1,430,600
Islamic International Arab Bank	62,163	62,889	0	1,345,000
ABC Bank	76,479	74,651	96,568	808,967
Tamkeen leasing Co.	0	0	11,100	267,900
Al Ahli Leasing Co.	122,450	0	0	350,400
Sanadcom for Business Finance	119,176	100,441	11,528	828,194
Safwa Islamic Bank	64,221	0	0	30,000
Development & Employment Fund	0	0	0	0
Bindar Trading & Investment Co.	0	0	0	2,952
<b>TOTAL</b>	<b>1,947,706</b>	<b>877,305</b>	<b>415,971</b>	<b>9,736,940</b>

By Major Cities				
City	Claims	Claims Paid	Recoveries	Re-scheduling
Amman	1,691,637	793,112	337,238	7,352,700
Irbid	176,168	42,083	3,647	1,428,140
Zarqa	27,668	10,435	15,334	293,300
Balqa	52,233	27,983	707	226,800
Kerak	0	0	0	140,000
Mafrq	0	0	1,838	74,000
Jerash	0	0	0	22,000
Madaba	0	0	0	0
Ma'an	0	0	0	0
Aqaba	0	0	54,255	145,000
Ajloun	0	3,692	437	0
Tafielh	0	0	0	55,000
*unspecified	0	0	2,515	0
<b>TOTAL</b>	<b>1,947,706</b>	<b>877,305</b>	<b>415,971</b>	<b>9,736,940</b>

\*Including export credit program

## OPERATIONAL ACTIVITIES

### Delayed Payments Analysis of Guaranteed Loans at the End of 2017

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	60-90 Days	359,152	1,561,442	0.522%	3.208%
Below Average	91-180 Days	327,247	827,961	0.476%	1.701%
Doubtful	181-359 Days	450,109	796,653	0.654%	1.636%
Bad	Over 360 Days	468,644	679,190	0.681%	1.395%
Balance of Outstanding Loans =		68,794,229	Guaranteed portfolio not includes default loans balance		
Outstanding Guaranteed Portfolio =		48,680,670			
Guaranteed Balance of Default loans =		192,765			

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	60-90 Days	87,161	456,571	0.251%	2.059%
Below Average	91-180 Days	346,902	637,626	1.001%	2.876%
Doubtful	181-359 Days	124,896	257,364	0.360%	1.161%
Bad	Over 360 Days	1,442,466	639,851	4.161%	2.886%
Balance of Outstanding Loans =		34,668,492			
Outstanding Guaranteed Portfolio =		22,170,139			

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	60-90 Days	87,391	804,205	0.281%	3.670%
Below Average	91-180 Days	98,275	350,944	0.316%	1.602%
Doubtful	181-359 Days	202,821	188,842	0.651%	0.862%
Bad	Over 360 Days	12,218	27,353	0.039%	0.125%
Balance of Outstanding Loans =		31,147,980	Guaranteed portfolio not includes default loans balance		
Outstanding Guaranteed Portfolio =		21,910,450			
Guaranteed Balance of Default loans =		66,448			

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	533,703	2,822,219	0.396%	3.042%
Below Average	91-180 Days	772,424	1,816,532	0.574%	1.958%
Doubtful	181-359 Days	777,825	1,242,860	0.578%	1.340%
Bad	Over 360 Days	1,923,328	1,346,393	1.429%	1.451%
Balance of all Outstanding Loans =		134,610,701			
Outstanding Guaranteed Portfolio =		92,761,259			
Guaranteed Balance of Default loans =		259,213			

# REVENUES & EXPENSES

Operational Revenues in 2017 vs. 2016			
Revenues	JD		
	2017	2016	Change
Housing Loan Guarantee Fees	207,203	211,520	-4,317
Productive Loan Guarantee Fees / SMEs	796,608	557,160	239,448
Commissions on guaranteed industrial loans and financial leasing	324,472	274,437	50,035
Commissions on guaranteed exports and domestic buyers	97,418	108,861	-11,443
<b>Total Operational Revenues</b>	<b>1,425,701</b>	<b>1,151,978</b>	<b>273,723</b>

Realized Financial Revenues in 2017 vs. 2016			
Revenues	JD		
	2017	2016	Change
Interest income	1,227,766	394,601	833,165
Dividends income	55,494	64,896	-9,402
Bonds interest income	224,825	246,817	-21,992
Unneeded impairment provision	0	37,334	-37,334
<b>Total Realized Financial Revenues</b>	<b>1,508,085</b>	<b>743,648</b>	<b>764,437</b>

Total Realized Revenues in 2017 vs. 2016			
Revenues	JD		
	2017	2016	Change
Operational Revenues	1,425,701	1,151,978	273,723
Financial Revenues	1,508,085	743,648	764,437
Other Revenues	31,905	28,824	3,081
<b>Total Realized Revenues</b>	<b>2,965,691</b>	<b>1,924,450</b>	<b>1,041,241</b>

General & Administrative Expenses in 2017 vs. 2016			
Expenses	(JD)		
	2017	2016	Change
Salaries and wages	805554	698636	106918
JLGC's contribution in saving fund	66685	57330	9355
JLGC's contribution in social security	88058	74810	13248
Official duties abroad	15538	20808	-5270
Training courses	19289	16730	2559
Rent	850	850	0
Water & Electricity	26315	26921	-606
Post & Telephone	11127	11266	-139
Depreciation	102291	93567	8724
Marketing expenses	51295	20665	30630
Professional fees	22183	19708	2475
Maintenance	12131	14867	-2736
Vehicle expenses	9196	9953	-757
Subscriptions & Fees	61114	41228	19886
Stationary and printings	15932	13613	2319
Hosting	6700	7625	-925
Board of Directors' Transportation	45500	46400	-900
Other expenses	10260	10043	217
<b>Total General and Administrative Expenses</b>	<b>1,370,018</b>	<b>1,185,020</b>	<b>184,998</b>

## JLGC Business Activities During 2017

### Launching Export Credit Guarantee Program supported by the Central Bank of Jordan and managed by JLGC

Under the patronage of His Excellency Prime Minister Dr. Hani Al-Mulqi and H.E.Dr. Ziad Fariz, Governor of the Central Bank of Jordan, the Jordan Loan Guarantee Corporation represented by its Director General Dr. Mohammed Al-Ja'fari had participated in a meeting with the banking sector in Jordan on March 12th, 2017 at the headquarters of the Association of Banks in Jordan. The purpose of the meeting aimed at launching a Commercial Banks Company for Investment, and a National Export Credit Guarantee Support Program, funded by the Central Bank of Jordan and managed by the Jordan Loan Guarantee Corporation.

Director General Dr. Mohammed Al-Ja'fari stated that the launch of the Export Credit Guarantee Program with a funding of JD100 million by the Central Bank of Jordan will enable the corporation to expand its insurance coverage for national exports, in light of the growing needs and the global and regional reinsurers' rejection to provide the required coverage to Jordanian exporters. This was one of the recommendations of the Council of Economic Policies submitted to His Majesty's king Abdullah II and got adopted by the Council of Ministers.

The program will allow the corporation to provide wider insurance coverage for traditional markets and allow further access to additional non-covered markets from insurance and reinsurance companies in light of the unfavorable political developments in the region. The program will also enable the corporation to secure the necessary coverage for constructional contracts, and the consultancy technical service exports, as well as provide guarantees for longer terms exports as to increase competitiveness of national exports and enhance their opportunities.

The program will operate on a sustainable basis. The company will invest the proceeds of the central bank loan in government bonds and establish the net return on the amount to cover the risk of guaranteeing export operations whether fully covered by the company or through reinsurance arrangements adopted by the company with its external partners. In accordance with the most appropriate procedure to cover the insurance needs of Jordanian exporters.

The Jordan Loan Guarantee Corporation looks forward to playing its important national role in guaranteeing financing for SMEs, and guaranteeing export credit. This arises from its vital role in stimulating growth and job creation in light of the slowdown in economic growth rates and high unemployment rates. It aims at providing services based on best practices and most efficient ways to improve the economic performance and the Social wellbeing of all Jordanians.

### Conclusion of the Knowledge Sharing Program between JLGC & KODIT

Jordan Loan Guarantee Corporation held a specialized workshop entitled with "Development of Loan Guarantee Systems in Jordan" for Banks and Companies Participating in the Guarantee Programs of the Corporation with the Korean Credit Guarantee Fund (KODIT) at the Intercontinental Hotel - Jordan on 11/4/2017. The workshop viewed various international practices in this field and ways to enhance financial inclusion.



