

# **BOARD REPORT TWENTY SIXTH**

For the year ended  
December 31, 2019

26th Board of Directors Report  
Annual Report

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







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





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## Jordan Loan Guarantee Corporation

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.



### Our Vision

To Achieve leadership in credit guarantee and business development.

### Our Mission

To enhance the opportunities for establishing and developing small and medium enterprises through providing the necessary guarantees to finance projects and providing guarantees for export credit and domestic sales within the parameters of financial sustainability.

### Our Values

- Professional Commitment
- Integrity
- Empowerment
- Transparency
- Team Work
- Social Responsibility
- Trust

## Chairman's Statement

### Dear Shareholders



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

On behalf of the Board of Directors, I extend our greetings and am pleased to present the Jordan Loan Guarantee Corporation 26<sup>th</sup> Annual Report, detailing the results achieved during the last year as indicated in the consolidated financial statements for the year ended 31/12/2019. The report includes all disclosure requirements and meets all the rules of corporate governance as well as the conditions stipulated in the laws and regulations related to public shareholding companies.

In 2019, JLGC successfully managed to maintain its good performance at a steady pace and was able to efficiently and competently handle the regional challenges that continued to have negative repercussions on the Jordanian companies especially small & medium ones. It had a positive contribution to the national economy through the continued guarantees availed for SMEs and enhancing insurance ability for national exports to enter new markets through Export Credit Guarantee program.

Despite the impact of global and regional developments & events on the banking performance and its impact on the national economy in one way or another, the Central Bank of Jordan continued to play its role towards the economic sectors, especially the banking sector and continued to support the national goals for which the Jordan Loan Guarantee Corporation was established, through a number of initiatives and programs, the most important of which was the Central Bank providing a special advance in the amount of 100 million Jordanian dinars to the company to launch a program to issue guarantees for contractors to carry out business outside the Kingdom, through these necessary allocations, the Central Bank continues its efforts to support various productive sectors to encourage economic growth. The Central Bank also continued to provide multiple lines of credit at preferential interest rates to the industry, tourism, consulting services and information technology sectors, as well as providing the necessary financial allocations for the start-up loan guarantee.

CBJ initiatives will enable JLGC to increase the volume of work at all programs levels and create new better competitive opportunities for Jordanian companies through Export Credit Guarantee & domestic sales program or different loan guarantee programs executed by JLGC.

### Distinguished Shareholders,

JLGC achieved a pre-tax profit of JD 1,273 million in 2019 compared to JD 865 thousand in the previous year, while the after-tax profit amounted to JD 1,043 million compared to JD 697 thousand last year. This deterioration was a result of mainly the growth of operational activities revenues recorded 13% compared to the year before. While the investment revenues increased about 10% in 2019 to reach JD 2.1 million.

The total shareholders' equity increased from JD 35,560 million at the end of 2018 to JD 36,580 million at the end of 2019. While the corporation's assets amounted to JD 454 million at the end of 2019 compared to JD 244 million at the end of 2018.

JLGC provided guarantees to 1223 small and medium sized enterprises loans with a nominal value of JD 70 million and the guaranteed loans number reached to 4299 with a guaranteed value equaled around JD 104 million at the end of 2019.

The volume of work in the export credit guarantee program also doubled during the year 2019 compared to 2018, the number of guaranteed shipments increased to 1515 shipments at a value of 1074 million dinars, compared to 895 shipments at a value of 56.7 million dinars. The guarantees covered national exports to several foreign markets, the most important of which are: The United States of America, Canada, China, the United Kingdom, Germany, Saudi Arabia, Kuwait and the United Arab Emirates and other countries. Noting that the accumulated provision balance for the program amounted about 6,8 million dinars, which was built from the surplus of the return on investment of the Central Bank of Jordan advance for the program, which allowed the company to provide a better level of insurance coverage for national exports.

The company continues its role in achieving its national goals in supporting national exports and startups, small and medium projects. The company is constantly seeking to develop its programs in order to achieve the satisfaction of its partners and increase the volume of work with them.

#### **Dear Shareholders,**

To deal with any stressful circumstances and changes in the banking and neighboring markets, a prudent and vigilant plan was adopted to rationalize spending, increase resource efficiency, and optimize business opportunities, looking forward to new heights and a better future to develop the work environment for small and medium companies in the Kingdom.

The company will continue its journey with confidence and the highest levels of institutional professionalism to support small and medium-sized companies operating in the Kingdom.

We are confident that the company will improve the level of its services and improve its local and regional position through the implementation of its strategic plan and achievement of its underlying objectives.

On this occasion, I extend my sincere thanks to all stakeholders and partners for their continuous support. I extend my sincere thanks and appreciation to my fellow Board members for their pivotal role and their continued dedication and commitment, which had great impact on what has been achieved so far, and to the Executive Management at their respective locations for their devoted efforts, perseverance and their continuous pursuit of the company's goals and aspirations.

Finally, I wish this pioneering institution more progress and prosperity to further serve our beloved country and contribute to its continued growth and development under the leadership of His Majesty King Abdullah II. I pray to God to keep him under His patronage and always guide him to lead Jordan and its people on the paths of pride and dignity.

**Peace, mercy and blessings of God be upon you!**

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

## Summary of JLGC Results in 2019

### Operational Results

#### Loan Guarantee Results:

##### Total Guaranteed Loans in 2019 & 2018

Loan Type	2019		2018	
	No.	Guaranteed value	No.	Guaranteed value
Productive Loans	992	28,281,002	1,593	48,976,529
Industrial Finance Loans	218	18,821,687	267	25,014,981
Housing and Personal Loans	13	524,637	20	705,676
<b>Total</b>	<b>1,223</b>	<b>47,627,326</b>	<b>1,880</b>	<b>74,697,186</b>

##### Total Executed & In Process Loans Guaranteed in 2019

Loan Type	Executed		In process		Total	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
Productive Loans	992	28,281,002	191	5,867,953	1189	34,148,955
Industrial Finance Loans	218	18,821,687	60	6,218,832	288	25,040,519
Housing and Personal Loans	13	524,637	2	100,500	15	625,137
<b>Total</b>	<b>1,223</b>	<b>47,627,326</b>	<b>253</b>	<b>12,187,285</b>	<b>1,429</b>	<b>59,814,611</b>

##### Outstanding Loan Guarantee Portfolio in 2019

Outstanding Loans Guarantee Portfolio at the end of the year	2019		2018	
	No.	Guaranteed Value	No.	Guaranteed Value
Productive Loans (small enterprises)	2702	49,027,381	2,931	53,471,047
Housing and Personal Loans	1041	16,880,282	1,188	19,328,860
Industrial Finance Loans	556	38,087,180	482	32,073,745
<b>Total</b>	<b>4,299</b>	<b>103,994,843</b>	<b>4,601</b>	<b>104,873,652</b>

##### Ceilings Granted to Banks and Utilized

Programs	2019		2018	
	Ceiling	Utilized	Ceiling	Utilized
Productive Loans ceilings (small enterprises)	50,440,134	49,027,381	49,867,134	53,471,047
Housing and Personal Loans ceiling	26,335,906	16,880,282	28,435,906	19,328,860
Small Startups Loans ceilings	8,100,000	9,139,231	6,800,000	5,244,699
<b>Total</b>	<b>84,876,040</b>	<b>75,046,894</b>	<b>85,103,040</b>	<b>78,044,606</b>

**Export Credit Guarantee Results:****Guaranteed Shipments during 2019**

Guaranteed Shipments	2019		2018	
	No.	Guaranteed Value	No.	Guaranteed Value
Export Credit Guarantees	1515	107,431,481	895	56,747,654
Domestic Sales Credit Guarantees	1280	1,052,556	121	1,726,427
<b>Total</b>	<b>2795</b>	<b>108,484,037</b>	<b>1016</b>	<b>58,474,082</b>

**Guaranteed Shipments Portfolio at the End of the Year 2019**

Guaranteed Shipments Portfolio	2019		2018	
	No.	Guaranteed Value	No.	Guaranteed Value
Export Credit Guarantees	501	35,360,400	289	3,923,926
Domestic Sales Credit Guarantees	638	379,490	82	218,151
<b>Total</b>	<b>1139</b>	<b>35,739,890</b>	<b>371</b>	<b>4,142,077</b>

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

Claims	2019	2018	Claims Paid	2019	2018
Loan Guarantee Programs	2,513,919	2,461,652	Loan Guarantee Programs	1,304,619	1,376,543
Industrial Finance Programs	442,909	587,027	Industrial Finance Programs	484,026	375,031
Export Credit Program	236,818	0	Export Credit Program	114,330	0
<b>Total</b>	<b>3,193,644</b>	<b>3,048,679</b>	<b>Total</b>	<b>1,902,975</b>	<b>1,751,574</b>

Re-scheduling	2019	2018	Recoveries	2019	2018
Loan Guarantee Programs	19,421,342	16,416,012	Loan Guarantee Programs	407,070	275,531
Industrial Finance Programs	7,137,977	7,430,900	Industrial Finance Programs	164,945	282,436
			Export Credit Guarantee Program	0	1,409
<b>Total</b>	<b>26,559,319</b>	<b>23,846,912</b>	<b>Total</b>	<b>572,015</b>	<b>559,377</b>

## Financial Results

Revenues and Expenses	2019	2018
Operational Revenues	1,874,427	1,652,295
Realized Financial Revenues	2,093,614	1,899,955
Other Revenues	132,425	48,804
<b>Total Revenues</b>	<b>4,100,466</b>	<b>3,601,054</b>
<b>(Less) General and Administrative Expenses</b>	<b>1,649,834</b>	<b>1,608,631</b>
<b>Gross Profit / (Loss)</b>	<b>2,450,632</b>	<b>1,992,423</b>
(less ) Provisions and other fees	1,177,425	1,127,368
(less) income tax	230,104	167,914
<b>Profit (loss )</b>	<b>1,043,103</b>	<b>697,141</b>

## Board Of Directors Report

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

#### A. Main Activities

##### Loan guarantees programs:

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

Productive Loans Guarantee Programs	Max. Loan Amount (JOD)	Max. Payment Period (Month)	Guarantee Percentage (%)
SMEs Loan Guarantees	250,000	72	70%
Micro Loan Guarantees	15,000	36	70%
Industrial Loan Guarantees (EJADA)	1,000,000	96	70%
Leasing Guarantees (EJADA)	1,000,000	96	70%
"Kafala" Program- Islamic Financing (Industries & services)	1,000,000	96	70%
"Kafala" Program- Islamic Financing (Trade)	250,000	72	70%
Entrepreneurship Financing Program	75,000	96	80%
Small Startups program	250,000	60	85%
Renewable Energy program	500 - 350,000	36-60	70%

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

\* Note: The partial guarantee principle is adopted in case the loan amount exceeds the maximum allowed

##### Exports credit guarantees programs:

The company provides guarantees for Jordanian exports against commercial and political risks and for domestic sales against the commercial risks of non-payment by the foreign importer or local buyer of the price of these export shipments or local sales, according to the following programs:

Credit Guarantee Programs	Max. Shipment Amount (\$)	Max. Payment Period (Month)	Guarantee Percentage (%)
Export Credit Guarantees	7,500,000	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, Building. No. 24 Prince Shaker Bin Zaid Street, Opposite to Citi Bank. There are no other branches in or outside Amman. JLGC programs and services run by a staff of 51 employees during the year 2019.

## C. Size of Capital Investment

Total size of Capital investment was JD 3,093,884 in 2019 in comparison with JD 3,195,551 in 2018.

### 2. Subsidiaries

JLGC has 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

#### **Maher Khalil "Sheikh Hassan"**

**Chairman of the Board**

**Deputy Governor of the Central Bank of Jordan**

**Year of Birth: 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.
- Assistant Section Head / Monetary Affairs and Capital Markets Department / International Monetary Fund / 2009-2012
- Economic Expert / Middle East and Near Asia / International Monetary Fund/ 2005-2009
- Executive Manager / Banking Supervision Department / Central Bank of Jordan / 2003-2005
- Banking Supervision Department / Central Bank of Jordan / 1994-2003
- Won the "Exceptional Efforts" award from the International Monetary Fund /2011
- Headed and joined International Monetary Fund missions for evaluations and technical assistance to member countries.
- Has many books and research papers on Monetary Policy, Inflation, Evaluation and Selection of Exchange Rates, Financial Assets Price Bubbles, and many others.

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

**Vice Chairman**

**General Manager of Cairo Amman Bank**

**Year of Birth: 1969**

- Master's Degree in Management of International Banking and Finance from Salford Manchester / UK
- Bachelor's Degree in law from the University of Jordan
- General Manager for Cairo Amman Bank since 2008
- Deputy General Manager for Cairo Amman Bank
- Legal Department manager and the Legal Adviser of Cairo Amman Bank
- Vice Chairman Jordan Loan Guarantee Corporation
- Chairman of the Board of Directors of Tourist Transport (Jet)
- Board member of Association of Banks in Jordan
- Board member of the Jordan Insurance Company
- Board member of National Portfolio Securities

- Chairman of the Directors of Tamallak Leasing
- Board member of Real Time Gross Settlement System
- Board member of Jordan Payment & Clearing Co.

### **H.E.Mrs. Nadia Helmi Hafez Al Sa'eed**

#### **Broad Member**

#### **Chief Executive Officer, Bank al Etihad**

#### **Year of birth: 1965**

- Master of Business Administration in Finance and Management Information Systems from the American University in Cairo in 1992.
- BA in Economics and Business Administration from the University of Jordan.
- General Manager, Bank al Etihad.
- Strategic Development Consultant, Etihad Bank.
- CEO of Dead Sea Development Corporation.
- Minister of Communications and Information Technology.
- Secretary General of the Ministry of Communications and Information Technology.
- Economic Adviser to the Minister of Communications and Information Technology.
- 10 years of experience in Etihad Bank in several positions including: Manager of Corporate Banking.
- Jordan Technology Group.
- Member in Najjar Group - Cairo.
- Vice Chairman of the Board of Directors of Etihad Financial Brokerage Company.
- Vice Chairman of the Board of Directors of Etihad Leasing Company.
- Member of the Board of Directors of Jordan Payment Systems Company.
- Member of the Board of Directors of Financial Solutions Company for Mobile Payment.
- Member of the Board of Directors of Jordan Solar Renewable Energy Company.
- Member of the Board of Directors of Jordan Strategy Forum.
- Member of the Board of Directors of the initiative to support the pioneers (Endeavor Jordan).
- Member of the Board of Directors of Yarmouk University Investment Fund.
- Member of the Board of Directors of Injaz to create economic opportunities for Jordanian youth.
- Member of the Board of Directors of the Haya Cultural Center.
- Member of the Board of Alumni Club of the American University in Cairo – Jordan

### **Mr. Walid Muhiddin Al Samhouri**

#### **Board Member**

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

#### **Year of Birth: 1962**

- MSc in Economics, University of Jordan, Amman 1994
- BSc in Economics, Statistics & Public Administration - University of Jordan, Amman 1985.
- 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
- Head of Global Credit Admin Credit Group.
- Head of Credit Implementation and Control Department / Arab Bank (Global)
- Department Head – Corporate & Institutional Banking - Research & Support - Global Banking Group (GBG )
- Officer – Commercial Banking – Jordan Branches.

- 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.

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

#### **Broad Member**

#### **Executive Director, Open Market Operations and Public Debt Dept./ Central Bank of Jordan**

#### **Year of Birth: 1970**

- PhD in Finance / HULL University / UK 2009.
- Scientific Research Master in Business Administration / HULL University / UK 2006
- Master of Business Administration / Finance / University of Jordan 2000.
- Bachelor of Economics / University of Mustansiriya / Iraq 1992.
- Executive Director / Open Market Operations and Public Debt Dept. 2013 until now.
- Assistant Executive Director / Investments and Foreign Operations Dept. 2012.
- Head of External Loans and Grants Division / Investments and Foreign Operations Dept. 2010.
- Head of the Appropriations and Payment Agreements Division Investments and Foreign Operations Dept.
- Head of Foreign Remittances Division / Investment and Foreign Operations Dept.
- Senior Financial Analyst/ External Loans and Grants Dept./ Investments and Foreign Operations Dept. 2002.
- Senior Economist / Open Market Operations and Public Debt Dept. 2009.
- Primary Issues Officer / Open Market Operations and Public Debt Dept. 2005.
- Trader / Trading Room / Investment and Foreign Operations Dept.2003.
- Creditor and Payment Technician / Investments and Foreign Operations Dept.
- 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. Tawfeek Abdel Kader Mukahal**

#### **Board Member**

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

#### **Year of Birth: 1951 .**

- Studied at the Faculty of Economics and Commerce / University of Jordan 1969-1970
- Deputy General Manager of Jordan Kuwait Bank since 1991 until now.
- Executive Manager / Credit and Marketing / National Bank of Kuwait 1971-1990.
- Deputy Chairman for the Jordan Mortgage Refinance Company.
- Former Board Member at the Jordan Steel Company.
- Member of the Board of Directors of Al-Sharq Al-Arabi Insurance Company.
- Former Board Member at National Electric Power Company.
- Participated in advanced courses regarding international and commercial finance and advanced credit with Citi Bank in Greece 1980-1981.

### **Mrs. Luma Nayef Abdel Fattah Bakri**

#### **Broad Member until 1/12/2019**

#### **Executive Manager, Risk Management Department – Housing Bank**

#### **Year of Birth: 1973**

- Master of Business Administration / Financial Management / University of Exeter / United Kingdom in 2006
- BA in Economics and Political Science / University of Jordan in 1995.
- Executive Director, Risk Management Department: Housing Bank Jordan.

- Director of Operational Risk and Business Continuity Center: Housing Bank Jordan.
- Manager of Market Risk and Liquidity Center: Housing Bank Jordan.
- Director of electronic channels: Housing Bank Jordan.
- Assistant Manager - Call Center: Jordan Housing Bank.
- Customer Service Officer: Housing Bank Jordan.

### **Ms. Rana Rimon Jamil Al Sawalha**

**Broad Member since 1/12/2019**

**Executive Manager, Accounting Control and Insurance Department – Housing Bank**

**Year of Birth: 1971**

- Holds the CPA American Certified Public Accountant Certificate from Lions Accounting Board 1998.
- Bachelor's degree in Accounting - Business Administration - University of Jordan 1993.
- Total banking experience for more than 18 years.
- Executive Director - Financial Group at the Housing Bank for Trade and Finance since 10/2019.
- Vice President of Financial Group - Retail Business / External Branches at First Abu Dhabi Bank 1/2019 - 9/2019
- Chief Financial Officer (CFO) at National Bank of Abu Dhabi / Jordan from 10/2015 - 11/2018.
- Chief Financial Officer (CFO) at Arab Banking Corporation from 10/2012 - 10/2015.
- Assistant Finance Manager at Arab Banking Corporation from 11/2001 - 09/2012.
- Director of Internal Auditing with the Arab Jordan Insurance Company from 01/2001 -11/2001.
- Internal auditor at Ernst & Young EY from 01/1994 - 05/2000

### **H.E.Dr. Ibrahim Hasan Mustafa Saif**

**Broad Member**

**Independent Member**

**Year of Birth: 1965**

- Bachelor of Economics and Accounting, Yarmouk University, 1986
- Master of Economics University of London 1988
- Ph.D. in Economics, University of London, 2001
- Minister of Planning and International Cooperation 2013-2015.
- Minister of Energy and Mineral Resources 2015-2017.
- Researcher at the Carnegie Middle East Center 2009 - 2013
- Secretary General of the Economic and Social Council in Jordan 2009 -2012.
- Professor of Economics and Director of the Center for Strategic Studies at the University of Jordan 2002-2008

### **Dr. Adnan Hasan Issa Al Hindi**

**Broad Member**

**Independent Member**

**Year of Birth: 1938**

- Academic degrees and year of graduation (PhD, MA, BA)
- Bachelor of Business Administration - Cairo University 1964 B.A Business Administration
- Master of Economics - University of Southern California 1968 M.A. Economics USA.A California
- Ph.D. Economics - Syracuse University 1976 P.H.D Economics-Syracuse university 1976
- Previous practical experience: from the date of graduation until the date (positions previously occupied by the member)
- Executive Director - Central Bank of Jordan 1964-1984
- Secretary General - Union of Arab Banks Beirut Lebanon 1984-2000

- Other board memberships
- The Housing Foundation - Jordan 1978-1983
- Lecturer - University of Jordan - Part-time 1979-1981
- Lecturer, Amman National University, 2002-2004
- Director General, Institute of Banking and Financial Studies, Central Bank of Jordan, 1978-1983
- Member of the Board of Directors - Arab Institute for Banking and Financial Studies Beirut - Lebanon 1989-2000
- Member of the Board of Directors of the Association of Banks in Jordan 1979-1984.

### **H.E.Dr. Ismail Sa'eed Zaghloul**

**Broad Member**

**Independent Member**

**Year of Birth: 1947**

- PhD in Finance from Amman Arab University in 2003
- Master Degree in Economics from Jordan University 1984
- Bachelor Degree in Statics and Economy from University of Jordan 1970.
- Director General of the Department of Public Budget 2007-2013
- Director of the Directorate of Economic Studies and Policies at the Ministry of Finance
- Vice Chairman of the Board of Directors of Al Samra Power Generation Company
- "General Inspector" / Department of Studies and Research at the Central Bank
- Director General of the Jordanian newspaper Al-Dustour
- Vice Chairman of the Board of Directors of Jordan Bank / Dubai Islamic Bank
- Executive Director / Islamic Development Bank / Jeddah, Saudi Arabia
- Economist at the Central Bank of Qatar for the years 1985-1992
- Member of several boards of directors of Jordanian and Arab institutions

### **Mr. Jamal Mohammed Fariz**

**Broad Member until 13/2/2019**

**General Manager of Tamkeen Leasing Company**

**Year of Birth: 1958**

- Bachelor of Administration / University of Jordan 1980
- General Manager of Tamkeen Leasing Company / Vice Chairman (Member of Invest Bank Group).
- Chairman of the Board of Directors of AL TAS-HEELAT Company (Member of Invest Bank Group).
- Chairman of the Board of Directors of the Jordanian-European Business Association (JEBA).
- Chairman of the Board of Directors of the Haya Cultural Center.
- Member of the Board of Directors of Jordan Chamber of Commerce
- Member of the Board of Directors of Amman Chamber of Commerce / Treasurer
- Vice Chairman of the Jordanian Network Association.

### **Mr. Khattab "Mohammed Khaled" Al Banna**

**Broad Member since 19/2/2019**

**Board Member / Treasure of Amman Chamber of Commerce Board of Directors**

**Year of Birth: 1968**

- Bachelor in Accounting
- Board Member / Treasurer of Amman Chamber of Commerce Board of Directors
- Board Member / Jordan Chamber of Commerce Board of Directors
- Chairman of the Board / Salam Company for Media
- Chairman of the Board / Khattab Mohammed AlBanna & Partners Company
- Chairman of the Board / Khattab Mohammed Khaled Ibrahim AlBanna & Partner Company

**\*\*\*JLGC Board of Directors held 8 meetings during 2019**

## B. Top Management

### Dr. Mohammed Lutfi Al Ja'fari

#### Director General

**Date of Birth: 28/10/1965**

- PhD in Finance / Manchester University / UK 1997
- Master's Degree in Economics & Statistics / Jordan University / 1991
- Bachelor Degree in economics / Yarmouk University / Jordan 1984
- Director General / Jordan Loan Guarantee Corporation 2011 until now.
- Chairman of the Broad of Directors – Innovative Startups and SMEs Fund (ISSF) since 2017
- Member of the Management Committee - Renewable Energy and Energy Conservation Fund - Ministry of Energy and Mineral Resources 2018-2019
- 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)

### Mr. Abdel Salam Faisal Al Nusair

#### Deputy Director General

**Date of Birth: 6/10/1966**

- Master of Finance and Banking / Arab Academy for Banking and Financial Sciences in 1997.
- Bachelor of Administrative Sciences / Accounting / Yarmouk University in 1988.
- Works in the company since 1/6/2016
- Director of Risk Management and Strategic Planning Department / Social Security Funds Investment Fund, 2005-2005
- Acting Director of Financial Control Department 2011
- Economist / Senior Financial Analyst in the Department of Foreign Investment and Operations / Central Bank of Jordan 1992-2005

### Mr. Issa Ismail Al Tarayra

#### Finance Dept. Manager

**Date of birth: 17/9/1980**

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

### Mr. Rami Awwad Samardali

#### Director of Risk Management and Compliance Control Department

**Date of Birth: 6/12/1978**

- Bachelor Degree in Banking & Finance / Philadelphia University 2000.
- Working at JLGC since 20 June, 2005.
- Accountant at Arab Printers Company 2001 – 2005.

**Mrs. Amal Mahmoud Jaradat****Credit Export Guarantee Department Manager****Date of Birth: 4/10/1971**

- Bachelor Degree in Business Administration / University of Jordan 1993
- Working at JLGC since 12th August, 2013.
- Director of Industrial Finance and Services Dept. until 2017.
- Project Manager of company's project with the International Finance Corporation (IFC) until 2015.
- Retail Credit Review Officer / Bank of Jordan 2006 – 2012.
- Credit Analyst / Bank of Jordan 1998 -2006.
- SMEs Instructor at the Institute of Banking Studies – Jordan.

**Mr. Feras Mustafa Fayyad****Loan Guarantee Department Manager****Date of birth: 22/8/1970**

- Master of Banking and Finance in 1998.
- High Diploma in Finance and Banking specialized in 1998
- BA in Business Administration and Political Science in 1994.
- Certificate (CCLB) Lender Business Banker 2005.
- Works at JLGC since 26/11/2017
- Commercial Relations Manager (Senior) / Dubai Commercial Bank - Abu Dhabi 2014-2017
- Senior Customer Relationship Manager, Major Corporate Unit, Arab Bank, Dubai, 2013-2014
- Deputy Director of Branch / Bank of Sharjah 2011-2013
- Corporate Relationship Manager / Major Corporate Unit / Arab Bank - Dubai 2007-2011
- Credit Analysis Officer - Major 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. Tarek Talal Al Nabulsi****Follow ups, Indemnifications & Recoveries Department Manager****Date of birth: 20/7/1970**

- Bachelor of Finance and Banking / Al Ahliyya Amman University 1994
- Works at JLGC since 25/9/2017.
- Recoveries officer / Abdali Boulevard 2017
- Credit Assistant / Citibank 2004-2014
- Executive Collection Director / Rouya Marketing Services 1998-2004
- Visa Department / Jordan Investment and Finance Bank 1994-1998

**Mr. Jehad Younes Al Qdeimat****HR & Support Services Dept. Mancer****Date of birth 3/4/1968**

- Master of Economics / Al-Bayt University 2002
- Bachelor of Economics and Statistics / Al Ahliyya Amman University 1994
- Works at JLGC since 1/4/2018.
- Chairman Advisor of the Board of Personnel / Arab International Company for Education and Investment 2016

- Manager of Human and Administrative Resources / Jordan United Press Company / Al Ghad 2014-2015
- Human Resources Manager / KITAB Company for Technology 2012-2013
- Human Resources Manager / HH Sheikh Saif Bin Zayed Al Nahyan's Special Office, 2010
- Human Resources senior officer / Qatrania Cement 2009-2010
- Development of workers in the tourism sector Director/ Ministry of Tourism and Antiquities 2009
- Senior officer - Resources Department / Arab Radio and Television Company 2007-2009
- Human and Administrative Resources Manager / Al-Ruban Trading Company 1998-2007

### **Mr. Saif Shibli Al Farah**

#### **Internal Audit Unit Manager**

**Date of Birth 8/12/1976**

- Master of Financial Management / Arab Academy for Banking and Financial Sciences 2002
- Bachelor of Business Administration / Mu'tah University 2000
- Works at JLGC since 1/3/2016.
- Internal Auditor / Specialized Investment Compounds 2013-2015
- Group Financial Controller / United Group Holding Company 2012-2013
- Financial Control and Operations Manager / Integrated Multi-Transport 2009-2011
- Senior Internal Auditor / Jordanian Equipment & Vehicles Company 2007-2009
- Chief Accountant / Logicem Jordan 2006
- Internal Auditor / Fine Paper Industries, 2003-2006

### **Mrs. Hanaa "Mohammed Mamdouh" Alshihabi**

#### **ISSD Follow-up Unit Manager**

**Date of birth 15/5/1970**

- Master of Finance and Banking / Arab Academy for Banking and Financial Sciences 2003
- Higher Diploma in Finance and Banking / Arab Academy for Banking and Financial Sciences in 2001
- Bachelor of Political Science / American University 1995
- Works at JLGC since 2/1/2018.
- Environmental Protection Fund Manager / Ministry of Environment 2010-2017
- Corporate Marketing Manager / Union Bank 2004-2009
- Senior Officer / Bank of Jordan 1998-2004
- Credit Officer / Save the Children Foundation 1995-1998
- Translator / CIPE 1995

#### 4. Largest Shareholders

##### Names of JLGC's largest shareholders and total company shares by the end of 2019

The names of the company shareholders owning 5% of the JLGC total capital amounted JD 29,080,310 in 2019:-

Shareholder	2019		2018	
	Number of Shares	% of Share	Number of Shares	% of Share
Central Bank of Jordan	13,122,250	45.12%	13,122,250	45.12%
Arab Bank	1,769,439	6.08%	1,769,439	6.08%
Cairo Amman Bank	1,734,424	5.96%	1,734,424	5.96%
Housing Bank	1,480,618	5.09%	1,480,618	5.09%

#### 5. Competitive Position

There are no specialized companies in Jordan providing loan guarantees or export credit guarantee. 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:

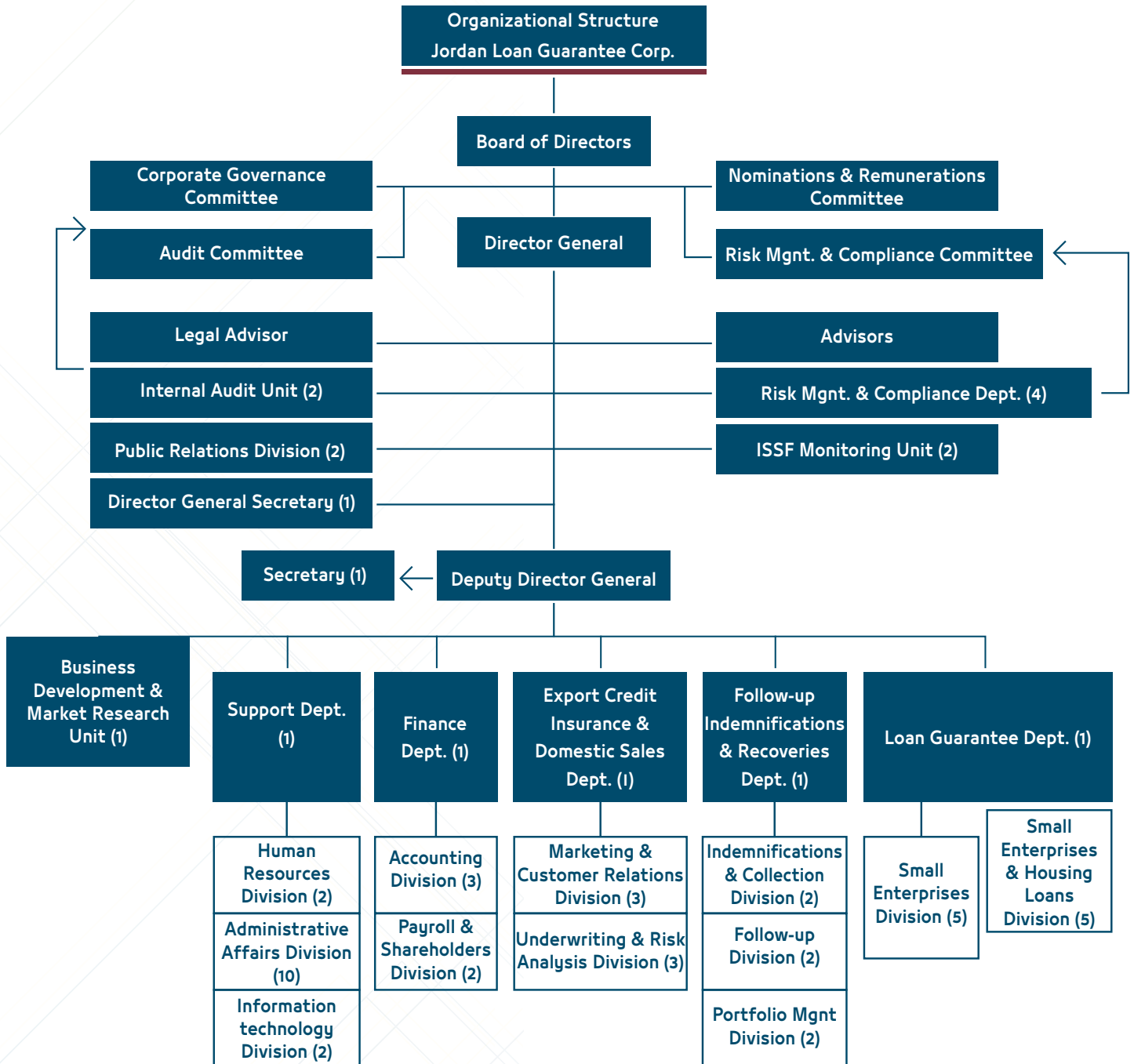
- Generally, loans granted by banks and guaranteed by JLGC considered good and they are exempted from general provisions required by the Central Bank of Jordan. Default loans are also exempted from the special provisions for the first year but have to be provisioned against starting the second year.
- 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 2019.

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

- The Council of Ministers has decided to exempt all JLGC's Export Credit Guarantee Contracts and their subsequent claims from relevant stamp charges.
- The Council of Ministers decision number (438) dated 26/1/2010 exempted JLGC from sales and all other taxes and fees except for Income Tax.
- No implementation of international quality standards in 2019.