The workshop also discussed the aspects of the data required for credit decisions, as well as the presentation of standard models for evaluating the credit applications of SMEs, in order to increase the efficiency of the evaluation and credit review of the various funding agencies. A copy of the final report of the KSP issued by the Korean team can be found on the company's website [www.jlgc.com](http://www.jlgc.com)

## Organizing a special introductory Session on Export Credit Guarantee Program

Under the patronage of H.E. Governor of the Central Bank of Jordan, the Jordan Loan Guarantee Corporation and the Jordanian Exporters Association had jointly organized a special introductory session about the Export Credit Guarantee Program for the Jordanian exporters followed by a business dinner attended by several executives, general managers of the local banks and some business figures and exporters that took place on May 23rd 2017 at Amman Rotana Hotel. Dr. Fariz presented the real ground of the export sector in the Kingdom, and the efforts of the Central Bank to foster economic growth generally. He also clarified the bank's initiatives to support national exports by strengthening the capabilities of the Jordan Loan Guarantee Corporation increase the insurance capacities and encourage Jordanian exporters to expand their work within the current risk limits export markets as to enable them to create further export opportunities in new markets with acceptable risk margins.

During the meeting, the Governor of the Central Bank pointed out that service exports grew between 2007 and 2016 by 8.4 percent on average. In the international trade of commodities, exports of phosphate, potash, fertilizers and chemicals such as medicines, wears, fruits & vegetables formed the bigger portion of the Kingdom's exports worldwide, accounting for 70% of Jordan's national exports.

Dr. Fariz pointed out that Jordan signed an agreement with the European Union to ease the rules of origins for the Jordanian exports stating that Jordanian exporters did not benefit from the original agreement or overcome the obstacles that still limit the real benefit of this agreement, same goes with the agreement signed with the United States.

Director General of the Jordan Loan Guarantee Corp. Dr. Mohammed Al-Ja'fari, stated that the meeting aims at creating awareness for Jordanian exporters about the efforts of the Central Bank in stimulating the economic growth in the Kingdom in general and its initiative to support national exports through enhancing the capabilities of the Jordan Loan Guarantee Corporation specifically.

He added that the company's programs provide guarantees to exporters contributed to the development of their export capabilities and enabled them to enter new markets, as the total shipments of the program since its establishment recorded approximately JOD 800 million to the end of 2016.

He stated that due to the unfavorable security developments that have plagued the region since 2011, the national exports faced challenges related to political risks that got clearly reflected in the volume of work of the export credit guarantee program, The volume of guaranteed shipments



under this program dropped to approximately JOD 50 million in 2016 relative to JOD 110 million in 2012. This was a result of the reluctance of global and regional reinsurers to provide insurance coverage for exports to neighboring high-risk markets. The CBJ's initiative aimed at increasing the capacity of JLGC to encourage Jordanian exporters to expand their existing exports to acceptable risk margin markets and enable them to explore export opportunities in new, risk-tolerant markets.

Al-Ja'fari noted that the program managed by the corporation will not be able to provide insurance coverage for markets with high political and security risks in light of the impossibility of collecting the prices of goods, and for the extraordinary restrictions imposed on foreign currencies. He said that he is optimistic that the corporation will be able to serve the Jordanian exporters through this program, in spite of the fact that the program currently accounts for only 2% of national exports, with an average of between 5% and 10% of total national exports in developing and advanced countries, respectively.

He also mentioned that the Central Bank's initiative aimed at strengthening the capabilities of the corporation in supporting national exports was through the providing JD 100 million as a soft loan. The corporation invests its proceeds in government bonds to form the yield differential to cover the default risk of the export credit guarantee program. The duration of this program is ten years, but is extendable for subsequent periods to the level that the accumulated provision allows.

The Chairman of the Board of Directors of the Jordan Exporters Association, Omar Abu Weshah, explained to the participants that the Jordan Loan Guarantee Corporation contributed to support the national industry, especially the export sector, where the support shares increased the competitiveness of Jordanian industry in the import markets.

He added that the new program will provide JD 100 million to support the national export credit, in response to the recommendations of the Economic Policies Council, which is chaired by His Majesty King Abdullah II, and adopted by the government, that stressed the importance of establishing a fund to promote national exports, especially towards new export markets.

## Organizing a workshop in cooperation with the Participating Banks & Financial Institutions

The Jordan Loan Guarantee Corporation organized with its partners from banks and financial companies a workshop entitled “Enhancing the efficiency of the guarantee programs and developing working mechanisms with the participating parties” on 16/11/2017 at the Grand Hyatt Amman Hotel.

The workshop attended by representatives from local banks, microfinance companies, financial leasing companies, and specialized lending funds. It discussed key topics within two main sessions. One of them about the development of work with JLGC partners and the most important new guarantee programs, the other discussed opportunities for developing their programs and services.

The workshop also highlighted the achieved results of the corporation in programs and developing work mechanisms to raise levels of performance as to meet the needs of small and medium-sized entrepreneurs. It also reviewed the most important initiatives and projects that the corporation is currently developing specifically for the program that guarantees newly established projects. This program started functioning during the second quarter of 2016. It aims at guaranteeing the financing for newly established projects (less than 3 years) with 85% guarantee, and with up to JOD100,000 finance ceiling.



In addition to another program to guarantee renewable energy financing for energy generation systems either for households or Small and Medium enterprises.

On the other hand, the corporation is directing its future efforts towards dealing with new partners and achieving the expectations of existing partners to provide better service through the development of the value added chain, which will positively affect the quality of the programs provided in order to enhance the concept of strategic partnership and achieving goals at the national level in support of small and medium enterprises.

## Signed Cooperation Agreements In 2017

Jordan Loan Guarantee Corporation continued its efforts during 2017 to market new programs that were launched during the year, in addition to the existing programs through signing cooperation agreements with the financial institutions, the participating parties and a number of Jordanian exporters, to reflect the common objectives of all parties, which will also contribute in opening new horizons for SMEs to expand. The corporation is always keen to work side by side with the banks to strengthen the company's programs and expand its work through the introduction of specialized programs that enable the bank to serve its customers and provide financing that is appropriate to their needs, as well as support National exports.

Major agreements signed during 2017 are the followings: -

### • Renewable Energy Guarantee Agreements

The Jordan Loan Guarantee Corporation signed 9 cooperation agreements with participating banks within the guarantee program for renewable energy and alternative energy (solar heaters, Energy generation systems / solar cells). These banks provide financing to individuals and small and medium enterprises and JLGC will provide guarantees which will contribute to reducing the burden of the energy bill on citizens and companies.

The guarantee agreements for renewable energy projects are designed to cover the risk of defaults on renewable energy loans granted by the bank to targeted customers and individuals at the ceiling of JD 3000 and the sector of small, medium and large companies registered in the Kingdom with a ceiling of JOD 350 thousand at a guarantee rate of 70% Value of funding. The consumer and the entrepreneurs are obliged to pay the amount in equal monthly installments. The guarantee program for renewable energy financing is a high priority for the Jordan Loan Guarantee Corp. This sector is a national importance due to the increasing burden of energy bills on the client and the state. The banking sector has responded to the needs of this vital sector and supported its financing by JLGC guarantees through signing a series of agreements during 2017 as follows:

1. Guarantee agreement with Bank al Etihad on 16th January, 2017.
2. Kafala agreement with Jordan Islamic Bank on 13th March, 2017.
3. Guarantee agreement with Capital Bank on 12th April, 2017.
4. Guarantee agreement with Jordan Ahli Bank on 16th May, 2017.
5. Guarantee agreement with Societe Generale on 30th May, 2017.
6. Guarantee agreement with Bank of Jordan on 12th June, 2017.
7. Guarantee agreement with the Housing Bank for Trade & Finance on 19th June, 2017.
8. Kafala agreement with the Islamic International Arab Bank on 30th July, 2017.
9. Guarantee agreement with Arab Bank on 3rd August, 2017.

- **Kafala Agreements with Al Rajhi Bank (Industrial Finance & SMEs Programs)**

The Jordan Loan Guarantee Corporation and Al Rajhi Bank signed cooperation agreements to guarantee financing under the SME and Industrial Finance programs, through which the Bank provides financing for small and medium-sized enterprises to establish, expand or raise their production capacity in accordance with Islamic Sharia' regulations.

The agreements were signed by Director General Dr. Mohammed Al Jafari and, the Chief Executive Officer, Mr. Ahmed Al Khob from Al Rajhi Bank –Jordan, in the presence of a number of the corporation and Bank's directors on 15/3/2017 at the Bank's headquarters.



- **Guarantee Agreement with Jordan Commercial Bank**

Jordan Loan Guarantee Corporation and Jordan Commercial Bank signed on 9/7/2017 a cooperation agreement under which the company will guarantee the financing risks of the loans granted by the Bank to the MEPS customers and potential customers of the SME owners as announced by the bank in 2017.

The agreement was signed by Director General Dr. Mohammed Al Ja'fari and Deputy Director General for Banking Affairs Mr. Rami Hadid representing the bank. A number of employees and executives from both sides were present.

The signing of the agreement goes in line with the objectives of the corporation in directing its guarantees towards banking products. Based on this agreement, the corporation guarantees the withdrawals of the bank clients at points of sale of the MEPS and small and medium-sized companies. It enables them to obtain the necessary funding away from the traditional collaterals that is considered as an obstacle to finance their business. It has always been keen to provide the appropriate financing to small and medium-sized entrepreneurs from MEPS customers and potential customers from various sectors with the highest rate of financing with a competitive interest rates and flexible repayment periods.