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

**JLGC organizational structure as at the end of 2019**



\*Top Management Vacancies: (Advisors, Business Development and Market Research Manager)

## B. Number of Employees and their Classes of Qualifications in 2019

The Number of employees in 2019 was 51 in comparison with 52 at the end of 2018, distributed according to their academic qualifications as follows:

Year	PhD	Master Degree	High Diploma	Bachelor Degree	Intermediate Diploma	High School	Below High School	Total
2019	1	8	1	30	4	3	4	51
2018	1	6	1	33	4	3	4	52

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

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

Year	Employees Turnover
2019	1.94%
2018	13.46%
2017	8.25%
2016	14.12%
2015	9.76%

## C. Employees Training in 2019

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
2019	34	24	4	9
2018	47	41	7	12
2017	50	39	4	6
2016	37	21	5	12
2015	27	18	8	10

## 10. JLGC's Risk Exposure

Risk Management is an essential part of the company's business. The overall framework of risk management is to identify, understand and evaluate the risks facing the company's business, ensure that it remains within acceptable levels and take the necessary actions to minimize risks in order to achieve the optimal balance between risk and growth factors in the guaranteed portfolio.

The Company adopts an updated risk management policy to identify, analyze these risks, establish, monitor and control risk ceilings through the Risk Management Department.

One of the most important risks facing the company in the productive economic projects and export credit guarantees; is the risk of non-payment by the borrower or importer for credit or commercial reasons which are due to the performance decline of some economic sectors or external circumstances.

## 11. JLGC Accomplishments & Indicators in 2019

Below is a summary of the company's achievements in 2019 supported by numbers and events:

- JLGC during the year 2019 provided guarantees for 1223 SMEs loans with a nominal value that reached about JD 70 million. While the number of guaranteed loans at the end of 2019 reached up to 4299 loans with a guaranteed value of about 104 million Dinar.
- The guaranteed portfolio was distributed at the end of the year 2019 to 2702 productive loans with a guaranteed value of 49 million dinars and 1041 real estate loans with a guaranteed value of 16.8 million dinars and 311 loans for industrial finance and services programs with a guaranteed value of 28.9 dinars and 245 startup loans with a guaranteed value 9.1 million dinars.
- The Central Bank's support for the export credit guarantee program contributed to increase the workload during the year 2019 compared to 2018, the number of guaranteed shipments increased to 1515 shipments at a value of 107.4 million dinars compared to 895 shipments at a value of 56.7 million dinars and the guarantees covered importers in The United States of America, Canada, China, United Kingdom, Germany, Saudi Arabia, Kuwait, United Arab Emirates and other countries. Noting that the balance of the accumulated provision for the program amounted to 6,828,457 dinars, without any defaults. It is worth mentioning that during the year the terms of the agreement with CBJ were amended, which allowed the company to provide a higher level of insurance coverage for national exports.
- The company received claims about 2.956 million dinars for bad loans from the participating banks and lending institutions during 2019 compared to 3 million dinars claimed in 2018. It also received one claim within export credit guarantee program amounted JD 236,8 thousand in 2019.
- Compensations paid by the company for bad loans has reached JD 1.788 million in 2019 compared with JD 1.752 million paid in 2018. It also paid JD 114,3 thousand within export credit guarantee program in 2019.
- JLGC has recovered JD 572 thousand in 2019 compared with recoveries amounting to JD 558 thousand in 2018. Whereas, the company rescheduled guaranteed loans with a value of JD 26.559 million during 2019, compared to JD 23.846 million rescheduled in 2018.
- Total operational revenues for JLGC was amounted to JD 1.874 million in 2019 compared to JD 1.652 million in 2018. While investment revenues totaling around JD 2.093 million in 2019 compared to JD 1.900 million during 2018. The company's final results showed a net profit of JD 1,043 million in 2019 comparing with JD 697 thousand achieved in 2018.
- The Central Bank and the Jordan Loan Guarantee Corporation signed a special loan agreement valued (100) million dinars to establish a program to issue guarantees for contractors to carry out business outside the Kingdom. In particular, the construction contracting works, the engineering consultancy and the information technology. The program will provide them with better competitive opportunities in the neighboring markets, especially with the signs of security stability witnessed by the neighboring countries. The program provides Jordanian contracting companies with better opportunities to contribute to the reconstruction operations in neighboring countries and benefit from the expected tender works during the next stage.
- The company included the national operating program loans "Inhad" within the accepted loans in small startups program signed on 26/3/2018 with the Central Bank of Jordan, and providing pre-inquiry service for all applicants of "Inhad" in coordination with the Business Development Center (BDC).

- “The Housing Loan Guarantee Program – Sakkan Muyassar” agreement, covered by the allocations for the advance of the Central Bank of Jordan to the Jordan Loan Guarantee Corp. has been signed, which aims to provide the necessary guarantee for low and middle income owners to buy residential apartments, given the economic importance of supporting people with low and low income in obtaining appropriate houses as the program provides 80% of the risk of financing granted by banks within this program.
- During the year 2019, several cooperation agreements were signed with a number of financing entities participating in loan guarantee programs, including the signing of an agreement to guarantee startups loans with the Jordan Kuwait Bank in December 2019 and other agreements, and two contracts were signed with manufacturers within the sales credit guarantee program . They are Ithmaar Supplying Company and Kasih Foodstuff Factory, as well as signing 10 export policies with industrial companies within the Export Credit Guarantee Program.
- JLGC signed a Memorandum of Understanding with Etihad Credit Insurance, the National Export Credit Agency of the Federal Government in the UAE at the headquarters of JLGC on 20/6/2019 and under the patronage of Dr. Maher “Sheikh Hassan” Chairman of the Board of Directors of the Jordan Loan Guarantee Corp. this partnership will enable the two countries to enhance trade and business activities by exchanging information, sharing best trade practices and implementing training programs in areas of mutual interest.
- JLGC and the Middle East Investment Initiative signed a memorandum of understanding aimed cooperation between the two parties, as JLGC is working to provide a guarantee of financing risks for the small and medium-sized companies sector, while the Middle East Investment Initiative runs a financing website [www.tamweeli.org](http://www.tamweeli.org) aims to link the owners of small and medium-sized companies with banks and financial institutions registered on the site in order to enhance opportunities to obtain the best financing offer for different groups of applicants for funding. The memorandum of understanding enhances the orientations of the Central Bank of Jordan in achieving financial inclusion to reach groups not benefiting from the services of the banking and financial sector in general, as the MEI financing website is the first website for linking finance seekers and various financing institutions, in addition to providing awareness programs and providing technical support to help entrepreneurs.
- The new website of the Jordan Loan Guarantee Corp. has been launched in its Arabic and English versions on the Internet on the occasion of the twenty-fifth anniversary of the establishment of the company in the context of the company’s endeavor for development and excellence, as the new website includes special and detailed content about the company’s various services and programs, whether for individuals or companies and has been made available browsing the site regardless of the type of device used, whether it is a computer, tablets or smart phones. The site was designed and developed according to modern technology standards, as it puts in the hands of surfers and its visitors all information and services easily and conveniently, including following the company’s news and seeing the latest activities and developments.
- The company has completed the process of electronic linking with five parties participating in the guarantee programs from the financing institutions through the Web Access to facilitating work procedures, like Jordan Islamic Bank, the Arab International Islamic Bank, Cairo Amman Bank, the Sanadkom Company for Small and Medium Enterprises Financing and the Ithmaar Islamic Finance Company. The company looks forward to electronic linking with all the participating parties within the company’s work program aimed at automating all of its operations internally and externally.

- Several workshops and marketing meetings were organized to introduce the guarantee programs of JLGC including holding special introductory meetings with each of:
  - The Association of Small and Medium Industrial Companies on 25/2/2019.
  - Participating Banks in guarantee programs in the northern governorates in cooperation with the Central Bank - Irbid Branch on 25/4/2019.
  - Banks in the southern governorates in cooperation with the Central Bank - Aqaba Branch on 3/7/2019.
  - The Central Bank of Jordan and the Aqaba Special Economic Zone Authority on 4/7/2019 during the forum of "Finance Programs and Guarantees for Small and Medium Enterprises" in Aqaba Governorate.
  - Bank branches participating in guarantee agreements with the company in Karak Governorate on 18/7/2019.
  - Irbid Chamber of Industry in the governorate of Irbid on 22/7/2019.

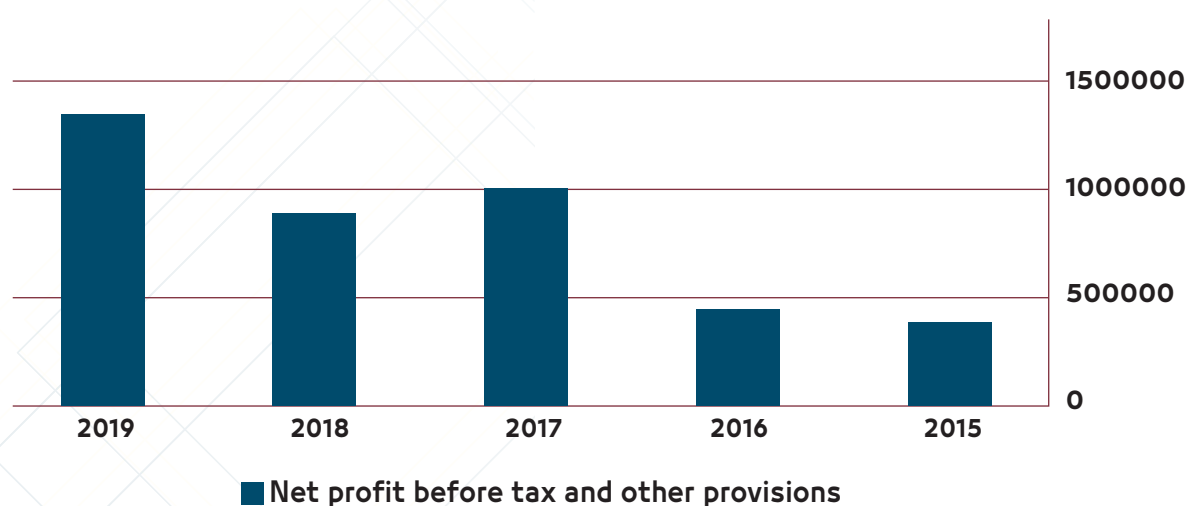
The last chapter shows a summary of a number of marketing meetings were organized during the year 2019.

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

There are no "non-recurrent" transactions during 2019.

## 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
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
2018	908,627	-	35,560,004	0.460
2019	1,328,207	-	36,560,004	0.450



#### 14. Analysis of JLGC's Financial Status and the Results of its Activities during 2019

RATIO	2019	2018	2017	2016	2015
Earnings per Share	0.036	0.024	0.025	0.022	0.060
Return on Investment	0.230%	0.286%	0.411%	0,373%	2,292%
Return on Shareholder's Equity	2.852%	1.960%	2.107%	0,804%	4,062%
Return on Paid Up Capital	3.587%	2.397%	2.514%	0,929%	5,967%
Ownership Ratio	8.062%	14.595%	19.529%	46,347%	56,438%
Fixed Assets / Shareholder's Equity	8.458%	8.986%	9.294%	9,581%	22,332%
Rate of Indebtedness	0.865%	1.309%	1.286%	1,626%	3,105%
Liabilities to 3rd parties / Total Assets	91.938%	85.405%	80.471%	53,653%	43,562%
Liabilities to 3rd parties /Shareholder's Equity	1140.372%	585.143%	412.070%	115,763%	77,185%
Current Liabilities / Shareholder's Equity	10.725%	8.969%	6.583%	3,508%	5,501%
Revenue / Total Assets	0.904%	1.478%	1.669%	2,656%	6,581%
Circulation Ratio	2061.535%	2201.634%	2431,8%	4355,090%	2718,850%
Working Capital (JD)	76,953,816	67,032,302	53,267,978	50,136,316	21,163,241

#### 15. JLGC's Prospective Developments and Proposed Plan for 2020

To embody the company's vision and increase the efficiency of the various operational processes and to improve internal and external work procedures and to optimize the utilization of human capabilities and technology available. JLGC is looking for developing loan guarantee programs through a set of studied future plans, to reach continuous development in its programs and services to achieve its economic goals in the year 2020, as follows:

- Continuous updating of loan guarantee programs and developing work with existing programs while providing a new set of programs that are in line with the aspirations of the Central Bank to achieve financial inclusion in the Kingdom and enables owners of small and medium projects to access appropriate financing for their projects in a way that contributes to advancing the national economy in light of the local and global trend to support this sector.
- Motivating banks participating in loan guarantee programs and exporters dealing with the company to benefit more from providing financing for small and medium projects and securing national exports and enhancing the company's role in these important vital sectors.
- The company directed its efforts towards dealing with new partners and achieving the expectations of existing partners to provide better service through developing the value-added chain, which positively reflects on the quality of the programs provided in order to enhance the concept of strategic partnership and to achieve the desired national goals.
- Raising the efficiency of the company in the field of export credit guarantee and benefiting from the central bank advance program to support national exports by enhancing the company's marketing activity and intensifying communication with exporters in all economic sectors in order to provide the necessary awareness of the company's role in supporting exporters and explaining the benefits of the services provided, and providing products aimed at Encouraging Jordanian exporters to secure their exports through the company.

- Continue to achieve a guaranteed high-quality portfolio at the level of all programs and within the levels of acceptable risks for the company while developing and offering new programs and products that meet the ambition of the targeted growth of the company's portfolios.
- Based on the interest in maintaining the provision of an effective risk tool, the company will continue during 2020 to pursue a continuous approach in developing various risk management policies and methodologies in line with developments and in line with international best practices and to reduce the exposure to risk and work within acceptable levels of Risk Appetite.
- Enhance the efficiency levels and productivity for all employees, develop their capabilities, and improve their level of satisfaction so that they can perform their duties as required and stimulate outstanding performance, in addition to providing opportunities for employees to promote and develop by moving to other jobs and creating career paths that enrich their expertise and affect their productivity, taking into account the application of the conditions of fairness, efficiency, and right to transfer and promotion.
- Providing a set of training programs that develop the company's employees in the areas of basic skills in computer applications and professional courses in financial analysis, credit study, auditing, risk management, information technology, marketing, etc. that are implemented through specialized training institutes, where intensive training focuses on involving employees in specialized activities increasing their qualification, informing them of banking work, and enhancing their work values and ethics.
- Developing joint business and exchanging experiences in the field of loan guarantee and export credit and benefiting from the distinguished relationships that the company enjoys with its partners internationally and locally, which provides a good opportunity to see the best international experiences and practices aimed at enriching the company's capabilities and empowering its employees.
- Show the image of the company as a supporter of startups, small and medium enterprises and Jordanian exports, develop the corporate identity of the company, develop the website and gradually move to digital marketing in digital advertising channels and the social media network, and provide content that benefits small and medium-sized business owners and Jordanian exporters in the Kingdom.
- Focusing on information management and providing advanced information systems that are in line with the changes taking place in export credit guarantee and loan guarantee programs in a manner that enhances the service of these programs and achieving the expected development goals of the systems and strengthening the database and protecting it from encryption, penetration and piracy as it is one of the pillars of the company's work.
- Organizing workshops, introductory seminars, periodic meetings and participating in specialized exhibitions of exporters aimed at consolidating the importance of the loan guarantee and export credit programs and the important role the company plays in front of its shareholders and major partners.
- Continuing to cooperate with the financing partners and Jordanian exporters by signing cooperation agreements and memorandum of understanding that insure the importance of loan guarantee programs and export credit.
- Continue to enhance the role of the Jordan Innovative Startups Fund (ISSF) in encouraging innovation and entrepreneurship in the business, and the Jordanian Loan Guarantee Company to continue to perform its related role in managing the fund.

## 16. Auditing Fees

The total amount of auditing fees paid to the "Arab Professionals" in 2019 was JD 11.6 thousand compared to JD 11.6 thousand in 2018 including the 16% sales tax.

## 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, except the spouse of Mrs. Luma Nayef Bakri (Mr. Ayman Nathem Marza Qoursheh) who owns 100 shares.
- 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 owned by members of JLGC Board of Directors in their Corporate Capacity

Shareholder	2019		2018	
	Number of Shares	%of Share	Numbers of shares	%of Share
Central Bank of Jordan	13,122,250	45.12%	13,122,250	45.12%
Arab Bank PLC	1,769,439	6.08%	1,769,439	6.08%
Cairo Amman Bank	1,734,424	5.96%	1,734,424	5.96%
The Housing Bank for Trade & Finance	1,480,618	5.09%	1,480,618	5.09%
Bank al Etihad	1,196,577	4.11%	1,196,577	4.11%
Jordan Kuwait Bank	788,066	2.71%	788,066	2.71%
Amman Chamber of Commerce/ Independent member	200,000	0.69%	200,000	0.69%
H.E.Mr.Ismail Sa'eed Zain Zaghloul / Independent member	5,000	0.02%	5,000	0.02%
H.E.Mr. Ibrahim Hasan Mustafa Saif / Independent member	5,000	0.02%	5,000	0.02%
Mr. Adnan Hasan Issa Al Hindi / Independent member	5,000	0.02%	5,000	0.02%
<b>Total</b>	<b>20,306,374</b>	<b>69.82%</b>	<b>20,306,374</b>	<b>69.82%</b>

## 18. The benefits and remunerations of the Chairman, members of the Board of Directors, and Senior Executive Management during 2019

### 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 113,914 in 2019 compared to JD 107,414 in 2018.

NAME	Title	*Bonus	Transportation Allowance	Travel Allowance	Committee Allowance	Total
H.E.Dr. Maher "Sheikh Hasan"	Chairman	5,000	6,000	-	-	11,000
Mr. Kamal Ghareeb Al Bakri	Vice Chairman	5,000	6,000	-	-	11,000
Dr. Khaldoun Abdullah Al Wishah	Member	5,000	6,000	-	800	11,800
Mr. Walid Muhi Eddin Al Samhour	Member	5,000	6,000	-	-	11,000
The Housing Bank for Trade & Finance	Member	5,000	6,000	-	-	11,000
H.E.Mrs. Nadia Hilmi Hafez Al Saeed	Member	2,857	6,000	-	-	8,857
Mr. Tawfiq Abdul Qader Mohammed Al Mukahl	Member	5,000	6,000	-	-	11,000
H.E.Dr. Ismail Sa'eed Zain Zaghoul	Member	2,857	6,000	-	800	9,657
H.E.Dr. Ibrahim Hasan Mustafa Saif	Member	2,857	6,000	-	--	8,857
Dr. Adnan Hasan Issa Al Hindi	Member	2,857	6,000	-	-	8,857
Amman Chamber of Commerce	Member	2,857	6,000	-	600	9,457
Cities and Villages Development Bank	Member Until 27/3/2019	1,924	-	-	-	1,429
<b>TOTAL</b>		<b>45,714</b>	<b>66,000</b>	<b>-</b>	<b>2,200</b>	<b>113,914</b>

\*Annual bonus for the year 2019

### B. Privileges Paid to the Senior Executive Management

The salaries and remunerations of the executive management amounted to JD 542,774 and JD 536,634 during 2019 and 2018 respectively.

Name	Job Title	Annual Salaries	*Bonus	Travel Allowance	Committee Allowance	Total
H,E.Dr. Mohammed Lutfi Al Ja'fari	**Director General	148,500	29,800	16,489	0	194,789
Mr. Abdel Salam Faisal Al-Nusair	Deputy Director General	63,404	9,100	2,850	0	75,354
Mr. Feras Mustafa Fayyad	Loan Guarantee Dept. Manager	39,495	2,733	0	0	42,228
Mrs. Amal Mahmoud Jaradat	Export Credit Guarantee Dept. Manager	35,880	4,884	3,147	0	43,911
Mr. Tarek Talal Nabulsi	Indemnification & Follow up Dept. Manager	30,840	100	0	0	30,490
Mr. Issa Ismail Al Tarayra	Finance Dept. Manager	27,720	3,796	0	3,000	34,516
Mr. Rami Awad Samardali	Risk Management and Compliance Control Dept. Manager	25,305	3,474	0	0	28,779
Mrs. Hanaa "Mohammed Mamdouh" Alshihabi	ISSF Follow-up Unit Manager	36,780	100	0	0	36,880
Mr. Jihad Younes Al-Qdeimat	Support Services Dept. Manager	33,705	100	0	0	33,805
Mr. Saif Shibli Al Farah	Internal Audit Unit Acting Manager	20,130	1,422	0	0	21,572
<b>Total</b>		<b>461,759</b>	<b>55,529</b>	<b>22,486</b>	<b>3,000</b>	<b>542,774</b>

\*Annual Bonus for the year 2019.

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

\*\*\* Total Salaries for Mrs. Hanaa Shihabi paid from Innovative Startups Fund (ISSF)

## 19. Donations and Grants made by JLGC

No donations or grants paid during 2019.

## 20. JLGC's Contracts, Projects and Engagements concluded with subsidiaries, sister companies or affiliate companies

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

- **Contribution to Environmental Protection**

No contribution to environmental protection directly.

- **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 by encouraging financial institutions to finance SMEs, that contribute in employment for being the main incubator for innovative ideas and a key generator of economic development in the local community. Moreover, the company programs encourage women empowerment & renewable energy usage.

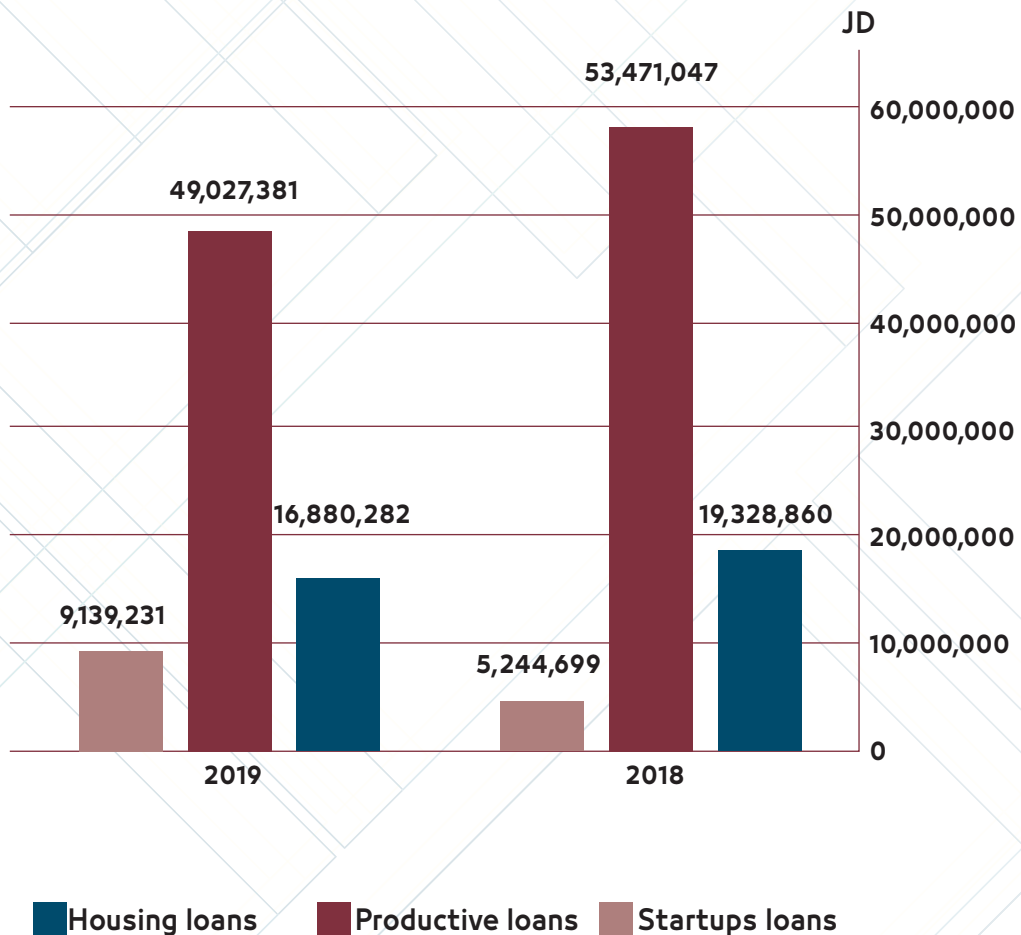


# OPERATIONAL AND FINANCIAL PERFORMANCE

## Loan Guarantees

### Loan Guarantees Ceilings and Utilized during 2019 & 2018

Ceilings	2019			2018			Change	
	Ceiling	Utilized	% Utilized	Ceiling	Utilized	Utilized%	Ceiling	Utilized
Productive Loans (Small Enterprises)	50,440,134	49,027,381	97%	49,867,134	53,471,047	107%	573,000	-4443666
Housing Loans	26,335,906	16,880,282	64%	28,435,906	19,328,860	68%	2,100,000-	-2448578
Startups Program	8,100,000	9,139,231	113%	6,800,000	5,244,699	77%	1,300,000	3,894,532
<b>Total</b>	<b>84,876,040</b>	<b>75,046,894</b>	<b>88%</b>	<b>85,103,040</b>	<b>78,044,606</b>	<b>92%</b>	<b>227,000-</b>	<b>2,997,712-</b>



## Guaranteed Executed Loans during 2019 & 2018

Guaranteed Executed Loans According to Loan Type								
Productive Programs	2019		2018		Change (JD)		Change (%)	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
<b>Small Enterprises Loans</b>								
SMEs Loans	462	10,782,263	884	25,183,619	422-	14,401,356-	-48%	-57%
Kafalah	478	16,785,746	619	23,110,320	141-	6,324,574-	-23%	-27%
Business Loans	41	693,100	33	566,650	8	126,450	24%	22%
Micro Loans	11	19,893	55	91,940	44-	72,047-	-80%	-78%
Pharmacies Loans	0	0	2	24,000	2-	24,000-	-100%	-100%
<b>Total</b>	<b>992</b>	<b>28,281,002</b>	<b>1,593</b>	<b>48,976,529</b>	<b>601-</b>	<b>20,695,527-</b>	<b>-38%</b>	<b>-42%</b>
<b>Industrial Finance Loans</b>								
Kafalah	68	6,570,583	104	11,729,345	36-	5,158,762-	-35%	-44%
Industrial Finance	33	6,249,518	50	8,202,546	17-	1,953,028-	-34%	-24%
Startups	113	5,557,089	110	4,750,451	3	806,638	3%	17%
Leasing	2	419,297	3	332,639	1-	86,658	-33%	26%
Business Vehicles	2	25,200	0	0	2	25,200	100%	100%
<b>Total</b>	<b>218</b>	<b>18,821,687</b>	<b>267</b>	<b>25,014,981</b>	<b>49-</b>	<b>6,193,294-</b>	<b>-18%</b>	<b>-25%</b>
<b>Total Productive Loans</b>	<b>1210</b>	<b>47,102,689</b>	<b>1860</b>	<b>73,991,510</b>	<b>650-</b>	<b>26,888,821-</b>	<b>-35%</b>	<b>-36%</b>

Real Estate & Personal Loans								
Housing Loans	13	524,637	20	705,676	-7	181,039-	-35%	-26%
<b>Total Real Estate Loans</b>	<b>13</b>	<b>524,637</b>	<b>20</b>	<b>705,676</b>	<b>-7</b>	<b>181,039-</b>	<b>-35%</b>	<b>-26%</b>

TOTAL	2019		2018		Change (JD)		Change (%)	
	No.	Guaranteed Amounts	No.	Guaranteed Amounts	No.	Guaranteed Amounts	No.	Guaranteed Amounts
<b>ALL PROGRAMS</b>	<b>1,223</b>	<b>47,627,326</b>	<b>1,880</b>	<b>74,697,186</b>	<b>657-</b>	<b>27,069,860</b>	<b>-70%</b>	<b>-62%</b>

## Outstanding Guaranteed Portfolio in 2019 & 2018

Outstanding Guaranteed Portfolio According to Loan Type								
Productive Programs	2019		2018		Change (JD)		Change (%)	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
<b>Small Enterprises Loans</b>								
SMEs Loans	1,639	27,302,587	1,665	30,401,389	26-	3,098,802-	-2%	-10%
Kafalah	835	19,318,752	1,004	20,545,258	169-	1,226,506-	-17%	-6%
Entrepreneurship	49	1,156,771	51	1,333,419	2-	176,648-	-4%	-13%
Business Loan	129	1,167,118	123	1,040,990	6	126,128	5%	12%
Micro Loans	44	49,269	80	102,943	36-	53,674-	-45%	-52%
Pharmacies Loans	6	32,884	8	47,048	2-	14,164-	-25%	-30%
<b>Total</b>	<b>2,702</b>	<b>49,027,381</b>	<b>2,931</b>	<b>53,471,047</b>	<b>229-</b>	<b>4,443,666-</b>	<b>-8%</b>	<b>-8%</b>
<b>Industrial Finance Loans</b>								
Kafalah	173	14,238,957	165	13,441,372	8	797,585	5%	6%
Industrial Finance	116	13,241,144	110	11,583,933	6	1,657,211	5%	14%
Startups	245	9,139,231	176	5,244,699	69	3,894,532	39%	74%
Leasing	13	1,093,911	21	1,303,857	-8	-209,946	-38%	-16%
Renewable Energy Program	4	350,298	2	456,951	2	-106,653	100%	-23%
Business Vehicles	5	23,639	8	42,933	-3	-19,294	-38%	-45%
<b>Total</b>	<b>556</b>	<b>38,087,180</b>	<b>482</b>	<b>32,073,745</b>	<b>74</b>	<b>6,013,435</b>	<b>15%</b>	<b>19%</b>
<b>Total Productive Loans</b>	<b>3,258</b>	<b>87,114,561</b>	<b>3,413</b>	<b>85,544,792</b>	<b>-155</b>	<b>1,569,769</b>	<b>-5%</b>	<b>2%</b>

### Real Estate & Personal Loans

Housing Loans	1,031	16,791,329	1,178	19,243,163	147-	2,451,834-	-12.5%	-12.7%
Land Purchase Loans	6	52,893	5	45,550	1	7,343	20.0%	16.1%
Urban Development Loans	4	36,060	5	40,147	1 -	4,087-	-20.0%	-10.2%
<b>Total</b>	<b>1,041</b>	<b>16,880,282</b>	<b>1,188</b>	<b>19,328,860</b>	<b>147-</b>	<b>2,448,578-</b>	<b>-12.4%</b>	<b>-12.7%</b>

TOTAL	2019		2018		Change (JD)		Change (%)	
	No.	Guaranteed Amounts	No.	Guaranteed Amounts	No.	Guaranteed Amounts	No.	Guaranteed Amounts
<b>ALL PROGRAMS</b>	<b>4,299</b>	<b>103,994,843</b>	<b>4,601</b>	<b>104,873,652</b>	<b>-302</b>	<b>-878,809</b>	<b>-6.6%</b>	<b>-0.8%</b>

## Outstanding Guaranteed Portfolio distribution according to Major Cities during 2019

City	Productive Loans		Housing & Personal Loans		Industrial Loans		TOTAL	
	Number of loans	Guaranteed Amounts	Number of loans	Guaranteed Amounts	Number of loans	Guaranteed Amounts	Number of loans	Guaranteed Amounts
Amman	1835	36,623,505	810	14,353,379	381	26,068,176	3026	77,045,060
Balqa	75	1,162,546	25	240,477	13	820,326	113	2,223,349
Irbid	265	3,796,770	53	781,330	50	2,909,040	368	7,487,140
Kerak	104	1,497,629	19	16,203	14	642,703	137	2,156,535
Ma'an	29	580,471	6	31,482	10	1,193,492	45	1,805,445
Tafileh	45	614,191	9	46,467	6	533,651	60	1,194,309
Zarqa	201	3,031,611	38	472,677	31	2,256,307	270	5,760,595
Mafraq	31	42,234	11	163,684	11	898,878	53	1,104,796
Madaba	35	619,964	15	208,671	12	466,023	62	1,294,658
Jerash	12	202,137	12	90,043	8	1,028,320	32	1,320,500
Ajloun	15	150,921	1	5,256	3	115,538	19	271,715
Aqaba	55	705,402	42	470,613	17	1,154,726	114	2,330,741
<b>Total</b>	<b>2702</b>	<b>49,027,381</b>	<b>1041</b>	<b>16,880,282</b>	<b>556</b>	<b>38,087,180</b>	<b>4299</b>	<b>103,994,843</b>

## Export & Domestic Credit Guarantees Guaranteed Contracts

Guaranteed Contracts Signed during 2019 Vs. 2018				
Program	Number		Value (JD)	
	2019	2018	2019	2018
Export Credit	27	18	201,229,469	138,054,089
Domestic Sales Credit	2	3	1,461,300	969,150
<b>TOTAL</b>	<b>29</b>	<b>21</b>	<b>202,690,769</b>	<b>139,023,239</b>

## Guaranteed Shipments

### - By Program

Program	Number		Value (JD)		Guaranteed Value (JD)	
	2019	2018	2019	2019	2019	2018
Export Credit	1515	895	130,559,382	63,933,711	107,431,481	56,747,654
Domestic Sales Credit	1280	121	1,216,172	2,028,456	1,052,556	1,726,427
<b>TOTAL</b>	<b>2795</b>	<b>1016</b>	<b>131,775,554</b>	<b>65,962,167</b>	<b>108,484,037</b>	<b>58,474,082</b>

### - By Sector

Sector	2019	2018
Fertilizers	42%	45%
Food	21%	22%
Chemicals	19%	21%
Textile & Clothing	12%	9%
Others	3%	2%
Pharmaceuticals	3%	1%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