It also comes in line with the company's new policy based on the development of guarantee programs to suit the needs of small and medium-sized entrepreneurs in coordination with local banks.

- **Signing new insurance contracts within the export credit guarantee program with Jordanian exporters**

The Jordan Loan Guarantee Corporation has signed a number of insurance policies with several Jordanian exporters since the start of the export credit guarantee program supported by the Central Bank at the beginning of April 2017.

The number of insurance policies signed during the year was (15) as follows:

1. Arab Potash Company
2. Nabil Food Industries Company
3. Arab Fertilizers and Chemicals Industries Company
4. Bakalderin Arab Company
5. Plant for Agriculture and Trading
6. Al-Mohannad Company for Plastic Industries
7. The Jordanian Company for the manufacture of agricultural houses
8. The company for the manufacture of furniture
9. El Tadamon Co. For Furniture Industry
10. International company for the manufacture of drip irrigation pipes
11. Specialized Allied Company for Dead Sea Products
12. Al-Numeira Co. for Mixed Salt and Clay
13. Green Trading Co. For Oil Trading
14. Jordanian Co. for Wood Industries
15. El Zai Co. For Ready Wear Manufacture.



Through the program, JLGC has provided insurance coverage for seven Jordanian exporters with a total ceiling of approximately 28 million Jordanian dinars and covers the risks of 42 importers spread over the Gulf Countries Council, India, Italy, Malaysia, China, Turkey and other countries.

The program enables exporters to obtain financing from the banking sector by guaranteeing the company's guarantee policies to Jordanian exporters. The export credit guarantee program guarantees the Jordanian issuer from the risk of non-payment by importers made through the open account between the exporter and the importer and enhancing the competitiveness of national exports.

The Central Bank and within the initiatives presented to His Majesty King Abdullah II of the Economic Policy Council provided a soft loan of JD 100 million to Jordan Loan Guarantee corporation to develop its insurance capacity within this program, which enhanced the company's ability to serve Jordanian exporters.

The following are some of the agreements signed with the exporters:

## 1. KEMAPCO Agreement

Arab Fertilizers and Chemicals Industries (KEMAPCO) and Jordan Loan Guarantee Company signed on August 6th, 2017 the Export Credit Guarantee Agreement for Foreign Markets. Under this agreement, JLGC offers a risk insurance service for foreign importers, which includes (15) importers spread over 13 countries and within a total coverage ceiling of JOD 18,192,188 million.

KEMAPCO is one of the first companies to benefit from the Export Credit Guarantee Program supported by the Central Bank of Jordan in accordance with the recommendations of the Economic Policy Board, which enabled the Jordan Loan Guarantee Corporation to expand its coverage for national exports from what got previously applied.

## 2. Nabeel Food Industries Agreement

Nabil Food Industries and Jordan Loan Guarantee Company signed on 13/9/2017 an export credit guarantee agreement for foreign markets. The Jordan Loan Guarantee Company provides a risk guarantee service to external importers, which includes 23 importers in 8 countries and within the total coverage ceiling of 10,883,000 JD (7,726,930 JD).



## 3. International Company for the manufacture of irrigation pipes Agreement

### Agreement

International Company for the manufacture of irrigation pipes and Jordan Loan Guarantee Corporation signed an export credit guarantee agreement on 8/10/2017 for foreign markets. JLGC provides a risk insurance service to external importers.

The agreement was signed by the Director General of the Jordan Loan Guarantee Corporation, Dr. Mohammed Al-Ja'fari and the General Manager Mr. Aqeel Al-Hadi, from the International Company for the Irrigation Pipe Industry in the presence of a number of executives from both companies.

### • MOU with Amman Chamber of Industry to enhance Jordan Exports

The Jordan Loan Guarantee Company and the Jordan Chamber of Industry signed on 13/11/2017 a memorandum of understanding aimed to increase cooperation between the two institutions in serving the industrial sector and Jordanian industrialists. It was signed by the JLGC Director General Dr. Mohammed Al-Ja'fari and Dr. Maher Al-Mahrouq Jordan, General Manager of the Chamber of Industry.

The memo aims to coordinate the efforts with the Chamber and providing the necessary facilities to the Jordan Loan Guarantee Corporation to reach the industrialists in different regions of the Kingdom to explain their message, and increase awareness about the services provided to them. These either by guaranteeing loans granted by banks and financial institutions or by direct contracting with industrialists to ensure their export shipments and local sales. The memorandum also includes the Jordanian company's communication with the financial institutions and the transfer of observations and opinions of the industrialists to those parties and seeking to overcome the obstacles related to financing. The memorandum also included the exchange of information, studies and joint research to serve the industrial sector in the Kingdom.

This memorandum also came within the framework of the belief of the Jordan Chamber of Industry to provide all solutions to solve part of the borrowing and funding dilemma. The dilemma that is the most prominent problem facing industrial establishments, the majority of which are small and medium enterprises, and thus keep banks from providing credit facilities in all forms on the pretext of non availability

Specific safeguards for such facilities. The Jordan Loan Guarantee Company offers a number of distinctive programs that serve the industrial sector. The Chamber duty is working to raise the awareness and knowledge of the industrialists in any service that can contribute to raising the competitiveness of the industrial sector and contributing to overcoming the obstacles facing it. In addition to small and medium industrial enterprises that suffer from the problem of financing, especially in the area of export financing.

## • ISSF Financing agreements

On August 21st, the Government of Jordan signed a \$ 50 million concessional financing agreement with the World Bank to cover its contribution to the establishment of Jordan Innovative Startups and SMEs Fund (ISSF) to support micro, small and medium enterprises.

The agreement signed by the Minister of Planning and International Cooperation Eng. Imad Fakhouri and the Regional Director of the World Bank, Saroj Jha.

The Central Bank of Jordan contributes to the establishment of the fund by providing \$ 48 million of the total value of the project amounted \$ 98 million, and the project will be implemented by the Jordan Loan Guarantee Corporation on behalf of the Government of Jordan.

H.E. Fakouri pointed out that the Ministry of Planning & International Cooperation will use the practical and technical expertise of the Jordan Loan Guarantee Corp. in supporting micro, small and medium enterprises, which qualifies the company to supervise the establishment of the fund.

His Excellency said that the project agreement comes in response to one of the recommendations of the Council of Economic Policies adopted by the Council of Ministers in the first package of the recommendations in September 2016. It stipulated that the Ministry of Planning and International Cooperation to complete working on the establishment of the Jordanian Fund for Entrepreneurship.

This project is in line with the vision of Jordan 2025, especially the capital-for-development pillar, which aims to increase funds available to entrepreneurs and small and medium-sized enterprises.

The fund aims at providing finance for small and medium-sized pilot projects and will support potential entrepreneurs with new ideas to help them develop their creative ideas and connect with business incubators and other stakeholders.

It also aims at contributing in the capital of eligible projects which prove their feasibility and sustainability by investing in the capital of these projects, which contributes to increasing the success of the number of leading companies, and increase the operation and the contribution to the economy and the gross domestic product.

The venture capital ISSF is similar to the funds established in Lebanon and Morocco (with the support of the World Bank), which have achieved many successes in the areas of financing for small and medium-sized enterprises and creating new jobs.

It is expected that the fund will support around 200 creative and innovative ideas in the Kingdom and will add new job opportunities to projects that will be supported by the Fund.

From his side, H.E the Governor of the Central Bank said that the Private Entrepreneurship Fund is a result of the lack of guarantees by reducing risks to banks and entrepreneurs. These creative and innovative projects have development dimensions.

He said that the bank seeks to ensure that the financing process is sound and healthy to preserve banks' money and achieve economic development , pointing out the importance of facilitating the financing process especially for small and medium-sized enterprises, which are facing difficulties in obtaining the necessary funding.

Director General of the Jordan Loan Guarantee Corporation, Dr. Ja'fari, stressed on the need to establish such investment in venture capital. He said there was a harmony between the government and the World Bank to finance projects of entrepreneurship and management status. These investments are directed and managed on the basis of the private sector without any governmental intervention. The Jordan Loan Guarantee Corporation was chosen to be located in the middle between the financing institutions, the owners of small and medium enterprises, government institutions, the central bank and the ministries concerned with the economic affairs.

Al-Ja'afari said that the project was formulated based on the hypothesis that the Jordan Loan Guarantee Corporation will manage the project without intervening in the selection of investments. The selection will be done by a special investment committee, of which all members are going to be from the private sector after proposing their names to the World Bank and obtaining their approval accordingly.

He stressed that the criteria for selecting projects will be transparent and clear and accessible to all, so that each entrepreneur having a pioneering, creative and creative idea will have the chance to benefit directly from the Jordan Fund for Entrepreneurship.