### - By Geographical Area

Area	2019	2018
Middle East & Gulf	40%	39%
Africa	16%	30%
Far East	23%	11%
USA & Canada	13%	10%
Europe	7%	7%
Other	1%	3%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

## Outstanding Guaranteed Shipments Portfolio at the End of 2019

Outstanding Guaranteed Portfolio According to Program				
Program	Number of Shipments		Guaranteed Value (JD)	
	2019	2018	2019	2018
Export Credit	501	289	35,360,400	3,923,926
Domestic Sales Credit	638	82	379,490	218,151
<b>TOTAL</b>	<b>1139</b>	<b>371</b>	<b>35,739,890</b>	<b>4,142,077</b>

## Details of Claims & Claims Paid, Recoveries, Re-Scheduled Loans in 2019

By Program				
Loan Type	Claims	Claims Paid	Recoveries	Rescheduling
SMEs	1534682	531514	164401	12968973
Financial Leasing	0	165331	80283	867000
Real Estate	357091	280259	213599	1741225
Industrial Finance	295586	252479	84663	4137514
Startups	123147	66216	0	1005463
Kafalah	646320	492846	29069	5839144
Credit Export Program	236818	114330	0	0
<b>TOTAL</b>	<b>3193644</b>	<b>1902975</b>	<b>572015</b>	<b>26559319</b>

By Major Cities				
City	Claims	Claims Paid	Recoveries	Rescheduling
Amman	2531784	1643892	449922	19031629
Balqa	57339	26895	2729	703753
Irbid	251925	110863	61916	2039861
Kerak	25468	0	0	972000
Ma'an	2863	0	0	53000
Tafileh	0	0	0	37000
Zarqa	261461	103279	30400	1492583
Mafraq	0	0	3192	1377000
Madaba	21538	0	0	450000
Jeresh	0	0	2052	88023
Ajloun	19107	18046	1204	75000
Aqaba	22159	0	20599	239470
<b>TOTAL</b>	<b>3193644</b>	<b>1902975</b>	<b>572015</b>	<b>26559319</b>

## Delayed Payments Analysis of Guaranteed Loans at the End of 2019

Category	Delay Days	Payments Overdue (JD)	Guaranteed Balance (JD)	Payments Overdue/ Balance of Outstanding Loans	Guaranteed Balance / Outstanding Guaranteed Portfolio
<b>Productive Loans / SMEs Delays</b>					
Early Warning	60-90 Days	295,098	1,729,999	0.43%	3.60%
Below Average	91-180 Days	530,729	1,460,189	0.78%	3.04%
Doubtful	181-359 Days	1,631,248	2,649,102	2.40%	5.51%
Bad	Over 360 Days	1,395,152	1,462,394	2.05%	3.04%
Balance of Outstanding Loans		67920,468	Including SMEs, automobile, pharmacies, Entrepreneurship, Business, Micro and Kafalah loans		
Outstanding Guaranteed Portfolio		48,093,262			
Guaranteed Balance of Default loans		934,119			

<b>Industrial Finance Loans Delay</b>					
Early Warning	60-90 Days	203,432	1,076,526	0,37%	2.83%
Below Average	91-180 Days	61,488	340,599	0,11%	0.89%
Doubtful	181-359 Days	546,441	489,721	0.98%	1.29%
Bad	Over 360 Days	1,633,515	1,010,086	2.94%	2.65%
Balance of Outstanding Loans		55,598,319	Including industrial financing and business vehicles loans		
Outstanding Guaranteed Portfolio		38,087,178			

<b>Housing &amp; Personal Loans Delay</b>					
Early Warning	60-90 Days	50,401	652,427	0.21%	3.90%
Below Average	91-180 Days	105,993	440,598	0.45%	2.63%
Doubtful	181-359 Days	116,907	91,102	0.49%	0.54%
Bad	Over 360 Days	423,421	281,484	1.78%	1.68%
Balance of Outstanding Loans		23,750,194	Including Housing, land purchase, Urban development loans		
Outstanding Guaranteed Portfolio		16,738,199			
Guaranteed Balance of Default loans		142,083			

All Guaranteed Loans Payment delays					
Category	Delay Days	Payments Overdue (JD)	Guaranteed Balance (JD)	Payments Overdue/ Balance of Outstanding Loans	Guaranteed Balance / Outstanding Guaranteed Portfolio
Early Warning	60-90 Days	548,930	3,458,951	0.0037%	0.0333%
Below Average	91-180 Days	698,210	2,241,386	0.474%	2.155%
Doubtful	181-359 Days	2,294,596	3,229,924	1.558%	3.106%
Bad	Over 360 Days	3,452,088	2,753,964	2.344%	2.648%
Balance of all Outstanding Loans		147,268,982	Including Productive Loans, Housing & Personal Loans and Industrial finance programs loans		
Outstanding Guaranteed Portfolio		103,994,841			
Guaranteed Balance of Default loans		1,076,202			

Operational Revenues in 2019 vs. 2018			
Revenues	JD		
	2019	2018	Change
Productive Loans / SMEs fees	963,595	927,966	35,629
Industrial Finance and financial leasing fees	353,585	276,527	77,058
Startups Loans fees	145,860	119,118	26,742
Housing Loan Guarantee fees	196,191	202,960	6,769-
Export Credit Guarantee and domestic sales fees	215,196	125,724	89,472
<b>Total Operating Revenues</b>	<b>1,874,427</b>	<b>1,652,295</b>	<b>222,132</b>

Realized Financial Revenues in 2019 vs. 2018			
Revenues	JD		
	2019	2018	Change
Interest rate on bank deposits	1,713,888	1,545,461	168,427
Dividends income	107,474	68,649	38,825
Bonds interest income	272,252	285,845	13,593
<b>Total Realized Financial Revenues</b>	<b>2,093,614</b>	<b>1,899,955</b>	<b>193,659</b>

Total Realized Revenues in 2019 vs. 2018			
Revenues	JD		
	2019	2018	Change
Operational Revenues	1,874,427	1,652,295	222,132
Investment Revenues	2,093,614	1,899,955	193,659
Other Revenues	132,425	48,804	83,621
<b>Total Realized Revenues</b>	<b>4,100,466</b>	<b>3,601,054</b>	<b>499,412</b>

General & Administrative Expenses in 2019 & 2018			
Expenses	(JD)		
	2019	2018	Change
Salaries and wages	1,010,876	953,285	57,591
JLGC's contribution in saving fund	80,438	76,149	4,289
JLGC's contribution in social security	104,140	99,049	5,091
Official duties abroad	16,489	13,894	2,595
Training courses	17,357	21,631	-4,274
Rent	2,850	2,850	0
Water & Electricity	26,106	27,428	-1,322
Post & Telephone	6,586	8,242	-1,656
Depreciation	118,070	118,544	-474
Marketing expenses	30,866	30,496	370
Professional fees	22,346	22,199	147
Maintenance	35,796	47,118	-11,322
Vehicle expenses	6,610	5,992	618
Subscriptions & Fees	70,610	74,796	-4,186
Stationary and printings	13,099	16,399	-3,300
Hosting	5,336	6,953	-1,617
Board of Directors' Transportation	71,200	64,550	6,650
Other expenses	11,059	19,056	-7,997
<b>Total General &amp; Administrative Expenses</b>	<b>1,649,834</b>	<b>1,608,631</b>	<b>41,203</b>

## JLGC's Business Activities in 2019

### JLGC & Jordan SMEs Association organized a meeting on "Export Credit Guarantee"

JLGC in cooperation with Jordan SMEs Association held a special meeting at the Landmark Hotel Amman on 25/2/2019 to introduce the company's programs and enhance communication between the company and the industrialists to enable the owners of small and medium companies to develop their business and exports safely.

The joint meeting formed an opportunity to help industrialists to access the global markets and expand their product base. During the meeting, the reality and importance of the industrial company's sector in the Kingdom were reviewed and introduction on JLGC programs presented to the association members. JLGC programs aim to achieve development goals that serve the national economy by encouraging banks and institutions to facilitate access to finance for small and medium-sized companies.



Participants in the meeting also reviewed the company's program that enable Jordanian exporters and traders to obtain the insurance coverage necessary to protect their export operations and their domestic sales.

### Introductory workshops on the company's programs for banks operating in the North and South governorates and in Karak Governorate

JLGC in cooperation with the Central Bank of Jordan / Irbid Branch, organized a workshop on programs of the company in Irbid Governorate on April 25, 2019, which was attended by a group of banks representatives working in the northern governorates.



The company also organized a similar one with bank branch managers and credit center managers in the south in cooperation with the central bank of Jordan / Aqaba branch on 3/7/2019 in the governorate of Aqaba.

The company also held a special meeting for banks branches operating in Karak Governorate on 18/7/2019 and another meeting in cooperation with Irbid Chamber of Industry on 22/7/2019.



During the meetings, JLGC programs were presented and their role in achieving development goals that serve the national economy by stimulating various banks and financial institutions to facilitate the access of small and medium-sized companies to the necessary financing for their projects, as well as enabling Jordanian exporters and traders to obtain the necessary insurance coverage to protect their export operations and local sales.

## Participation in the first forum for financing programs for SMEs in Aqaba

JLGC participated in the first forum for financing programs for small and medium companies in Aqaba, organized by Aqaba Special Economic Zone Authority on 4/7/2019 with the participation of many commercial and Islamic banks and the Central Bank of Jordan.



Dr. Mohammed Al-Ja'fari, Director General of the Jordan Loan Guarantee Corp. participated in the special session to talk about the role of the company's programs in motivating banks to provide the necessary financing to SMEs owners, through providing guarantees SME finance. Loan guarantee program covers the financing of micro-projects, startups & small and medium projects and SME Islamic Finance( Kafala) with a 70% guarantee rate, and the loan guarantee ratio under the Industrial Finance Guarantee and Services and Emerging Projects guarantee programs ranges between 70-85%, depending on the type of project and loan amount required. The percentage of guarantee for projects owned or managed by women ranges between 50 - 80%.

The company also participated in the specialized banking exhibition held with the large participation of banks and various financing bodies.

## JLGC's Business Agreements in 2019

### Memorandum of Understanding with Etihad Credit Insurance (ECI)

Under the patronage of His Excellency Dr. Maher Sheikh Hassan, Chairman of the Board of Directors of the Jordan Loan Guarantee Corp.(JLGC) signed a memorandum of understanding with ECI; the National Export Credit Agency of the Federal Government in the UAE at the headquarters of the Jordan Loan Guarantee Company in Amman on 20/6/2019.



This partnership will enable the two institutions to enhance trade and business activities by exchanging information, sharing best business practices and implementing training programs in areas of mutual interest. It will also provide companies based in the UAE with opportunities to expand internationally, by providing them with a comprehensive set of financial solutions from Etihad Export Credit Company, along with their expertise in insurance policy, risk management, country risk assessment, claims and redemption. In addition, EITC will provide guarantee plans specifically designed for the Jordan Loan Guarantee Corporation, namely loan guarantee and export credit guarantee and local credit. These risk reduction solutions will enable SMEs to access financing, ensuring their sustainable growth.

The signing of the Memorandum of Understanding comes within the objectives of the Jordanian loan guarantee in cooperation with financial institutions to provide and expand its guarantee system to include all economically sustainable sectors, thus contributing to the economic growth of Jordan and the region as a whole. By providing guarantees to local companies and SMEs, we enable them to obtain sufficient financing to develop their businesses.

## Launching a program to support bank guarantees for contractors to carry out business outside the Kingdom, in cooperation with the Central Bank of Jordan

The Central Bank and the Jordanian Loan Guarantee Corporation signed a special loan agreement, at a value of (100) million dinars, to introduce a program to issue guarantees for contractors to carry out business outside the Kingdom on 7/5/2019.

The provision of the necessary allocations for developing this program is a continuation of the Central Bank's efforts to support the various productive sectors in order to encourage economic growth. As the Central Bank provided multiple lines of credit at preferential interest rates to the sectors of industry, tourism, consultancy services, and information technology. The Central Bank previously provided a special financial advance to the Jordanian Credit Guarantee Corporation to support the Commodity Export Credit Guarantee Program to enhance the insurance capacity of national exports and enable them to enter new markets. The central bank initiative enabled the company to double the workload in the export credit guarantee program. The bank guarantees support program complements the export credit guarantee program, as it will enhance the opportunities for service exports in its various forms, which are characterized by the Jordanian private sector, especially construction contracting works, engineering consulting works, and information technology. The program will provide them with better competitive opportunities in neighboring markets. The program will be implemented through banks operating in the Kingdom through special agreements with banks, so that the general conditions and special conditions for participation in the process of issuing guarantees are specified, and the local banks participating in the program bear the responsibility of issuing the guarantee in accordance with their professional convictions, technical terms and credit requirements. Whereas, the Jordanian Loan Guarantee Company participates in bearing the risks of issuing external guarantees for the benefit of the Jordanian contractors by up to 50% of the value of these guarantees.



The program covers all types of external guarantees for construction contracting work (bid entry guarantees, down payment guarantees, well-executed guarantees and maintenance guarantees), technical consulting and engineering works and services provided abroad, including information technology software work and any business for Jordanian contractors implemented outside the Kingdom.

## Signing a Memorandum of Understanding using the website and linking clients between the Middle East Initiative Association and the Jordan Loan Guarantee Association

The Middle East Investment Initiative and the Jordanian Loan Guarantee Company signed on 20/3/2020 a memorandum of understanding aimed at cooperation between the two parties, as the Jordanian Loan Guarantee Company is working to provide a guarantee of financing risks for the SME sector, while the Middle East Investment Initiative runs a "financing" site [www.tamweeli.org](http://www.tamweeli.org), aims to link the owners of small and medium-sized companies with banks and financial institutions registered on the site in order to enhance opportunities to obtain the best financing offer for the various categories of applicants for financing.



## Corporate Governance Report 2019

In accordance with Corporate Governance Guidelines of Amman Stock Exchange issued by the Securities Commission for 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 has been working on implementing the corporate guidelines issued by Securities Commission since its adoption in 2017, where the Board of Directors reviewed these instructions and made decision to change the structure of the Board to include independent member and re-form the permanent committees according to these instructions. The Board of Directors also reviewed the company internal polices and adopted polices to achieve full compliance with corporate governance instructions.

### **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.**

- **Central Bank of Jordan (2 seats)**
  - Non-executive and non-independent
- **Bank al Etihad**
  - Non-executive and non-independent
- **Housing Bank for Trade & Finance**
  - Non-executive and non-independent
- **Cairo Amman Bank**
  - Non-executive and non-independent
- **Arab Bank**
  - Non-executive and non-independent
- **Jordan Kuwait Bank**
  - Non-executive and non-independent
- **H.E. Dr. Ibarhim Saif**
  - Non-executive and independent
- **H.E. Dr. Ismail Zaghlol**
  - Non-executive and Independent
- **Dr. Adnan Al-Hindi**
  - Non-executive and independent
- **Amman Chamber of Commerce**
  - Non-executive and independent

### **C- Names of Representative of Members of the Board of Directors and determining whether the member is executive or non-executive, independent or not.**

**H.E. Dr. Maher "Sheikh Hassan"**  
**Chairman of the Board**  
**Deputy Governor of the Central Bank of Jordan**  
**Non-executive and non-independent**

- Year of Birth: 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.
- Assistant Section Head / Monetary Affairs and Capital Markets Department / International Monetary Fund / 2009-2012
- Economic Expert / Middle East and Near Asia / International Monetary Fund/ 2005-2009
- Executive Manager / Banking Supervision Department / Central Bank of Jordan / 2003-2005
- Banking Supervision Department / Central Bank of Jordan / 1994-2003
- Won the "Exceptional Efforts" award from the International Monetary Fund /2011
- Headed and joined International Monetary Fund missions for evaluations and technical assistance to member countries.
- Has many books and research papers on Monetary Policy, Inflation, Evaluation and Selection of Exchange Rates, Financial Assets Price Bubbles, and many others.

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

#### **Vice Chairman**

#### **Non-executive and non-independent Representative of Cairo Amman Bank**

- Year of Birth: 1969
- General Manager for Cairo Amman Bank since 2008
- Chairman of the Board of Directors of Tourist Transport (Jet)
- Vice chairman of Association of Banks in Jordan
- Board member of the Jordan Insurance Company
- Board member of Zara Investment.Co
- Board member of National Portfolio Securities
- Chairman of the Directors of Tamallak Leasing
- Board member of Real Time Gross Settlement System
- Board member of Jordan Payment & Clearing Co.

### **H.E. Mrs. Nadia Al Sa'eed**

#### **Non-executive and non-independent Representative of Bank al Etihad**

- Year of birth: 1965
- Master of Business Administration in Finance and Management Information Systems from the American University in Cairo in 1992.
- BA in Economics and Business Administration from the University of Jordan.
- General Manager, Etihad Bank.
- Strategic Development Consultant, Etihad Bank.
- CEO of Dead Sea Development Corporation.
- Minister of Communications and Information Technology.
- Director General of the Ministry of Communications and Information Technology.
- Economic Adviser to the Minister of Communications and Information Technology.
- 10 years of experience in Etihad Bank in several positions including: Manager of Corporate Banking.
- Jordan Technology Group.
- Member in Najjar Group - Cairo.
- Vice Chairman of the Board of Directors of Etihad Financial Brokerage Company.
- Vice Chairman of the Board of Directors of Etihad Leasing Company.
- Member of the Board of Directors of Jordan Payment Systems Company.
- Member of the Board of Directors of Financial Solutions Company for Mobile Payment.
- Member of the Board of Director of Association of Bank in Jordan
- Member of the Board of Directors of Jordan Strategy Forum.
- Member of the Board of Directors of the initiative to support the pioneers (Endeavor Jordan).