He explained that the establishment of the Jordan Fund for Entrepreneurship will be in the form of a private joint stock company with a capital of 98 million dollars. The investment will be direct in creative entrepreneurship projects which established in the Hashemite Kingdom of Jordan and operate in the Kingdom.



## **Corporate Governance Report 2017**





# Corporate Governance Report 2017

In accordance with the Corporate Governance Guidelines of the Amman Stock Exchange issued by the Securities Commission for the year 2017 and effective as of 22/5/2017. We hereunder attach the Corporate Governance report in accordance with article no.17 of these regulations.

## A - Information and details regarding the application of the rules and instructions of corporate governance

The Jordan Loan Guarantee Corporation is committed to the regulations of corporate governance. The most important of these is the existence of a comprehensive internal system of employees reviewed annually. The Board of Directors has permanent committees that carry out their duties according to the instructions. The company adopted the Corporate Governance Regulations since years and currently working on restructuring the Board of Directors to join new independent and consider the required policies to fully commit to the regulations of Corporate Governance issued by the Securities Commission in 2017 before the end of the legal period on 30/4/2018.

## B- Names of the current and resigning members of the Board of Directors during the year and determining whether the member is executive or non-executive, independent or not.

- **H.E.Dr. Maher "Sheikh Hassan"**
  - Non-executive and dependent.
  - Chairman of the Board
  - Representative of the Central Bank of Jordan
  - Deputy Governor of the Central Bank of Jordan.
  
- **E.D. Mohammed Lutfi Al Ja`fari**
  - Executive and dependent
  - Vice Chairman until 10th May, 2017
  - Representative of the Central Bank of Jordan
  - Director General of the Jordan Loan Guarantee Corporation since 3rd July 2011.
  - Chairman of the Jordan Innovative Startups and SMEs Fund (ISSF ) since 2017.
  - Representative of Loan Guarantee Schemes in MENA region at the World Bank Task Force to set the Principles on the design and implementation of PCGs for SMEs since 2015.
  
- **Mr. Kamal Gharib AbdelRahim Al Bakri**
  - Non-executive and dependent.
  - Member of the Board since 15th March, 2017
  - Vice Chairman since 15th June, 2017
  - Representative of Cairo Amman Bank
  - General Manager of Cairo Amman Bank

- **Dr. Khaldoun Abdullah Mahmoud Al Wishah**
  - Non-executive and dependent
  - Board Member since 11th May, 2017
  - Representative of the Central Bank of Jordan
  - Executive Manager – Open Market Dept. - Central Bank of Jordan
  
- **Mr. Adel Ibrahim Asa'ad**
  - Non-executive and dependent.
  - Board Member until 31 December, 2017
  - Representative of the Housing Bank for Trade and Finance
  - Chief Risk Officer – The Housing Bank for Trade and Finance
  
- **Mr. Walid Muhi Eddin Al Samhour**
  - Non-executive and dependent.
  - Board Member since 6th March, 2016
  - Representative of the ARAB BANK
  - EVP- Jordan Country Head - Arab Bank Plc ( currently ).
  - Chairman - Arab Sudanese Bank- Sudan.
  - Board Member - Arab Tunisian Bank, Oman Arab Bank.
  
- **Mr. Tawfeek Abdel Kader Mukahal**
  - Non-executive and dependent.
  - Board Member at JLGC
  - Representative of Jordan Kuwait Bank.
  - Deputy General Manager of Jordan Kuwait Bank since 1991 until now.
  - Board member of the Jordan Mortgage Refinance Company.
  - Board Member of Arab Orient Insurance Company
  
- **H.E. Mr. Zyad Attalah Adayla**
  - Non-executive and independent.
  - Board Member
  - Representative of Cities and Villages Development Bank
  - General Manager of the Cities & Villages Development Bank 2016 – 20th August, 2017
  
- **Mrs. Luma Ghaleb Abdullah**
  - Non-executive and independent
  - Board Member until 5 March, 2017 ( Social Security resignation from JLGC BOD)
  - Representative of Social Security Investment Fund
  - Section Head; Board secretariat & Follow up / Social Security Investment Fund
  
- **Mr. Issa Ismail Murshed Al Tarayra**
  - Finance Dept. Manager at JLGC.
  - Secretary of the JLGC Board of Directors.

**C- The names of BOD representatives in their corporate capacity and determining whether the member is executive, non-executive, independent or non-independent, non-executive, independent or not.**

Mentioned in item (b) above.

## D - The Senior Executive Management at the company ( Names & Positions)

- **Dr. Mohammed Lutfi Al Ja'fari** : Director General
- **Mr. Mohannad Mohamad Al Rashdan** : Assistant Director General for Technical & Operational Group
- **Mr. Jamal Lutfi Al Ja'fari** : Loan Gurantee Dept. Manager until 8th April, 2017  
Follow ups, Indemnifications & Recoveries Dept. Manager until 30 June, 2017
- **Mr. Rami Awwad Samardali** : Loan Guarantee Dept. Manger since 9 April, 2017
- **Mrs. Amal Mahmoud Jaradat** : Export Credit Guarantee Department Manager since 3 July, 2017
- **Mr. Firas Mustafa Fayyad** : Industrial Finance Department Manager since 26 November, 2017
- **Mr. Tarek Talal Al Nabulsi** : Follow ups, Indemnifications & Recoveries Dept. Manager since 25 September, 2017
- **Mr. Issa Ismail Al Tarayra** : Finance Department Manager / Secretary of the Board
- **Mrs. Sohad Shafiq Sharaf** : Acting Manager – Support & services Dept. since 16 August, 2017
- **Mr. Ala' Shafiq Sahawneh** : Business Development & Market Research Manager since 24 September, 2017

## E- All Memberships of the boards of directors, which are occupied by a member of the board of directors in public shareholding companies, if any.

Mentioned in item (b) above.

## F- Name of the Corporate Governance Officer in the Company

Mr. Saif Shibli Al Farah - Internal Auditor.

## G- Names of committees emanating from the Board of Directors

- The Audit Committee
- The Risk Committee
- The Nomination and Remuneration Committee
- The Corporate Governance Committee
- The Main Procurement Committee

## H. Name of the Chairman and members of the Audit Committee and a brief of their qualifications and experience related to financial and accounting matters

- Chaired by Mr. Adel As'ad & the membership of Mr. Zyad Attala AL- Adayla & Dr. Khaldoun Abdullah Al Wishah.
- The Committee is responsible for undertaking the tasks of overseeing and monitoring all accounting and internal control and auditing activities in the company in compliance with related Laws and regulations.
- Below a brief about each member qualifications :
  - **Mr. Adel Ibrahim Asa'ad**
    - MBA from Eastern University / USA 1993.
    - Chief Risk Officer 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.
    - Board member at Jordan International Bank / London – UK.
    - Board member at Jordan Mortgage Refinance Company.
  - **H.E. Mr. Zyad Attalah Adayla**
    - Master 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
    - Various positions at Jordan Cooperative Corp. ( 1980 – 1989 )
  - **Dr. Khaldoun Abdullah Mahmoud Al Wishah**
    - Master degree in scientific research in business administration / HULL University / Britain 2006
    - Master in Business Administration / Finance / University of Jordan 2006.
    - Bachelor of Economics / University of Mustansiriya / Iraq 1992.
    - Executive Director / Department of Open Market Operations and Public Debt 2013 until now.
    - Assistant Executive Director / Department of Investments and Foreign Operations 2012.
    - Head of External Loans and Grants Department / Foreign Investments & Operations Department 2010.
    - Senior Economist / Department of Open Market Operations and Public Debt 2009.
    - Senior Issues Officer / Department of Open Market Operations and Public Debt 2005.
    - Dealer / Dealing Room / Investment and Foreign Operations Department 2003.
    - Financial Analyst / Department of External Loans and Grants / Department of Investments and Foreign Operations 2000.

- Credit and Transfers Officer / Department of Investments and Foreign Operations 2000.
- Part-time lecturer at several Jordanian universities since 2010 until now.
- Expert and lecturer on international and regional trade finance issues.
- Member of many committees inside and outside the Central Bank.

## I. Name of the Chairman and members of the Nomination and Remuneration Committee, the Corporate Governance Committee and the Risk Management Committee

**The Corporate Governance Committee :** chaired by H.E. Dr. Maher Al Sheikh Hasan and the members Mr. Kamal Gharib Al Bakri & Mr. Walid Muhii al Din Al Samhour.

**The Nominations and Remuneration Committee:** chaired by H.E.Dr. Maher Al Sheikh Hasan and Mr. Walid Al Samhour and Mr. Tawfiq Mukahal.

**The Risk Management Committee:** consists of Mr. Kamal Gharib Al Bakri & Mr.Tawfiq Abdelkader Mukahal and Mr. Walid Muhii al Din Al Samhour .

- The Board reviewed and approved the company's risk management strategy and policy in 25 June,2016.

**The Main Procurement Committee:** consists of Dr. Khaldoun Abdullah Al Wishah, Mr. Adel Ibrahim As'ad and Mr.Tawfiq Abdelkader Mukahal.