- Member of the Board of Directors of Yarmouk University Investment Fund.
- Member of the Board of Directors of Injaz to create economic opportunities for Jordanian youth.

### **Dr. Khaldoun Al Wishah**

#### **Non-executive and non-independent**

#### **Representative of Central Bank of Jordan**

- Year of birth: 1970
- PhD in Finance / HULL University / UK 2009.
- Scientific Research Master in Business Administration / HULL University / UK 2006
- Master of Business Administration / Finance / University of Jordan 2000.
- Bachelor of Economics / University of Mustansiriya / Iraq 1992.
- Executive Director / Open Market Operations and Public Debt Dept. 2013 until now.
- Assistant Executive Director / Investments and Foreign Operations Dept. 2012.
- Head of External Loans and Grants Division / Investments and Foreign Operations Dept. 2010.
- Head of the Appropriations and Payment Agreements Division/ Investments and Foreign Operations Dept.
- Head of Foreign Remittances Division / Investment and Foreign Operations Dept.
- Senior Financial Analyst/ External Loans and Grants Dept./ Investments and Foreign Operations Dept. 2002.
- Senior Economist / Open Market Operations and Public Debt Dept. 2009.
- Primary Issues Officer / Open Market Operations and Public Debt Dept. 2005.
- Trader / Trading Room / Investment and Foreign Operations Dept. 2003.
- Creditor and Payment Technician / Investments and Foreign Operations Dept.
- 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. Walid Al Samhuri**

#### **Non-executive and non-independent**

#### **Representative of Arab bank**

- Executive Vice President / Director of the Jordan region / Arab Bank
- Chairman - Arab Sudanese Bank- Sudan.
- Board Member - Arab Tunisian Bank, Oman Arab Bank.

### **Mr. Tawfeek Al Mukahal**

#### **Non-executive and non-independent**

#### **Representative of Jordan Kuwait Bank**

- Year of Birth: 1951
- Deputy General Manager of Jordan Kuwait Bank since 1991 until now.
- Member of the board of director of the Jordan Mortgage Refinance Company.
- Member of the Board of Directors of Al-Sharq Al-Arabi Insurance Company.

### **Mrs. Luma Bakri**

#### **Non-executive and non-independent**

#### **Representative of Housing Bank (until 1/12/2019)**

- Year of Birth: 1973
- Master of Business Administration / Financial Management / University of Exeter / United Kingdom in 2006
- BA in Economics and Political Science / University of Jordan in 1995.
- Executive Director, Risk Management Department: Housing Bank Jordan.
- Director of Operational Risk and Business Continuity Center: Housing Bank Jordan.

- Manager of Market Risk and Liquidity Center: Housing Bank Jordan.
- Director of electronic channels: Housing Bank Jordan.
- Assistant Manager - Call Center: Jordan Housing Bank.
- Customer Service Officer: Housing Bank Jordan.

### **Ms. Rana Sawalha**

#### **Non-executive and non-independent**

#### **Representative of Housing Bank (since 1/12/2019)**

- Year of Birth: 1971
- Holds the CPA American Certified Public Accountant Certificate from Lions Accounting Board 1998.
- Bachelor's degree in Accounting - Business Administration - University of Jordan 1993.
- Total banking experience for more than 18 years.
- Executive Director - Financial Group at the Housing Bank for Trade and Finance since 10/2019.
- Vice President of Financial Group - Retail Business / External Branches at First Abu Dhabi Bank 1/2019 - 9/2019
- Chief Financial Officer (CFO) at National Bank of Abu Dhabi / Jordan from 10/2015 - 11/2018.
- CFO Chief Financial Officer (CFO) at Arab Banking Corporation from 10/2012 - 10/2015.
- Assistant Finance Manager at Arab Banking Corporation from 11/2001 - 09/2012.
- Director of Internal Auditing with the Arab Jordan Insurance Company from 01/2001 -11/2001.
- Internal auditor at Ernst & Young EY from 01/1994 - 05/2000

### **H.E.Dr. Ibrahim Saif**

#### **Non-executive and Independent**

- Year of Birth: 1965
- Bachelor of Economics and Accounting, Yarmouk University, 1986
- Master of Economics University of London 1988
- Ph.D. in Economics, University of London, 2001
- Minister of Planning and International Cooperation 2013-2015.
- Minister of Energy and Mineral Resources 2015-2017.
- Researcher at the Carnegie Middle East Center 2009 - 2013
- Secretary General of the Economic and Social Council in Jordan 2009 -2012.
- Professor of Economics and Director of the Center for Strategic Studies at the University of Jordan 2002-2008

### **Dr. Adnan Al Hindi**

#### **Non-executive and Independent**

- Year of Birth: 1938
- Bachelor of Business Administration - Cairo University 1964 B.A Business Administration
- Master of Economics - University of Southern California 1968 M.A. Economics USA.A California
- Ph.D. Economics - Syracuse University 1976
- Executive Director - Central Bank of Jordan 1964-1984
- Secretary General - Union of Arab Banks Beirut Lebanon 1984-2000
- Other board memberships
- The Housing Foundation - Jordan 1978-1983
- Lecturer - University of Jordan - Part-time 1979-1981
- Lecturer, Amman National University, 2002-2004
- Director General, Institute of Banking and Financial Studies, Central Bank of Jordan, 1978-1983
- Member of the Board of Directors - Arab Institute for Banking and Financial Studies Beirut - Lebanon 1989-2000
- Member of the Board of Directors of the Association of Banks in Jordan 1979-1984.

**H.E .Dr. Ismail Sa'eed Zaghloul**  
**Non-executive and Independent**  
**Year of Birth: 1947**

- PhD in Finance from Amman Arab University in 2003
- Director General of the Department of Public Budget 2007-2013
- Director of the Directorate of Economic Studies and Policies at the Ministry of Finance
- Vice Chairman of the Board of Directors of Al Samra Power Generation Company
- "General Inspector" / Department of Studies and Research at the Central Bank
- Director General of the Jordanian newspaper Al-Dustour
- Vice Chairman of the Board of Directors of Jordan Bank / Dubai Islamic Bank
- Executive Director / Islamic Development Bank / Jeddah, Saudi Arabia
- Economist at the Central Bank of Qatar for the years 1985-1992
- Member of several boards of directors of Jordanian and Arab institutions

**Mr. Jamal Fariz**  
**Non-executive and Independent until 13/2/2019**

- Year of Birth: 1958
- Bachelor of Administration / University of Jordan 1980
- General Manager of Tamkeen Leasing Company / Vice Chairman (Member of Invest Bank Group).
- Chairman of the Board of Directors of AL TAS-HEELAT Company (Member of Invest Bank Group).
- Chairman of the Board of Directors of the Jordanian-European Business Association (JEBA).
- Chairman of the Board of Directors of the Haya Cultural Center.
- Member of the Board of Directors of Jordan Chamber of Commerce
- Member of the Board of Directors of Amman Chamber of Commerce / Treasurer
- Vice Chairman of the Jordanian Network Association.

**Mr. Khattab Al Banna**  
**Representing Amman Chamber of Commerce**  
**Non-executive and Independent since 19/2/2019**

- Year of Birth: 1968
- Bachelor in accounting.
- Board Member / Treasurer of Amman Chamber of Commerce Board of Directors
- Board Member /Jordan Chamber of Commerce Board of Directors
- Chairman of the Board / Salam Company for Media
- Chairman of the Board / Khattab Mohammed AlBanna & Partners Company
- Chairman of the Board / Khattab Mohammed Khaled Ibrahim AlBanna & Partner Company

**Mr. Issa Ismail Al Tarayra**  
**Secretary of JLGC Board of Directors**

- Year of Birth: 1980
- Finance Department Manager / Jordan Loan Guarantee Corporation

**D- The Senior Executive Management at the company (Name & Position)**

- H.E. Dr. Mohammed Lutfi Al Ja'fari: Director General
- Mr. Abdel Salam Faisal Al Nusair: Deputy Director General
- Mr. Issa Ismail Al Tarayra: Finance Department Manager
- Mr. Firas Mustafa Fayyad: Loan Guarantee Department Manager
- Mr. Rami Awwad Samardali: Risk Management & Compliance Control Department Manager
- Mrs. Amal Mahmoud Jaradat: Export Credit Guarantee & Domestic Sales Department Manager
- Mr. Tarek Talal Al Nabulsi: Follow ups, Indemnifications & Recoveries Department Manager

- Mr. Jehad Younes Al Qdeimat: HR & Support Services Department Manager
- Mrs. Hanaa "Mohammed Mamdouh" Alshihabi: ISSF Follow-up Unit Manager

**E- All Memberships of the Board of Directors, which are occupied by a member of the Board of Directors in Public Shareholding Companies.**

- Mentioned in item (C) Above.

**F- Name of the Corporate Governance Officer in the company**

- Mr. Saif Al Farah – Internal Auditor

**G- Names of Committees emanating from the Board of Directors**

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

**H- Name of Chairman and Members of Audit Committee and a Brief of their qualifications and experiences related to financial and accounting matters**

- Chaired by H.E. Dr. Ismail Zaghloul and the membership of Dr. Khaldoun Al Wishah and Mr. Jamal Fariz, the committee was reconstituted on 14/2/2019 by joining of Mr. Khattab Al Banna instead of Mr. Jamal Fariz.
- The full function of the Audit Committee has been executed in accordance with provision of the law and the Corporate Governance regulations.
- Brief of their Qualifications and Experiences mentioned in item (C).

**I- Name of the chairman and member of Nomination and Remuneration Committee, Corporate Governance Committee and Risk Management Committee**

- **Nomination and Remuneration Committee:** Chaired by H.E Dr. Ismail Zaghloul and the membership of H.E Dr. Ibarhim Saif and Mr. Walid Al Samhouri.
- **Corporate Governance Committee:** Chaired by H.E Dr. Ibarhim Saif and the membership of Mr. Kamal Al Bakri and Dr. Adnan Al Hindi.
- **Risk Management Committee:** Chaired by H.E Dr. Ibarhim Saif and the membership of H.E Mrs. Nadia Al Sa'eed, Mr. Tawfeeq Mukahal, Mrs. Luma Bakri and H.E Dr. Mohammed Al Ja'fari.

**J- The number of meetings of each the committees during the year with member present**

- **Audit Committee:** 6 Meetings were attended by all members of the committee and Mr. Jamal Fariz was absent in the second meeting and Dr. Khaldoun Al Wishah was absent in the fifth meeting.
- **Risk Management Committee:** four meetings were attended by all members and Mr. Tawfeeq Mukahal was absent in the first two meetings and H.E.Nadia Al Sa'eed was absent in the first one too.
- **Nomination and Remuneration Committee:** Two Meeting attended by all members.
- **Corporate Governance Committee:** Only one meeting attended by all members.

**K- Number of Meetings of the Audit Committee with the External Auditor during the year**

- The Audit Committee met with the External Auditor without the attendance of executive management only one time on 4/2/2019.

**L- Number of meetings of the Board of Directors during the year and the member attendance.**

- The Board members met 8 times during 2019

Name	Meeting 1	Meeting 2	Meeting 3	Meeting 4	Meeting 5	Meeting 6	Meeting 7	Meeting 8
<b>Dr. Maher Al Shiekh Hasan</b>	Present	Present	Present	Present	Present	Absent / justified	Present	Present
<b>Mr. Kamal Al Bakri</b>	Present	Present	Present	Present	Present	Present	Present	Present
<b>Dr. Khaldoun Al Wishah</b>	Present	Present	Present	Present	Present	Present	Present	Present
<b>Mr. Waleed Al Samhour</b>	Present	Present	Present	Present	Present	Present	Present	Present
<b>Mrs. Luma Bakri</b>	Present	Present	Present	Absent / justified	Present	Present	Present	Absent / justified
<b>Mr. Tawfiq Mukahal</b>	Absent / justified	Present	Present	Present	Absent / justified	Present	Absent / justified	Present
<b>H.E.Dr. Ibrahim Saif</b>	Present	Present	Present	Present	Present	Present	Present	Present
<b>H.E.Mrs. Nadia Al Sa'eed</b>	Present	Absent / justified	Absent / justified	Absent / justified	Present	Present	Present	Present
<b>H.E.Dr. Ismail Zaghlol</b>	Present	Present	Present	Present	Present	Present	Present	Present
<b>Dr. Adnan Al Hindi</b>	Present	Present	Present	Present	Present	Present	Present	Present
<b>Mr. Jamal Fariz</b>	Present	--	--	--	--	--	--	--
<b>Mr. Khattab Al Banna</b>	--	Present	Present	Absent / justified	Present	Absent / justified	Present	Present

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



**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2019  
(ARAB PROFESSIONALS)**



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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 2019, 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 2019, 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 financial statements of the current year. These matters were addressed in the context of our audit of the 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) Provision for Expected Credit Loss**

Included in the accompanying financial statements at the end of the year 2019 financial assets totaling JOD (35,367,255), as the provision for expected credit loss of these financial assets are dependent on the management's estimates of different variables, the adequacy of the provision is considered a key audit matter. The audit procedures performed by us to address this key audit matter included inquiring from management about the methodology used in calculating the provision and assessing the reasonableness of estimates and assumptions used by the management in calculating the provision amount. We have also inquired about the management's collection procedures and the amounts collected post year end.

**(2) Provisions Against Loans Guarantees**

Included in the accompanying financial statements at the end of the year 2019 provisions against loan guarantee totaling JOD (24,190,560) and the calculation of these provisions based on many hypotheses and estimates, the adequacy of these provisions is considered to be a key audit matter 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.

### (3) Deferred Tax Assets

Included in the accompanying financial statements at the end of the year 2019 deferred tax assets totaling JOD (494,910) 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.

12 February 2020  
Amman - Jordan



  
Arab Professionals  
Ibrahim Hammoudeh  
License No. (606)

**Jordan Loan Guarantee Corp.**  
Public Shareholding Company  
Statement of Financial Position as at 31 December 2019  
(In Jordanian Dinar)

<b>Assets</b>	<b>Notes</b>	<b>2019</b>	<b>2018</b>
Cash and cash equivalents	4	1,135,189	2,565,464
Deposits at banks	5	29,793,376	26,822,940
Restricted bank deposits	12-17	47,375,395	38,784,768
Restricted financial assets measured at amortized cost	12-17	365,786,042	165,489,888
Financial assets measured at fair value through other comprehensive income	6	1,161,120	1,183,597
Financial assets measured at amortized cost	7	3,482,692	4,282,552
Receivables and other current assets	8	1,411,878	865,065
Deferred tax assets	9	494,910	447,199
Property and equipment	10	3,093,884	3,195,551
<b>Total Assets</b>		<b>453,734,486</b>	<b>243,637,024</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Provisions against loans guarantee	11	24,190,560	14,890,058
Central Bank of Jordan loan - Industrial loans guarantees program	12	5,160,695	5,160,695
Central Bank of Jordan loan - Export credit guarantees program	13	99,999,277	99,999,277
Central Bank of Jordan loan - Support bank guarantees for contractors outside Jordan program	14	100,000,000	-
Central Bank of Jordan loan - Housing loans guarantees program – Facilitated housing	15	100,000,000	-
Ministry of Planning deposit	16	1,248,500	1,248,500
Startup micro projects loans	17	82,631,808	83,588,958
Payables and other current liabilities	18	3,685,970	3,037,346
Income tax provision	9	237,172	152,186
<b>Total Liabilities</b>		<b>417,153,982</b>	<b>208,077,020</b>
<b>Equity</b>			
Paid in capital	20	29,080,310	29,080,310
Statutory reserve		1,852,454	1,719,633
Voluntary reserve		2,204,824	2,204,824
Fair value adjustments		473,840	496,443
Retained earnings		2,969,076	2,058,794
<b>Total Equity</b>		<b>36,580,504</b>	<b>35,560,004</b>
<b>Total Liabilities and Equity</b>		<b>453,734,486</b>	<b>243,637,024</b>

“The attached notes from (1) to (30) form an integral part of these financial statements”

**Jordan Loan Guarantee Corp.**  
Public Shareholding Company  
Statement of Profit or Loss for The Year Ended 31 December 2019  
(In Jordanian Dinar)