## J- The number of meetings of each of the committees during the year with the members present.

- Audit Committee: 5 meetings attended by the full members of the Committee and Mr. Ziad Adayla was absent in the last three meetings.
- Risk Committee: two meetings attended by the entire committee members.
- Nominations and Remuneration Committee: Only one meeting attended by the full members of the Committee.
- Governance Committee: Only one meeting attended by the entire committee members.
- Main Procurement Committee: did not meet during 2017.

## K- Number of meetings of the Audit Committee with the External Auditor during the year.

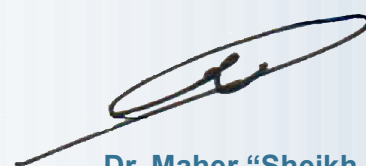
The Audit Committee did not meet with the External Auditor during 2017.

## L- Number of meetings of the Board of Directors during the year and the members attendance

The Board members met 7 times during 2017.

Name	Meeting 1 10/1/2017	Meeting 2 13/2/2017	Meeting 3 12/3/2017	Meeting 4 27/4/2017	Meeting 5 15/6/2017	Meeting 6 27/7/2017	Meeting 7 19/10/2017
Dr. Maher Al Shiekh Hasan	Present	Present	Present	Present	Present	Present	Present
Dr. Mohammed Al Ja'fari	Present	Present	Present	Present	--	--	--
Dr. Khaldoun Al Wishah	--	--	--	--	Present	Present	Present
Mr. Kamal Al Bakri	--	--	--	Present	Present	Present	Present
Mrs. Luma Ghaleb	Present	Present	--	--	--	--	--
Mr. Zyad Al Adayleh	Present	Absent	Present	Present	Present	Absent	Absent
Mr. Waleed Al Samhouri	Present	Present	Present	Absent	Present	Present	Present
Mr. Tawfiq Mukahal	Present	Present	Present	Present	Present	Absent	Present
Mr. Adel As'ad	Present	Present	Present	Present	Present	Present	Present

- Social Security Corporation / Lama Ghaleb / Social Security resignation from JLGC BOD since 5 March, 2017.
- Dr. Khaldoun Washah was appointed as a board member since 11/5/2017.
- Mr. Kamal Al-Bakri was appointed as a Vice Chair of the Board since 12/3/2017.
- Mr. Zyad Al-Adayla resigned from the Cities and Villages Development Bank on 20/8/2017.



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



**Financial Statements  
as at 31 December 2017**

**Together With Independent Auditors' Report**

Arab Professionals  
(Member firm within Grant Thornton International Ltd)



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**INDEPENDENT AUDITOR'S REPORT**

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

**Opinion**

We have audited the financial statements of Jordan Loan Guarantee Corp., which comprise the statement of financial position as at 31 December 2017, and 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

**(1) Provisions Against Loans Guarantee**

Included in the accompanying financial statements at the end of the year 2017 provisions against loan guarantee totaling JOD (7,795,998) and the calculation of these provisions based on many hypotheses and estimates, the adequacy of these provisions is considered to be a key audit for us. The audit procedures performed by us to address this key audit matter included inquiring from management about the methodology used in calculating these provisions and assessing the reasonableness of estimates and assumptions used by the management in calculating the provisions amount.

## (2) Deferred Tax Assets

Included in the accompanying financial statements at the end of the year 2017 deferred tax assets totaling JOD (214,875) as the expected benefits of these assets is primarily dependent on the Company's ability to generate adequate future profits, and since forecasting future profits is based on the Company's assumptions and estimates, determining the future benefits of the deferred tax assets is considered a key audit matter. The audit procedures performed by us to address this key audit matter included discussing the recoverability of the deferred tax assets with the Company's tax advisors and testing of the Company's budgeting procedures upon which the forecasts are based. We have also considered the appropriateness of its calculation and disclosure in the financial statements.

## Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



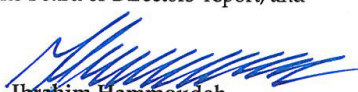
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other 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, and we recommend the General Assembly to approve it.

13 February 2018  
Amman – Jordan

  
Ibrahim Haminoudeh  
(License No. 606)  
Arab Professionals



## Financial Statements as at 31 December 2017

### Jordan Loan Guarantee Corp. Public Shareholding Company Statement of financial position as at 31 December 2017 (In Jordanian Dinar)

	Notes	2017	2016
<b>Assets</b>			
Cash and cash equivalents	4	451,741	16,861
Deposits at banks	5	27,581,297	26,539,559
Restricted bank deposits	12,13,14,15	25,605,714	23,274,359
Restricted financial assets measured at amortized cost	12,13,14,15	114,104,720	12,578,848
Financial assets measured at fair value through other comprehensive income	6	1,180,139	776,410
Financial assets measured at amortized cost	7	4,590,771	4,590,356
Receivables and other current assets	8	733,502	707,394
Deferred tax assets	9	214,875	763,344
Property and equipment	10	3,225,008	3,217,656
<b>Total assets</b>		<b>177,687,767</b>	<b>72,464,787</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Provisions against loans guarantee	11	7,795,998	4,792,966
Central Bank of Jordan loan - industrial loans guarantee program	12	5,160,695	5,160,695
Central Bank of Jordan loan – export credit guarantee program	13	99,999,277	-
Ministry of planning deposit	14	1,248,500	1,248,500
Startup micro projects loans	15	26,498,958	26,498,958
Payables and other current liabilities	16	2,146,599	1,077,591
Income tax provision	9	137,816	100,676
<b>Total liabilities</b>		<b>142,987,843</b>	<b>38,879,386</b>
<b>Equity</b>			
	18		
Paid in capital		29,080,310	29,080,310
Statutory reserve		1,628,770	1,526,945
Voluntary reserve		2,204,824	2,204,824
Fair value adjustments		493,158	109,615
Retained earnings		1,292,862	663,707
<b>Total equity</b>		<b>34,699,924</b>	<b>33,585,401</b>
<b>Total liabilities and equity</b>		<b>177,687,767</b>	<b>72,464,787</b>

«The attached notes from (1) to (27) form an integral part of these financial statements»

## Financial Statements as at 31 December 2017

### Jordan Loan Guarantee Corp. Public Shareholding Company Statement of profit or loss for the year ended 31 December 2017 (In Jordanian Dinar)

	Notes	2017	2016
<b>Revenues</b>			
Interest income		1,227,766	394,601
Bonds interest income		224,825	246,817
Commissions on guaranteed loans		1,003,811	768,680
Commissions on guaranteed exports and domestic buyers		97,418	108,861
Commissions on guaranteed industrial loans and financial leasing		324,472	274,437
Dividends income		55,494	64,896
Unneeded impairment provision		-	37,334
Other revenues		31,905	28,824
<b>Total revenues</b>		<b>2,965,691</b>	<b>1,924,450</b>
<b>Deduct :</b>			
Administrative expenses	19	1,370,018	1,185,020
Provisions against loans guarantee	11	548,920	280,379
Provision against end of service indemnity		28,504	25,436
Board of directors' remunerations		35,000	26,670
<b>Total expenses</b>		<b>1,982,442</b>	<b>1,517,505</b>
<b>Profit for the year before tax</b>		<b>983,249</b>	<b>406,945</b>
Tax expense for the year	9	( 252,269)	( 136,839)
<b>Profit for the year</b>		<b>730,980</b>	<b>270,106</b>
<b>Basic and diluted earnings per share</b>	20	<b>0.025</b>	<b>0.022</b>

«The attached notes from (1) to (27) form an integral part of these financial statements»

Financial Statements  
as at 31 December 2017

Jordan Loan Guarantee Corp.  
Public Shareholding Company  
Statement of comprehensive income for the year ended 31 December 2017  
(In Jordanian Dinar)

	2017	2016
Profit for the year	730,980	270,106
<b>Other comprehensive income</b>		
Change in fair value of financial assets through other comprehensive income	383,543	( 2,628)
<b>Total comprehensive income for the year</b>	<b>1,114,523</b>	<b>267,478</b>

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

## Financial Statements as at 31 December 2017

### Jordan Loan Guarantee Corp. Public Shareholding Company Statement of changes in equity for the year ended 31 December 2017 (In Jordanian Dinar)

	Paid in capital	Reserves		Fair value adjustments	Retained earnings	Total
		Statutory	Voluntary			
<b>Balance at 1 January 2017</b>	<b>29,080,310</b>	<b>1,526,945</b>	<b>2,204,824</b>	<b>109,615</b>	<b>663,707</b>	<b>33,585,401</b>
Total comprehensive income for the year	-	-	-	383,543	730,980	<b>1,114,523</b>
Statutory reserve	-	101,825	-	-	( 101,825)	-
<b>Balance at 31 December 2017</b>	<b>29,080,310</b>	<b>1,628,770</b>	<b>2,204,824</b>	<b>493,158</b>	<b>1,292,862</b>	<b>34,699,924</b>
<b>Balance at 1 January 2016</b>	<b>10,000,000</b>	<b>1,483,583</b>	<b>2,204,824</b>	<b>112,243</b>	<b>889,542</b>	<b>14,690,192</b>
Capital increase	19,080,310	-	-	-	( 152,579)	<b>18,927,731</b>
Dividends paid	-	-	-	-	( 300,000)	<b>( 300,000)</b>
Total comprehensive income for the year	-	-	-	( 2,628)	270,106	<b>267,478</b>
Statutory reserve	-	43,362	-	-	( 43,362)	-
<b>Balance at 31 December 2016</b>	<b>29,080,310</b>	<b>1,526,945</b>	<b>2,204,824</b>	<b>109,615</b>	<b>663,707</b>	<b>33,585,401</b>

\* The above retained earnings does not include any fair value gains that are not allowed to be distributed to shareholders based on Security Exchange Commission instructions.

«The attached notes from (1) to (27) form an integral part of these financial statements»

## Financial Statements as at 31 December 2017

### Guarantee Corp. Jordan Loan Public Shareholding Company Statement of cash flows for the year ended 31 December 2017 (In Jordanian Dinar)

	2017	2016
<b>Operating Activities</b>		
Profit for the year before income tax	983,249	406,945
Depreciation	102,291	93,567
Amortization of deferred income	( 31,905)	( 28,592)
Provision against end of service indemnity	28,504	25,436
Provisions against loans guarantee	5,512,415	1,003,253
Board of directors' remunerations	35,000	26,670
Unneeded impairment provision	-	( 37,334)
<b>Change in working capital</b>		
Payables and other current liabilities	171,035	280,052
Receivables and other current assets	( 26,108)	( 185,484)
Net payments for loans guarantee	( 1,149,126)	( 331,538)
Income tax paid	( 180,729)	( 56,704)
<b>Net Cash Flows From Operating Activities</b>	<b>5,444,626</b>	<b>1,196,271</b>
<b>Investing Activities</b>		
Financial assets measured at amortized cost	( 415)	( 1,455,060)
Property and equipment	( 109,643)	( 30,577)
<b>Net Cash Flows Used in Investing Activities</b>	<b>( 110,058)</b>	<b>( 1,485,637)</b>
<b>Financing Activities</b>		
Central Bank of Jordan loan – export credit guarantee program	99,999,277	-
Restricted bank deposits	( 2,331,355)	( 14,435,757)
Restricted financial assets measured at amortized cost	( 101,525,872)	( 12,578,848)
Deposits at banks	( 1,041,738)	( 17,947,219)
Startup micro projects loans	-	26,498,958
Dividends paid	-	( 300,000)
Capital increase	-	18,927,731
<b>Net Cash Flows (Used in) From Financing Activities</b>	<b>( 4,899,688)</b>	<b>164,865</b>
<b>Net change in cash and cash equivalents</b>	<b>434,880</b>	<b>( 124,501)</b>
Cash and cash equivalents, beginning of the year	16,861	141,362
<b>Cash and cash equivalents, end of the year</b>	<b>451,741</b>	<b>16,861</b>

«The attached notes from (1) to (27) form an integral part of these financial statements»

# Financial Statements as at 31 December 2017

Jordan Loan Guarantee Corp.  
Public Shareholding Company  
Notes to the Financial Statements  
31 December 2017  
(In Jordanian Dinar)

## 1. General

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

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

These financial statements were authorized for issue by the Company's Board of Directors in their meeting held on 13 February 2018.

## 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 2017. 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
IFRS15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance Contracts	1 January 2021

### **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 of cash on hand, deposits held at call with banks, other short - term highly liquid investments.

### **Financial Assets at Fair Value through Other Comprehensive Income**

These financial assets represent investments in equity instruments held for the purpose of generating gain on a long term and not for trading purpose.

Financial assets at fair value through other comprehensive income initially stated at fair value plus transaction costs at purchase date.

Subsequently, they are measured at fair value with gains or losses arising from changes in fair value recognized in the consolidated statement of other comprehensive income and within owner's equity, including the changes in fair value resulting from translation of non-monetary assets stated at foreign currency. In case those assets – or part of them- were sold, the resultant gain or loss is recorded in the consolidated statement of comprehensive income within owners' equity and the reserve for the sold assets is directly transferred to the retained earnings and not through the consolidated statement of profit or loss.

These assets are not subject to impairment testing.

Dividends are recorded in the consolidated statement of profit or loss on a separate line item.

### **Financial Assets at Amortized Cost**

Financial assets at amortized cost are the financial assets which the company management intends according to its business model to hold for the purpose of collecting the contractual cash flows which comprise the contractual cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets are recorded at cost upon purchase plus acquisition expenses. Moreover, the issue premium\discount is amortized using the effective interest rate method, and recorded to interest account. Provisions associated with the decline in value of these investments leading to the inability to recover the investment or parts thereof are deducted. Any impairment is registered in the consolidated statement of profit or loss and should be presented subsequently at amortized cost less any impairment losses.

#### **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	
	2017	2016	2017	2016
Housing loans guarantees	28,940,106	29,350,606	21,976,898	24,129,454
Productive loans guarantees	49,817,134	32,177,000	48,873,435	35,799,758
Export credit guarantees & domestic buyers	3,418,410	3,674,448	3,418,410	3,674,448
Industrial loans guarantees	20,449,609	16,075,779	20,449,609	16,075,779
Finance lease	1,797,377	3,080,837	1,797,377	3,080,837
Business vehicles	118,943	189,046	118,943	189,046

### 4. Cash and cash equivalents

	2017	2016
Cash on hand	1,000	524
Cash at banks	41,680	-
Deposits mature within three months	409,061	16,337
	<b>451,741</b>	<b>16,861</b>

Annual interest rate for bank deposits is 3%.

### 5. Deposits at banks

Bank deposits mature within (4) to (12) months, with an annual interest rate ranging between (3%) and (6%) yearly.

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

	2017	2016
Investments in listed shares (in Jordan)	930,949	422,220
Investments in unlisted shares (in Jordan)	249,190	354,190
	<b>1,180,139</b>	<b>776,410</b>

### 7. Financial assets measured at amortized cost

	2017	2016
Investment in bonds – Jordan	<b>4,590,771</b>	<b>4,590,356</b>

Investment in bonds mature up to the year 2026 with an annual interest rate ranging between (5.498%) and (7.484%) yearly.

## 8. Receivables and other current assets

	2017	2016
Accrued commissions income	388,675	387,017
Accrued interest income	267,748	224,520
Accounts receivable	50,969	74,068
Prepaid expenses	17,016	11,511
Refundable deposits	7,865	7,865
Others	1,229	2,413
	<b>733,502</b>	<b>707,394</b>

## 9. Income tax

The movements on the income tax provision are as follows:

	2017	2016
Balance at beginning of the year	100,676	34,086
Current income tax charge	217,869	123,294
Income tax paid	( 180,729)	( 56,704)
	<b>137,816</b>	<b>100,676</b>

Income tax expense for the year which appears in the statement of profit or loss consists of the following:

	2017	2016
Income tax expense for the year	217,869	123,294
Prior years income tax	30,195	-
Deferred tax	4,205	13,545
	<b>252,269</b>	<b>136,839</b>

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

	2017	2016
Provisions against loans guarantee	210,911	744,895
End of service provision	29,919	24,218
Change in fair value reserve	( 25,955)	( 5,769)
	<b>214,875</b>	<b>763,344</b>

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2014.
- The income tax returns for the years 2015 and 2016 have been filed with the Income Tax Department but the Department has not reviewed the Company's records till the date of this report.
- The income tax provision for the year 2017 was calculated in accordance with the Income Tax Law.