<b>Revenues</b>	<b>Notes</b>	<b>2019</b>	<b>2018</b>
Interest income		1,713,888	1,545,461
Bonds interest income		272,252	285,845
Commissions on guaranteed loans		1,159,786	1,130,926
Commissions on guaranteed exports and domestic buyers		215,196	125,724
Commissions on guaranteed industrial loans and financial leasing		499,445	395,645
Dividends income		107,474	68,649
Commissions against managing loans guarantees programs		99,344	-
Other revenues		33,081	48,804
<b>Total Revenues</b>		<b>4,100,466</b>	<b>3,601,054</b>
<b>Deduct :</b>			
Administrative expenses	21	1,649,834	1,608,631
Provisions against loans guarantees	11	1,082,282	1,046,144
Provision for expected credit loss of deposits and bonds		15,393	1,520
Provision against end of service indemnity		24,750	36,132
Board of directors' remunerations		55,000	43,572
<b>Total Expenses</b>		<b>2,827,259</b>	<b>2,735,999</b>
<b>Profit for the year before tax</b>		<b>1,273,207</b>	<b>865,055</b>
Tax expense for the year	9	(230,104)	(167,914)
<b>Profit for the year</b>		<b>1,043,103</b>	<b>697,141</b>
<b>Basic and diluted earnings per share</b>	<b>22</b>	<b>0.036</b>	<b>0.024</b>

"The attached notes from (1) to (30) form an integral part of these financial statements"

**Statement of Comprehensive Income**  
for The Year Ended 31 December 2019  
(In Jordanian Dinars)

	<b>2019</b>	<b>2018</b>
<b>Profit for the year</b>	1,043,103	697,141
<b>Other comprehensive income items</b>		
Changes in fair value of financial assets through other comprehensive income	(22,603)	3,285
<b>Total comprehensive income for the year</b>	<b>1,020,500</b>	<b>700,426</b>

"The attached notes from (1) to (30) form an integral part of these financial statements"

**Jordan Loan Guarantee Corp.**  
Public Shareholding Company  
Statement of Changes in Equity for the Year Ended 31 December 2019  
(In Jordanian Dinar)

	Paid in capital	Reserves		Fair value adjustments	Retained* earnings	Total
		Statutory	Voluntary			
<b>Balance at 1 January 2019</b>	29,080,310	1,719,633	2,204,824	496,443	2,058,794	<b>35,560,004</b>
Total comprehensive income for the year	-	-	-	(22,603)	1,043,103	<b>1,020,500</b>
Statutory reserve	-	132,821	-	-	(132,821)	-
<b>Balance at 31 December 2019</b>	<b>29,080,310</b>	<b>1,852,454</b>	<b>2,204,824</b>	<b>473,840</b>	<b>2,969,076</b>	<b>36,580,504</b>
<b>Balance at 1 January 2018</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>
Impact of adopting IFRS (9)	-	-	-	-	159,654	<b>159,654</b>
<b>Restated opening balance at 1 January 2018</b>	29,080,310	1,628,770	2,204,824	493,158	1,452,516	<b>34,859,578</b>
Total comprehensive income for the year	-	-	-	3,285	697,141	<b>700,426</b>
Statutory reserve	-	90,863	-	-	(90,863)	-
<b>Balance at 31 December 2018</b>	<b>29,080,310</b>	<b>1,719,633</b>	<b>2,204,824</b>	<b>496,443</b>	<b>2,058,794</b>	<b>35,560,004</b>

\* The negative investment revaluation reserve is excluded from the available profit for distribution according to the instructions of Jordan Securities Commission.

"The attached notes from (1) to (30) form an integral part of these financial statements"

**Jordan Loan Guarantee Corp.**  
Public Shareholding Company  
Statement of Cash Flows for the Year Ended 31 December 2019  
(In Jordanian Dinar)

	2019	2018
<b>Operating Activities</b>		
Profit for the year before income tax	1,273,207	865,055
Depreciation	118,070	118,544
Amortization of deferred grants revenue	(33,081)	(35,116)
Provision against end of service indemnity	24,750	36,132
Changes in provisions against loans guarantee	11,326,254	8,608,936
Board of directors' remunerations	55,000	43,572
Provision for expected credit loss of deposits and bonds	15,393	1,520
Gain from sale of property and equipment	-	(12,499)
<b>Changes in working capital</b>		
Payables and other current liabilities	601,955	846,159
Receivables and other current assets	(546,813)	(131,563)
Net payments for loans guarantees	(2,025,752)	(1,514,876)
Income tax paid	(192,955)	(226,387)
<b>Net Cash Flows From Operating Activities</b>	<b>10,616,028</b>	<b>8,599,477</b>
<b>Investing Activities</b>		
Financial assets measured at amortized cost	799,856	308,219
Property and equipment	(16,403)	(76,588)
<b>Net Cash Flows From Investing Activities</b>	<b>783,453</b>	<b>231,631</b>
<b>Financing Activities</b>		
Central Bank of Jordan loan - Support bank guarantees for contractors outside Jordan program	100,000,000	-
Central Bank of Jordan loan - Housing loans guarantees program – Facilitated housing	100,000,000	-
Restricted bank deposits	(8,590,627)	(13,179,054)
Restricted financial assets measured at amortized cost	(200,296,154)	(51,385,168)
Deposits at banks	(2,985,825)	756,837
Startup micro projects loans	(957,150)	57,090,000
<b>Net Cash Flows Used in Financing Activities</b>	<b>(12,829,756)</b>	<b>(6,717,385)</b>
<b>Net changes in cash and cash equivalents</b>	<b>(1,430,275)</b>	<b>2,113,723</b>
Cash and cash equivalents, beginning of year	2,565,464	451,741
<b>Cash and cash equivalents, end of year</b>	<b>1,135,189</b>	<b>2,565,464</b>

"The attached notes from (1) to (30) form an integral part of these financial statements"

**Jordan Loan Guarantee Corp.**  
Public Shareholding Company  
Notes to the Financial Statements 31 December 2019  
(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.

The Company stocks are listed in Amman Stock Exchange – Jordan.

These financial statements were authorized for issue by the Company's Board of Directors in their meeting held on 12 February 2020.

**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, except for the adoption of new and amended standards effective as at the beginning of the year.

**Adoption of new and revised IFRS standards**

The following standards have been published that are mandatory for accounting periods after 31 December 2019. Management anticipates that the adoption of new and revised Standards will have no material impact on the financial statements of the Company.

Standard No.	Title of Standards	Effective Date
IFRS 3	Definition of a Business (Amendments)	1 January 2020
IFRS 17	Insurance Contracts	1 January 2021

Jordan Loan Guarantee Corp.  
Notes to the Financial Statements (continued)  
31 December 2019

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### **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.
- » The measurement of impairment losses under IFRS 9 requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. Elements of the expected credit loss model that are considered accounting judgments and estimates include Probability of default (PD), Loss given default (LGD) and Exposure at default (EAD).

### **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 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 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 statement of profit or loss.

These assets are not subject to impairment testing.

Dividends are recorded in the 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

Jordan Loan Guarantee Corp.  
Notes to the Financial Statements (continued)  
31 December 2019

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 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.

### **Impairment of financial assets**

The Company has changed the loan loss impairment method by replacing IAS 39's incurred loss approach with an expected credit loss approach as described by the provisions of IFRS 9.

The expected credit loss allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

The 12 months' expected credit loss is the portion of lifetime expected credit loss that represent the expected credit loss that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company groups its assets that are subject to impairment test into Stage 1, Stage 2, and Stage 3 as described below:

**Stage 1:** Includes financial instruments that have not deteriorated significantly in credit quality since initial recognition or that has low credit risk at the reporting date. At this stage, a 12-month expected credit losses are recognized and interest revenue is calculated on the gross carrying amount of the asset.

**Stage 2:** Includes financial instruments that have deteriorated significantly in credit quality since initial recognition but that do not have objective evidence of a credit loss event. At this stage, a lifetime expected credit losses are recognized Interest revenue is still calculated on the asset's gross carrying amount.

**Stage 3:** Includes financial assets that have objective evidence of impairment at the reporting date. At this stage, a lifetime expected credit losses are recognized Interest revenue is calculated on the net carrying amount (i.e. reduced for expected credit losses).

### **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.

Jordan Loan Guarantee Corp.  
Notes to the Financial Statements (continued)  
31 December 2019

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 the profit or loss statement 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 the profit or loss statement 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.

Jordan Loan Guarantee Corp.  
Notes to the Financial Statements (continued)  
31 December 2019

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## Revenues

Revenues from sale of goods are recognized when control transferred to the buyer, while revenues from rendering services are recognized over time and according to percentage of completion. In all cases, it is necessary that the amount of revenue can be measured reliably.

Commissions on loans 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 revenue is recognized on a time proportion basis that reflects the effective yield on the assets.

Other revenues are recognized on the accrual basis accounting.

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.

Jordan Loan Guarantee Corp.  
Notes to the Financial Statements (continued)  
31 December 2019

### 3. Balances of guaranteed loans and ceilings

	Loans Ceilings		Guaranteed loans	
	2019	2018	2019	2018
Housing loans guarantees	26,335,906	28,435,906	16,880,282	19,328,860
Productive loans guarantees	50,440,134	49,867,134	49,027,382	53,471,047
Export credit guarantees & domestic buyers	6,177,678	4,142,077	6,177,678	4,142,077
Industrial loans guarantees	27,854,038	25,525,189	27,854,038	25,525,189
Finance lease	1,093,911	1,521,833	1,093,911	1,521,833
Startup micro projects	8,100,000	6,800,000	9,139,231	5,234,891

### 4. Cash and cash equivalents

	2019	2018
Cash on hand	1,000	1,000
Cash at banks	11,246	679
Deposits mature within three months	1,123,635	2,565,365
Provision for expected credit loss	(692)	(1,580)
	<b>1,135,189</b>	<b>2,565,464</b>

Annual interest rate for bank deposits ranging between (3.5%) and (6.25%).

### 5. Deposits at banks

Bank deposits mature within (4) to (10) months, with an annual interest rate ranging between (3.5%) and (6.5%), provision for expected credit loss for these deposits as at 31 December 2019 amounted to JOD (57,618), against JOD (41,333) as at 31 December 2018.

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

	2019	2018
Investments in listed shares (in Jordan)	911,930	934,407
Investments in unlisted shares (in Jordan)	249,190	249,190
	<b>1,161,120</b>	<b>1,183,597</b>

### 7. Financial assets measured at amortized cost

	2019	2018
Investment in bonds – Jordan	3,490,923	4,290,787
Provision for expected credit loss	(8,231)	(8,235)
	<b>3,482,692</b>	<b>4,282,552</b>

Jordan Loan Guarantee Corp.  
Notes to the Financial Statements (continued)  
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Investment in bonds mature up to the year 2026 with an annual interest rate ranging between (6.099%) and (7.25%).

## 8. Receivables and other current assets

	<b>2019</b>	<b>2018</b>
Accrued commissions income	471,998	452,283
Accrued interest income	901,703	367,612
Accounts receivable	12,205	20,977
Prepaid expenses	17,018	15,816
Refundable deposits	7,815	7,815
Others	1,139	562
	<b>1,411,878</b>	<b>865,065</b>

## 9. Income tax

The movements on the income tax provision were as follows

	<b>2019</b>	<b>2018</b>
Balance at beginning of the year	152,186	137,816
Current year income tax charge	273,041	235,599
Income tax paid	(188,055)	(221,229)
	<b>237,172</b>	<b>152,186</b>

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

	<b>2019</b>	<b>2018</b>
Income tax expense for the year	260,039	235,599
National contribution tax	13,002	-
Prior years income tax	4,900	5,158
Deferred tax	(47,837)	(72,843)
	<b>230,104</b>	<b>167,914</b>
Statutory tax rate	<b>21%</b>	<b>20%</b>

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

	<b>2019</b>	<b>2018</b>
Provisions against loans guarantee	462,991	425,952
End of service provision	44,200	37,145
Provision for expected credit loss of deposits and bonds	13,973	10,230
Changes in fair value reserve	(26,254)	(26,128)
	<b>494,910</b>	<b>447,199</b>

-The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2018 .

-The Income tax provision and National contribution tax for the year 2019 were calculated in accordance with the Income Tax Law.

Jordan Loan Guarantee Corp.  
Notes to the Financial Statements (continued)  
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## 10. Property and equipment

	Lands	Buildings	Furniture & Fixtures	Vehicles	Computers & Software	Payments to purchase software	Total
<b>Cost</b>							
Balance at 1/1/2019	1,688,453	1,555,551	209,293	109,901	508,460	7,736	4,079,394
Additions	-	1,508	2,641	-	12,254	-	16,403
Transfers	-	-	-	-	7,736	(7,736)	-
Balance at 31/12/2019	1,688,453	1,557,059	211,934	109,901	528,450	-	4,095,797
<b>Accumulated depreciation</b>							
Balance at 1/1/2019	-	274,040	146,475	52,859	410,469	-	883,843
Depreciation for the year	-	31,640	11,307	11,386	63,737	-	118,070
Balance at 31/12/2019	-	305,680	157,782	64,245	474,206	-	1,001,913
<b>Net book value at 31/12/2019</b>	<b>1,688,453</b>	<b>1,251,379</b>	<b>54,152</b>	<b>45,656</b>	<b>54,244</b>	<b>-</b>	<b>3,093,884</b>
<b>Cost</b>							
Balance at 1/1/2018	1,688,453	1,555,551	204,725	101,101	487,681	-	4,037,511
Additions	-	-	4,653	56,000	20,779	7,736	89,168
Disposals	-	-	(85)	(47,200)	-	-	(47,285)
Balance at 31/12/2018	1,688,453	1,555,551	209,293	109,901	508,460	7,736	4,079,394
<b>Accumulated depreciation</b>							
Balance at 1/1/2018	-	242,552	135,367	85,688	345,911	-	812,503
Depreciation for the year	-	31,488	11,113	11,385	64,558	-	118,544
Disposals	-	-	(5)	(47,199)	-	-	(47,204)
Balance at 31/12/2018	-	274,040	146,475	52,859	410,469	-	883,843
<b>Net book value at 31/12/2018</b>	<b>1,688,453</b>	<b>1,281,511</b>	<b>62,818</b>	<b>57,042</b>	<b>97,991</b>	<b>7,736</b>	<b>3,195,551</b>

## 11. Provisions against loans guarantee

Provisions against loans guarantees are calculated according to IFRS (q) requirements, and shouldn't be less than total defaulted loans. The breakdown of provisions for loans guarantees presented in the statement of financial position is as follows:

Jordan Loan Guarantee Corp.  
Notes to the Financial Statements (continued)  
31 December 2019

	<b>2019</b>	<b>2018</b>
Provision for productive loans guarantees	1,872,738	-
Provision for housing loans guarantees	244,252	389,727
Provision for export guarantees	87,726	-
Reserved provision against loans guarantees	-	47,765
Provision for industrial financing*	6,536,553	4,315,300
Provision for pioneer projects financing*	157,873	97,644
Provision for startup companies financing*	6,989,271	3,811,752
Provision for export credit guarantee financing*	6,828,455	4,535,601
Provision for supporting bank guarantees for contractors outside Jordan program*	1,473,692	-
	<b>24,190,560</b>	<b>14,890,058</b>

\*Provisions against loans guarantees for these programs are built from return on investments financed by supporter parties.

The movements on these provisions are as follows:

#### Provision for productive loans guarantees

	<b>2019</b>	<b>2018</b>
Balance at beginning of the year	1,692,269	-
Transfer from general and special provision to comply with IFRS (9)	-	1,463,054
Charge for the year	963,594	986,433
Recoveries	193,471	153,456
Compensations paid	(1,024,361)	(910,674)
Transfer from reserved provision against loans guarantees	47,765	-
	<b>1,872,738</b>	<b>1,692,269</b>

#### Provision for housing loans guarantees

	<b>2019</b>	<b>2018</b>
Balance at beginning of the year	389,727	-
Transfer from general and special provision to comply with IFRS (9)	-	293,577
Charge (unneeded provision) for the year	(78,816)	59,711
Recoveries	213,599	122,074
Compensations paid	(280,258)	(85,635)
	<b>244,252</b>	<b>389,727</b>

Jordan Loan Guarantee Corp.  
Notes to the Financial Statements (continued)  
31 December 2019

### Provision for export guarantees

	2019	2018
Charge for the year	197,504	-
Compensations paid	(109,778)	-
	<b>87,726</b>	<b>-</b>

### Reserved provision against loans guarantees

	2019	2018
Balance at beginning of the year	47,765	-
Transfer from general and special provision to comply with IFRS (9)	-	47,765
Transfer to productive loans guarantee provision	(47,765)	-
	<b>-</b>	<b>47,765</b>

### Provision for industrial financing

	2019	2018
Balance at beginning of the year	4,315,300	2,020,153
Charges for the year against Central Bank of Jordan loan's interest	532,932	401,538
Transfer from export credit guarantees provision	2,000,000	2,000,000
Recoveries	164,945	282,437
Compensations paid	(417,810)	(315,041)
Income tax	(58,814)	(73,787)
	<b>6,536,553</b>	<b>4,315,300</b>

### Provision for pioneer projects financing

	2019	2018
Balance at beginning of the year	97,644	393,639
Charges for the year against ministry of planning deposits	76,239	84,238
Compensations paid	-	(380,233)
Income tax	(16,010)	-
	<b>157,873</b>	<b>97,644</b>

### Provision for startup companies financing

	2019	2018
Balance at beginning of the year	3,811,752	1,274,253
Charges for the year against startup micro projects loans	5,220,619	4,299,955
Interest on loans for startup companies guarantees financing	(1,132,228)	(745,492)
Compensations paid	(66,216)	(59,990)
Income tax	(844,656)	(635,704)
Stamps expenses	-	(321,270)
	<b>6,989,271</b>	<b>3,811,752</b>

Jordan Loan Guarantee Corp.  
Notes to the Financial Statements (continued)  
31 December 2019

### Provision for export credit guarantee financing

	2019	2018
Balance at beginning of the year	4,535,601	2,255,124
Charges for the year against Central Bank of Jordan loan	7,514,478	7,350,581
Interest on Central Bank of Jordan loan	(1,999,984)	(1,999,984)
Transfer to industrial financing provision	(2,000,000)	(2,000,000)
Management fees	(80,501)	-
Income tax	(1,141,139)	(1,070,120)
	<b>6,828,455</b>	<b>4,535,601</b>

### Provision for supporting bank guarantees for contractors outside Jordan

	2019	2018
Charges for the year against Central Bank of Jordan loan	3,667,839	-
Interest on central bank of Jordan loan	(1,183,563)	-
Stamps expenses	(600,000)	-
Management fees	(18,843)	-
Income tax	(391,741)	-
	<b>1,473,692</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 (11,756,062) and JOD (9,521,838) as at 31 December 2019 and 2018 respectively.