## 10. Property and Equipment

	Lands	Buildings	Furniture & Fixtures	Vehicles	Computers & Software	Total
<b>Cost</b>						
Balance at 1/1/2017	1,688,453	1,526,435	148,171	101,101	463,708	<b>3,927,868</b>
Additions	-	29,116	56,554	-	23,973	<b>109,643</b>
Balance at 31/12/2017	<b>1,688,453</b>	<b>1,555,551</b>	<b>204,725</b>	<b>101,101</b>	<b>487,681</b>	<b>4,037,511</b>
<b>Accumulated depreciation</b>						
Balance at 1/1/2017	-	211,315	126,176	85,688	287,033	<b>710,212</b>
Depreciation for the year	-	31,237	9,191	2,985	58,878	<b>102,291</b>
Balance at 31/12/2017	-	<b>242,552</b>	<b>135,367</b>	<b>88,673</b>	<b>345,911</b>	<b>812,503</b>
<b>Net book value at 31/12/2017</b>	<b>1,688,453</b>	<b>1,312,999</b>	<b>69,358</b>	<b>12,428</b>	<b>141,770</b>	<b>3,225,008</b>
<b>Cost</b>						
Balance at 1/1/2016	1,688,453	1,522,285	144,529	101,101	440,923	<b>3,897,291</b>
Additions	-	4,150	3,642	-	22,785	30,577
Balance at 31/12/2016	<b>1,688,453</b>	<b>1,526,435</b>	<b>148,171</b>	<b>101,101</b>	<b>463,708</b>	<b>3,927,868</b>
<b>Accumulated depreciation</b>						
Balance at 1/1/2016	-	180,832	119,053	82,703	234,057	<b>616,645</b>
Depreciation for the year	-	30,483	7,123	2,985	52,976	<b>93,567</b>
Balance at 31/12/2016	-	<b>211,315</b>	<b>126,176</b>	<b>85,688</b>	<b>287,033</b>	<b>710,212</b>
<b>Net book value at 31/12/2016</b>	<b>1,688,453</b>	<b>1,315,120</b>	<b>21,995</b>	<b>15,413</b>	<b>176,675</b>	<b>3,217,656</b>

## 11. 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:

	2017	2016
General provision	798,273	673,718
Special provision	1,054,556	1,059,904
Provision for industrial financing	2,020,153	2,224,514
Provision for pioneer projects financing	393,639	395,873
Provision for startup companies financing	1,274,253	438,957
Provision for export credit guarantee financing	2,255,124	-
	<b>7,795,998</b>	<b>4,792,966</b>

Jordan Loan Guarantee Corp.  
Notes to the Financial Statements (continued)  
31 December 2017

The movements on these provisions are as follows:

**General provision**

	2017	2016
Balance at beginning of the year	673,718	593,163
Charge for the year	124,555	80,555
	<b>798,273</b>	<b>673,718</b>

**Special provision**

	2017	2016
Balance at beginning of the year	1,059,904	1,009,418
Charge for the year	424,365	199,824
Recoveries	404,871	311,544
Compensations paid	( 834,584)	( 460,882)
	<b>1,054,556</b>	<b>1,059,904</b>

**Provision for industrial financing**

	2017	2016
Balance at beginning of the year	2,224,514	2,177,731
Charge for the year against Central Bank of Jordan loan's interest	311,649	228,983
Recoveries	11,100	65,960
Compensations paid	( 42,721)	( 248,160)
Income tax	( 56,006)	-
Prior years income tax	( 428,383)	-
	<b>2,020,153</b>	<b>2,224,514</b>

**Provision for pioneer projects financing**

	2017	2016
Balance at beginning of the year	395,873	340,939
Charge for the year against ministry of planning deposits	79,082	54,934
Income tax	( 15,816)	-
Prior years income tax	( 65,500)	-
	<b>393,639</b>	<b>395,873</b>

**Provision for startup companies financing**

	2017	2016
Balance at beginning of the year	438,957	-
Charge for the year against startup micro projects loans	1,153,859	438,957
Income tax	( 230,771)	-
Prior years income tax	( 87,792)	-
	<b>1,274,253</b>	<b>438,957</b>

**Provision for export credit guarantee financing**

	2017	2016
Charge for the year against Central Bank of Jordan loan	4,741,706	-
Interest on Central Bank of Jordan loan	( 1,322,801)	-
Stamps expenses	( 600,000)	-
Income tax	( 563,781)	-
	<b>2,255,124</b>	<b>-</b>

## 12. Central Bank of Jordan loan - industrial loans guarantee program

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 (7,236,845) and JOD (7,285,464) as at 31 December 2017 and 2016 respectively.

## 13. Central Bank of Jordan loan – export credit guarantee program

During 2017 the Company has acquired a loan from Central Bank of Jordan totaling JOD (100) million with an annual interest rate (2%) for a period of ten years, for the purpose of strengthen the Company's ability to provide guarantees for exporters of value added industries against the risk of importers' default, through the use of loan proceeds to purchase governmental securities and retain investment income after deducting interest expense as a provision to meet any obligations arising from the granted guarantees .

The restricted balance presented under assets in the statement of financial position amounted to JOD (102,818,180), all financial assets at amortized cost are mortgaged against Central Bank of Jordan loan, and their book value amounted to JOD (100,001,147).

## 14. Ministry of planning deposit

The company signed an agreement with the Ministry of Planning and Development and Employment fund whereby, the Ministry will provide an amount of JOD (1,250,000) for setting up a loan guarantee scheme for the loans granted by the Development and Employment fund to finance pioneer projects. guarantees given under this scheme will cover up to maximum of (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 2017 amounted to JOD (1,248,500) and the restricted balance presented under assets in the statement of financial position amounted to JOD (1,657,957) (2016: JOD 1,640,804).

## 15. Startup micro projects loans

During 2016 the Company has acquired interest free loans from the Central Bank of Jordan and other commercial and Islamic banks for the purpose of helping startup companies to develop their business activities, by using the proceeds from these loans exclusively in financing startup micro projects loans guarantee program through investing them in low risk financial instruments and retain their returns as a provision to face any liabilities that may arise against the granted guarantees, in case of running out from the retained returns the Company will stop granting any new guarantees.

The loan from Central Bank of Jordan which amounted to JOD (11,239,200) will mature on 8 March 2021 and the loans from the commercial and Islamic banks which amounted to JOD (15,259,758) will mature on 1 March 2026.

The restricted balance presented under assets in the statement of financial position amounted to JOD (27,997,452) as at 31 December 2017, part of it is mortgaged against Central Bank of Jordan loan amounted to JOD (12,486,258).

## 16. Payables and other current liabilities

	2017	2016
Income tax payable on provision against restricted assets	866,374	-
Unearned commissions	580,839	462,081
Reinsurers	247,100	209,298
Provision for end of service indemnity	149,595	121,090
Accrued expenses	111,782	70,130
Shareholders Withholdings	82,759	83,495
Deferred grant income	72,922	104,827
Provision for Board of Directors' remunerations	35,000	26,670
Others	228	-
	<b>2,146,599</b>	<b>1,077,591</b>

## 17. 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 2017 was JOD (165,949) to purchase property and equipment and JOD (481,825) to cover other expenses related to the grant purposes.

Revenues from the grant were deducted from their related expenses.

## 18. Equity

### Capital

The Company's authorized capital is JOD (30) Million and the subscribed and paid in capital is JOD (29,080,310) divided equally into (29,080,310) shares with par value of JOD (1) each as at 31 December 2017 and 2016.

### 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.

## 19. Administrative expenses

	2017	2016
Salaries and wages	754,723	656,180
Company's contribution in social security	88,058	74,810
Company's contribution in saving fund	66,685	57,330
Depreciation (Note 10)	102,291	93,567
Subscriptions	61,114	41,228
Marketing expenses	51,295	20,665
Medical and health insurance expenses	50,831	42,456
Board of Directors' transportation	45,500	46,400
Post, telephone, water and electricity	37,442	38,187
Official duties and training courses	34,827	37,538
Professional fees	22,183	19,708
Stationary and printings	15,932	13,613
Maintenance	12,131	14,867
Rent	850	850
Vehicles expenses	9,196	9,953
Others	16,960	17,668
	<b>1,370,018</b>	<b>1,185,020</b>

## 20. Basic and diluted earnings per share

	2017	2016
Profit for the year	730,980	270,106
Weighted average number of shares	29,080,310	12,300,092
	<b>0.025</b>	<b>0.022</b>

## 21. Executive management remuneration

The salaries and remunerations of the executive management amounted to JOD (370,136) and JOD (328,751) during 2017 and 2016 respectively.

## 22. Legalization

The Company appears as a defendant in a law suits relating to export guarantees 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.

## 23. 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.

2017	Up to one year	More than one year	Total
<b>Assets</b>			
Cash and cash equivalents	451,741	-	451,741
Deposits at banks	27,581,297	-	27,581,297
Restricted bank deposits	-	25,605,714	25,605,714
Financial assets measured at fair value through other comprehensive income	-	1,180,139	1,180,139
Restricted financial assets measured at amortized cost	-	114,104,720	114,104,720
Financial assets measured at amortized cost	300,000	4,290,771	4,590,771
Receivables and other current assets	733,502	-	733,502
Deferred tax assets	-	214,875	214,875
Property and equipment	-	3,225,008	3,225,008
<b>Total assets</b>	<b>29,066,540</b>	<b>148,621,227</b>	<b>177,687,767</b>
<b>Liabilities</b>			
Provisions against loans guarantee	-	7,795,998	7,795,998
Central Bank of Jordan loan – industrial loans guarantee program	-	5,160,695	5,160,695
Central Bank of Jordan loan – export credit guarantee program	-	99,999,277	99,999,277
Ministry of planning deposit	-	1,248,500	1,248,500
Startup micro projects loans	-	26,498,958	26,498,958
Payables and other current liabilities	2,146,599	-	2,146,599
Income tax provision	137,816	-	137,816
<b>Total liabilities</b>	<b>2,284,415</b>	<b>140,703,428</b>	<b>142,987,843</b>
<b>2016</b>			
	Up to one year	More than one year	Total
<b>Assets</b>			
Cash and cash equivalents	16,861	-	16,861
Deposits at bank	26,539,559	-	26,539,559
Restricted bank deposits	-	23,274,359	23,274,359
Financial assets measured at fair value through other comprehensive income	-	776,410	776,410
Restricted financial assets measured at amortized cost	-	12,578,848	12,578,848
Financial assets measured at amortized cost	2,000,000	2,590,356	4,590,356
Receivables and other current assets	707,394	-	707,394
Deferred tax assets	-	763,344	763,344
Property and equipment	-	3,217,656	3,217,656
<b>Total assets</b>	<b>29,263,814</b>	<b>43,200,973</b>	<b>72,464,787</b>
<b>Liabilities</b>			
Provisions against loans guarantee	-	4,792,966	4,792,966
Central Bank of Jordan loan - industrial loans guarantee program	-	5,160,695	5,160,695
Ministry of planning deposit	-	1,248,500	1,248,500
Startup micro projects loans	-	26,498,958	26,498,958
Payables and other current liabilities	1,077,591	-	1,077,591
Income tax provision	100,676	-	100,676
<b>Total liabilities</b>	<b>1,178,267</b>	<b>37,701,119</b>	<b>38,879,386</b>

## 24. 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.

	2017	Up to one year	More than one year	Non-interest bearing	Total
<b>Assets</b>					
Cash and cash equivalents		409,061	-	42,680	451,741
Deposits at banks		27,581,297	-	-	27,581,297
Restricted bank deposits		-	-	25,605,714	25,605,714
Financial assets measured at fair value through other comprehensive income		-	-	1,180,139	1,180,139
Restricted financial assets measured at amortized cost		-	-	114,104,720	114,104,720
Financial assets measured at amortized cost		300,000	4,290,771	-	4,590,771
Receivables and other current assets		-	-	733,502	733,502
Deferred tax assets		-	-	214,875	214,875
Property and equipment		-	-	3,225,008	3,225,008
<b>Total assets</b>		<b>28,290,358</b>	<b>4,290,771</b>	<b>145,106,638</b>	<b>177,687,767</b>
<b>Liabilities</b>					
Provisions against loans guarantee		-	-	7,795,998	7,795,998
Central Bank of Jordan loan - industrial loans guarantee program		-	-	5,160,695	5,160,695
Central Bank of Jordan loan – export credit guarantee program		-	-	99,999,277	99,999,277
Ministry of planning deposit		-	-	1,248,500	1,248,500
Startup micro projects loans		-	-	26,498,958	26,498,958
Payables and other current liabilities		-	-	2,146,599	2,146,599
Income tax provision		-	-	137,816	137,816
<b>Total liabilities</b>		<b>-</b>	<b>-</b>	<b>142,987,843</b>	<b>142,987,843</b>
<b>Net</b>		<b>28,290,358</b>	<b>4,290,771</b>	<b>2,118,795</b>	<b>34,699,924</b>
	2016	Up to one year	More than one year	Non-inter- est bearing	Total
<b>Assets</b>					
Cash and cash equivalents		16,337	-	524	16,861
Deposits at bank		26,539,559	-	-	26,539,559
Restricted bank deposits		-	-	23,274,359	23,274,359
Financial assets measured at fair value through other comprehensive income		-	-	776,410	776,410
Restricted financial assets measured at amortized cost		-	-	12,578,848	12,578,848
Financial assets measured at amortized cost		2,000,000	2,590,356	-	4,590,356
Receivables and other current assets		-	-	707,394	707,394
Deferred tax assets		-	-	763,344	763,344
Property and equipment		-	-	3,217,656	3,217,656
<b>Total assets</b>		<b>28,555,896</b>	<b>2,590,356</b>	<b>41,318,535</b>	<b>72,464,787</b>
<b>Liabilities</b>					
Provisions against loans guarantee		-	-	4,792,966	4,792,966
Central Bank of Jordan loan - industrial loans guarantee program		-	-	5,160,695	5,160,695
Payables and other current liabilities		-	-	1,077,591	1,077,591
Ministry of planning deposit		-	-	1,248,500	1,248,500
Startup micro projects loans		-	-	26,498,958	26,498,958
Income tax provision		-	-	100,676	100,676
<b>Total liabilities</b>		<b>-</b>	<b>-</b>	<b>38,879,386</b>	<b>38,879,386</b>
<b>Net</b>		<b>28,555,896</b>	<b>2,590,356</b>	<b>2,439,149</b>	<b>33,585,401</b>

## 25. 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	
	2017	2016
Revenue from loans guarantee	1,328,283	1,043,117
Revenue from guarantee of exports and domestic buyers	97,418	108,861
Revenue from investing in financial securities	1,508,085	706,314
Assets related to guarantee of loans and export sector	14,099,109	36,240,224
Assets related to investment in financial securities	34,176,696	32,147,706

## 26. Financial Instruments

Financial instruments comprise of 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, ministry of planning deposit and startup micro projects loans.

### 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.

2017	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	930,949	145,000	104,190	1,180,139

2016	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	422,220	-	354,190	776,410

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 risks are those risks resulting from the default of counterparties to the financial instrument to repay their commitment to the Company. The Company limits its credit risk by only dealing with reputable banks and by setting credit limits for individual customers and monitoring outstanding receivables. 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:

2017	Less than one year	More than one year	Total
Provisions against loans guarantee	-	7,795,998	<b>7,795,998</b>
Central Bank of Jordan loan - industrial loans guarantee program	-	5,160,695	<b>5,160,695</b>
Central Bank of Jordan loan – export credit guarantee program	-	99,999,277	<b>99,999,277</b>
Ministry of planning deposit	-	1,248,500	<b>1,248,500</b>
Startup micro projects loans	-	26,498,958	<b>26,498,958</b>
Payables and other current liabilities	2,146,599	-	<b>2,146,599</b>
Income tax provision	137,816	-	<b>137,816</b>
	<b>2,284,415</b>	<b>140,703,428</b>	<b>142,987,843</b>

2016	Less than one year	More than one year	Total
Provisions against loans guarantee	-	4,792,966	<b>4,792,966</b>
Central Bank of Jordan loan - industrial loans guarantee program	-	5,160,695	<b>5,160,695</b>
Payables and other current liabilities	1,077,591	-	<b>1,077,591</b>
Ministry of planning deposit	-	1,248,500	<b>1,248,500</b>
Startup micro projects loans	-	26,498,958	<b>26,498,958</b>
Income tax provision	100,676	-	<b>100,676</b>
	<b>1,178,267</b>	<b>37,701,119</b>	<b>38,879,386</b>

### 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 (139,952) during 2017 (2016: JOD 132,800).

### 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.

#### **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**

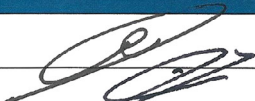




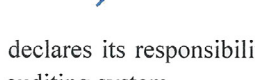
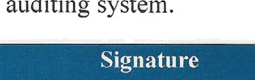
Equity price risk result from the change in the fair value of equity securities. The Company manages these risks through the diversification of investments in several geographical areas and economic sectors. If the quoted market price of listed equity securities had increased or decreased by 10%, the comprehensive income for the year would be increased / reduced by JOD (88,440) during 2017 (2016: JOD 40,111).

## **27. Capital Management**

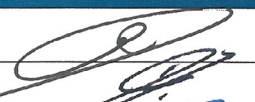
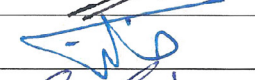



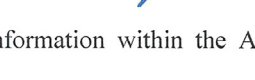

The Company manages its capital structure with the objective of safeguarding the entity's ability to continue as a going concern and providing an adequate return to shareholders by pricing products and services commensurately with the level of risk.

# Representations

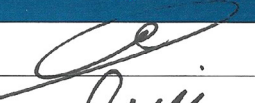

1.The Board of Directors of the Jordan loan Guarantee Corporation declares to that no material issues might influence the continuity of the corporation during the upcoming fiscal year 2018.

Name	Title	Signature
H.E.Dr. Maher Khalil "Sheikh Hasan"	Chairman	
Mr. Kamal Gharib Al Bakri	Vice Chairman	
Dr. Khaldoun Abdullah Al Wishah	Board Member	
Mr. Walid Muhi Eddin Al Samhouri	Board Member	
Mr. Osama Mohammed Al Azzam	Board Member	
Mr. Tawfeek Abdel Kader Mukahal	Board Member	
Mrs. Luma Nayef Bakri	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	
Mr. Kamal Gharib Al Bakri	Vice Chairman	
Dr. Khaldoun Abdullah Al Wishah	Board Member	
Mr. Walid Muhi Eddin Al Samhouri	Board Member	
Mr. Osama Mohammed Al Azzam	Board Member	
Mr. Tawfeek Abdel Kader Mukahal	Board Member	
Mrs. Luma Nayef Bakri	Board Member	

3.We the undersigned declare that the financial statements and information within the Annual Report 2017 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	Finance Dept. Manager	