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

During 2018 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, the purpose of this loan is to 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 (107,835,069) as at 31 December 2019 and JOD (105,400,259) as at 31 December 2018, all financial assets at

Jordan Loan Guarantee Corp.  
Notes to the Financial Statements (continued)  
31 December 2019

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amortized cost are mortgaged against Central Bank of Jordan loan, and their book value amounted to JOD (100,001,292).

#### **14. Central Bank of Jordan loan –Support bank guarantees for contractors outside Jordan program**

During 2019 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, it will be used by the Company to guarantee the risks of supporting bank guarantees for contractors outside Jordan program, by participating in guarantee a maximum (50%) of bank guarantees for contractors outside Jordan, 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 (101,854,608) as at 31 December 2019, all financial assets at amortized cost are mortgaged against Central Bank of Jordan loan, and their book value amounted to JOD (100,000,000).

#### **15. Central Bank of Jordan loan –Housing loans program–Facilitated housing**

At the end of 2019 the Company has acquired a loan from Central Bank of Jordan totaling JOD (100) million with an annual interest rate (0.5%) for a period of ten years, it will be used by the Company to guarantee the risks of housing loans granted by banks to low and limited income individuals within facilitated housing program, by participating in guarantee a maximum (80%) of loans granted, 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 (100,000,000) as at 31 December 2019, all financial assets at amortized cost are mortgaged against Central Bank of Jordan loan, and their book value amounted to JOD(100,000,000).

#### **16. Ministry of Planning deposit**

During 2012 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 2019 amounted to JOD (1,248,500) and the restricted balance presented under assets in the statement of financial position amounted to JOD (1,419,154) as at 31 December 2019 (2018: JOD 1,346,144).

#### **17. 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 project 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.

Jordan Loan Guarantee Corp.  
Notes to the Financial Statements (continued)  
31 December 2019

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.

Also during 2018 the Company has acquired two loans from the Central Bank of Jordan totaling JOD (57,090,000) with (2%) annual interest rate, JOD (50) Million will be settled after ten years from date of loan execution, and JOD (7,090,000) will be settled through (15) semiannual installment starts from 15 March 2019, for the purpose of increasing the ceiling of loans guarantee for startup companies from JOD (100,000) to JOD (250,000), 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 restricted balance presented under assets in the statement of financial position amounted to JOD (90,296,544) as at 31 December 2019 (2018: JOD 88,006,415) part of it is mortgaged against Central Bank of Jordan loan amounted to JOD (63,104,737).

## 18. Payables and other current liabilities

	2019	2018
Income tax payable on provision against restricted assets	2,040,496	1,497,916
Unearned commissions	722,857	773,163
Reinsurers	338,485	225,057
Provision for end of service indemnity	210,477	185,727
Accrued expenses	215,693	173,438
Shareholders Withholdings	80,485	80,626
Deferred grant income	21,427	54,510
Provision for Board of Directors' remunerations	55,000	45,714
Others	1,050	1,195
	<b>3,685,970</b>	<b>3,037,346</b>

## 19. Grant from World Bank

During the year 2014 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 2019 was JOD (170,681) to purchase property and equipment and JOD (538,319) to cover other expenses related to the grant purposes

## 20. Equity Capital

The Company's authorized, 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 2019 and 2018

Jordan Loan Guarantee Corp.  
Notes to the Financial Statements (continued)  
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### 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.

## 21. Administrative expenses

	2019	2018
Salaries and wages	951,082	904,581
Company's contribution in social security	104,140	99,049
Company's contribution in saving fund	80,438	76,149
Depreciation (Note 10)	118,070	118,544
Subscriptions	70,610	74,796
Marketing expenses	30,866	30,496
Medical and health insurance expenses	59,794	48,704
Board of Directors' transportation	71,200	64,550
Post, telephone, water and electricity	32,692	35,670
Official duties and training courses	33,846	35,525
Professional fees	22,346	22,199
Stationary and printings	13,099	16,399
Maintenance	35,796	47,118
Rent	2,850	2,850
Vehicles expenses	6,610	5,992
Others	16,395	26,009
	<b>1,649,834</b>	<b>1,608,631</b>

## 22. Basic and diluted earnings per share

	2019	2018
Profit for the year	1,043,103	697,141
Weighted average number of shares	29,080,310	29,080,310
	<b>0.036</b>	<b>0.024</b>

## 23. Shares registered in the name of the Company

The Company has invested in the Innovative Startups and SMEs Fund as an agent to the Government of Jordan, this investment has been financed by loan from the World Bank to the Government of Jordan, the Company will manage the Fund in compliance with agreements between the Company, World Bank and the Government of Jordan, there will be no liabilities nor returns to the Company from its investment in the Fund.

Jordan Loan Guarantee Corp.  
Notes to the Financial Statements (continued)  
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The par value of Fund's shares registered in the name of the Company is (14,194,962) JOD/Share as at 31 December 2019 and 2018.

#### 24. Executive management remuneration

The salaries and remunerations of the executive management amounted to JOD (472,716) and JOD (469,331) as at 31 December 2019 and 2018 respectively.

#### 25. 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.

2019	Up to one year	More than one year	Total
<b>Assets</b>			
Cash and cash equivalents	1,135,189	-	1,135,189
Deposits at banks	29,793,376	-	29,793,376
Restricted bank deposits	-	47,375,395	47,375,395
Restricted financial assets measured at amortized cost	-	365,786,042	365,786,042
Financial assets measured at fair value through other comprehensive income	-	1,161,120	1,161,120
Financial assets measured at amortized cost	-	3,482,692	3,482,692
Receivables and other current assets	1,411,878	-	1,411,878
Deferred tax assets	-	494,910	494,910
Property and equipment	-	3,093,884	3,093,884
<b>Total assets</b>	<b>32,340,443</b>	<b>421,394,043</b>	<b>243,637,024</b>
<b>Liabilities</b>			
Provisions against loans guarantee	-	24,190,560	24,190,560
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
Central Bank of Jordan loan –Support bank guarantees for contractors outside Jordan program	-	100,000,000	100,000,000
Central Bank of Jordan loan –Housing loans guarantees program –Facilitated housing	-	100,000,000	100,000,000
Ministry of Planning deposit	1,248,500	-	1,248,500
Startup micro projects loans	957,150	81,674,658	82,631,808
Payables and other current liabilities	3,685,970	-	3,685,970
Income tax provision	237,172	-	237,172
<b>Total liabilities</b>	<b>6,128,792</b>	<b>411,025,190</b>	<b>417,153,982</b>

Jordan Loan Guarantee Corp.  
Notes to the Financial Statements (continued)  
31 December 2019

2018	Up to one year	More than one year	Total
<b>Assets</b>			
Cash and cash equivalents	2,565,464	-	<b>2,565,464</b>
Deposits at banks	26,822,940	-	<b>26,822,940</b>
Restricted bank deposits	-	38,784,768	<b>38,784,768</b>
Restricted financial assets measured at amortized cost	-	165,489,888	<b>165,489,888</b>
Financial assets measured at fair value through other comprehensive income	-	1,183,597	<b>1,183,597</b>
Financial assets measured at amortized cost	800,000	3,482,552	<b>4,282,552</b>
Receivables and other current assets	865,065	-	<b>865,065</b>
Deferred tax assets	-	447,199	<b>447,199</b>
Property and equipment	-	3,195,551	<b>3,195,551</b>
<b>Total assets</b>	<b>31,053,469</b>	<b>212,583,555</b>	<b>243,637,024</b>
<b>Liabilities</b>			
Provisions against loans guarantee	-	14,890,058	<b>14,890,058</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	-	83,588,958	<b>83,588,958</b>
Payables and other current liabilities	3,037,346	-	<b>3,037,346</b>
Income tax provision	152,186	-	<b>152,186</b>
<b>Total liabilities</b>	<b>3,189,532</b>	<b>204,887,488</b>	<b>208,077,020</b>

Jordan Loan Guarantee Corp.  
Notes to the Financial Statements (continued)  
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## 26. 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.

2019	Up to one year	More than one year	Non-interest bearing	Total
<b>Assets</b>				
Cash and cash equivalents	1,122,943	-	12,246	1,135,189
Deposits at banks	29,793,376	-	-	29,793,376
Restricted bank deposits	-	-	47,375,395	47,375,395
Restricted financial assets measured at amortized cost	-	-	365,786,042	365,786,042
Financial assets measured at fair value through other comprehensive income	-	-	1,161,120	1,161,120
Financial assets measured at amortized cost	-	3,482,692	-	3,482,692
Receivables and other current assets	-	-	1,411,878	1,411,878
Deferred tax assets	-	-	494,910	494,910
Property and equipment	-	-	3,093,884	3,093,884
<b>Total assets</b>	<b>30,916,319</b>	<b>3,482,692</b>	<b>419,335,475</b>	<b>453,734,486</b>
<b>Liabilities</b>				
Provisions against loans guarantee	-	-	24,190,560	24,190,560
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
Central Bank of Jordan loan –Support bank guarantees for contractors outside Jordan program	-	-	100,000,000	100,000,000
Central Bank of Jordan loan –Housing loans guarantees program	-	-	100,000,000	100,000,000
Ministry of Planning deposit	-	-	1,248,500	1,248,500
Startup micro projects loans	-	-	82,631,808	82,631,808
Payables and other current liabilities	-	-	3,685,970	3,685,970
Income tax provision	-	-	237,172	237,172
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>417,153,982</b>	<b>417,153,982</b>
<b>Interest rate re-pricing gap</b>	<b>30,916,319</b>	<b>3,482,692</b>	<b>2,181,493</b>	<b>36,580,504</b>

Jordan Loan Guarantee Corp.  
Notes to the Financial Statements (continued)  
31 December 2019

2018	Up to one year	More than one year	Non-interest bearing	Total
<b>Assets</b>				
Cash and cash equivalents	2,563,785	-	1,679	<b>2,565,464</b>
Deposits at banks	26,822,940	-	-	<b>26,822,940</b>
Restricted bank deposits	-	-	38,784,768	<b>38,784,768</b>
Restricted financial assets measured at amortized cost	-	-	165,489,888	<b>165,489,888</b>
Financial assets measured at fair value through other comprehensive income	-	-	1,183,597	<b>1,183,597</b>
Financial assets measured at amortized cost	800,000	3,482,552	-	<b>4,282,552</b>
Receivables and other current assets	-	-	865,065	<b>865,065</b>
Deferred tax assets	-	-	447,199	<b>447,199</b>
Property and equipment	-	-	3,195,551	<b>3,195,551</b>
<b>Total assets</b>	<b>30,186,725</b>	<b>3,482,552</b>	<b>209,967,747</b>	<b>243,637,024</b>
<b>Liabilities</b>				
Provisions against loans guarantee	-	-	14,890,058	<b>14,890,058</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	-	-	83,588,958	<b>83,588,958</b>
Payables and other current liabilities	-	-	3,037,346	<b>3,037,346</b>
Income tax provision	-	-	152,186	<b>152,186</b>
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>208,077,020</b>	<b>208,077,020</b>
<b>Interest rate re-pricing gap</b>	<b>30,186,725</b>	<b>3,482,552</b>	<b>1,890,727</b>	<b>35,560,004</b>

Jordan Loan Guarantee Corp.  
Notes to the Financial Statements (continued)  
31 December 2019

## 27. 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	
	2019	2018
Revenue from loans guarantee	1,659,231	1,526,571
Revenue from guarantee of exports and domestic buyers	215,196	125,724
Revenue from investing in financial securities	2,093,614	1,899,955
Assets related to guarantee of loans and export sector	413,161,437	204,726,939
Assets related to investment in financial securities	36,461,834	35,220,486

## 28. Fair Value of Financial Instruments

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

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.

2019	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	911,930	145,000	104,190	1,161,120
2018	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	934,407	145,000	104,190	1,183,597

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.

Jordan Loan Guarantee Corp.  
Notes to the Financial Statements (continued)  
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## 29. Financial Risk Management Credit Risk 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:

2019	Less than one year	More than one year	Total
Provisions against loans guarantee	-	24,190,560	24,190,560
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
Central Bank of Jordan loan - Support bank guarantees for contractors outside Jordan program	-	100,000,000	100,000,000
Central Bank of Jordan loan - Housing loans guarantees program - Facilitated housing	-	100,000,000	100,000,000
Ministry of Planning deposit	1,248,500	-	1,248,500
Startup micro projects loans	957,150	81,674,658	82,631,808
Payables and other current liabilities	3,685,970	-	3,685,970
Income tax provision	237,172	-	237,172
	<b>6,128,792</b>	<b>411,025,190</b>	<b>417,153,982</b>
2018	Less than one year	More than one year	Total
Provisions against loans guarantee	-	14,890,058	14,890,058
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	-	83,588,958	83,588,958
Payables and other current liabilities	3,037,346	-	3,037,346
Income tax provision	152,186	-	152,186
	<b>3,189,532</b>	<b>204,887,488</b>	<b>208,077,020</b>

Jordan Loan Guarantee Corp.  
Notes to the Financial Statements (continued)  
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### **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 (154,873) for 2019 (2018: JOD 147,148).

### **Loans and exports guarantee risks**

The company guarantees 70% of productive loans to the low and medium income applicants not exceeding JOD (250,000) 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 (1,000,000) 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 (86,405) during 2019 (2018: JOD 88,769).

## **30. 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 investing the company's assets commensurately with the level of risk.

## Representations 2019

- 1. The Board of Directors of the Jordan Loan Guarantee Corporation declare that no material issues might influence the continuity of the corporation during the upcoming fiscal year 2020.**

Board Member  
Dr. Khaldoum Al Wshah



Board Member  
H.E.Dr. Ibrahim Saif



Board Member  
H.E.Mrs. Nadia Al Saeed



Chairman  
H.E.Dr. Maher "Sheikh Hasan"



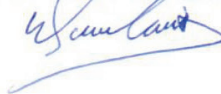
Board Member  
Mr. Tawfeeq Mukahal



Board Member  
Ms. Rana Sawalha



Board Member  
Mr. Walid Al Samhour



Vice Chairman  
Mr. Kamal Al Bakri



Board Member  
H.E.Dr. Ismail Zaghloul



Board Member  
Dr. Adnan Al Hindi



Board Member  
Mr. Khattab Al Banna



- 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.**

Board Member  
Dr. Khaldoum Al Wshah



Board Member  
H.E.Dr. Ibrahim Saif



Board Member  
H.E.Mrs. Nadia Al Saeed



Chairman  
H.E.Dr. Maher "Sheikh Hasan"



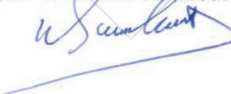
Board Member  
Mr. Tawfeeq Mukahal



Board Member  
Ms. Rana Sawalha



Board Member  
Mr. Walid Al Samhour



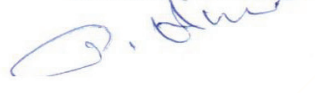
Vice Chairman  
Mr. Kamal Al Bakri



Board Member  
H.E.Dr. Ismail Zaghloul



Board Member  
Dr. Adnan Al Hindi



Board Member  
Mr. Khattab Al Banna

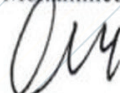


- 3. We the undersigned declare that the financial statements and information within the Annual Report 2019 are correct.**

Finance Dept. Manager  
Mr. Issa Tarayrah



JLGC Director General  
H.E.Dr. Mohammed Al Ja'fari



Chairman  
H.E.Dr. Maher "Sheikh Hasan"

