



# **BOARD REPORT TWENTY FIFTH**

For the year ended  
December 31, 2018

25th Board of Directors Report  
Annual Report

Amman - Shmeisani - 24 Prince Shaker Bin Zaid St.

P.O.Box: 830703 Amman 11183 Jordan

Phone: 0096265625400

Fax: 0096265625408

[mail@jlgc.com](mailto:mail@jlgc.com)

[www.jlgc.com](http://www.jlgc.com)





**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

A Limited, Public Shareholding Company, established in accordance with the Jordanian Companies Law and registered at the Public Shareholding Companies Register under the 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.

## Mission Statement

To enhance sustainable economic growth in Jordan through providing credit guarantees required for improving the credit environment available for feasible projects, national exporters and small and medium sized enterprises.



## Chairman's Statement



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

### Distinguished Shareholders

It is my pleasure to highlight the achievements of Jordan Loan Guarantee Corporation (JLGC) and its financial statements for the year ended 31 December 2018, which have been included in the 25th JLGC Annual Report in addition to its 2019 business plan.

During the year 2018, the Company continued to achieve positive results despite the challenges and exceptional circumstances through responding to market changes and the continuous development of its existing programs and creating new ones to serve Small and medium Sized Enterprises ("SME") in Jordan and supporting the industrial sector in particular through Exports Credit Guarantee Program.

### Distinguished Shareholders,,,

During 2018, JLGC's programs were promoted and supported by the Central Bank of Jordan ("CBJ"), which provided a special advance of JD 100 million at a preferential interest rate that allowed JLGC to re-invest in expanding the Export Credit Guarantee Program at and benefit from the return differential. Implementation of this program started at the beginning of the year, and helped to achieve a significant growth by 20% in the work volume compared to 2017. The impact of this initiative will be more obvious in 2019 as we are expecting an additional growth of 40% ,noting that the investment return on this advance is built gradually based on the return difference on the investment and the advance rate, which is set at 2% which helps in supporting the program. On the other hand, commissions received by Export Credit Guarantee Program are fully earned by the company, which enhances its ability to carry out its economic role and its financial sustainability in the long term.

JLGC provided guarantees for more than 1860 loans to small and medium-sized enterprises with a nominal value of JD 110 million. It also provided guarantees for 1016 export shipments and domestic sales with a total value of JD 58.5 million. The company has also increased the guarantee ceiling for Industrial Finance Program up to one million dinars instead of JD 550 thousand during the year 2018, and the guarantee ceiling for the Startups Guarantee Program up to JD 250 thousand which allows serving a wider segment of SME owners.

During the year 2018, CBJ sponsored the launching of the Jordan Innovative Startups and SME's Fund (ISSF) with a capital of approximately US \$ 100 million of which CBJ owns 49% of the ISSF share capital. The fund was established as a private company under the supervision of JLGC and in cooperation with the World Bank for Reconstruction and Development and the Ministry of Planning and International Cooperation. The actual work in

the Fund will commence in 2019 as it started receiving investment applications from companies and investment funds for review and evaluation to identify eligible investments and in line with the ISSF program and its development goals.

JLGC's total revenues grew around 21% during 2018 in comparison to 2017. The total revenues reached up to JD 3.6 million during 2018, compared with JD 3 million in 2017. The increase is due mainly to the increase in the operational revenues from JD 1.4 million in 2017 to JD 1.7 million in 2018, and the growth of investment revenues, which increased from JD 1.5 million in 2017 to JD 1.9 million in 2018.

Accordingly, the company achieved a net profit of JD 697 thousand (JD 865 thousand before tax) in 2018, compared to 731 thousand (JD 983 thousand before tax) in 2017. The Board of Directors recommended to the General Assembly not to distribute any dividends from profits realized in 2018 but rather reinvest these profits in the Company and strengthen the capital base of the company.

The total shareholders' equity increased from JD 34.7 million at the end of 2017 to JD 35.5 million at the end of 2018. While the corporation's assets amounted to JD 244 million at the end of 2018 compared to JD 178 million at the end of 2017.

#### **Dear Shareholders,**

In conclusion, I would like to thank our shareholders for their continuous trust in the company and its mission. We value all our partners' continued efforts to stimulate local economic growth, especially local banks; which paid a particular attention to SMEs financing. I would like also to thank our Jordanian exporters partners for their continuous efforts to expand and work in traditional markets and constantly looking for new markets for our national products in cooperation with the Company.

My colleagues, the members of the board deserve my sincere thanks and gratitude for their relentless efforts and for their commitment to serving the company and to advance its interests.

I also thank the executive management and all staff for their sincere efforts to improve the Company's performance and for providing the best guarantee services. Finally, I would like to thank our esteemed shareholders for their trust and support, and to express our pride to work with them, affirming the Board's confidence in the ability of our Company to continue improving its performance and upgrading its services.

May God give us the strength to serve our beloved country and its economy under the leadership of His Majesty king Abdullah II.

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

## Director General Statement



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

Director General

### **Distinguished Shareholders**

It is my pleasure to present to you the 25th Annual Report of the Jordan Loan Guarantee Corporation, including the achievements achieved during 2018 as well as the Company's plan for 2019. JLGCC continued to achieve positive results in spite of the difficult working environment and negative consequences of the regional crisis, which affected the national economy and prevented the achievement of targeted growth rates. The Company was able to maintain good performance indicators with the support of the CBJ and its appreciation of the Company's pivotal role in the national economy and the confidence of its partners in supporting feasible SMEs and enabling Jordanian exporters to enter new markets and providing the necessary guarantees that help them avoid commercial and political risks.

During the year 2018, JLGCC developed its programs in a way that would strengthen the work with the major partners of Jordanian banks, financial institutions and Jordanian exporters, to facilitate the access of SMEs' owners to finance enabling them to build and expand their projects.

### **Dear Shareholders**

JLGCC strives to achieve national critical goals by stimulating banks and financial institutions to facilitate SMEs' access to finance effectively and enabling Jordanian exporters to obtain the necessary insurance coverage to protect their export operations. Within this framework, the Company contributes in improving the standard of living of the labor force working in these sectors by providing them with the appropriate level of income.

On the other hand, JLGCC, as the executing agency of the Innovative Startups and SMEs Fund, shares the responsibility with Jordanian Government and the CBJ for encouraging entrepreneurship and promoting direct investment in creative projects in cooperation with participating institutions and entrepreneurs.

### **Distinguished Shareholders**

In 2018, the Company provided guarantees for 1860 loans for SMEs with a nominal value of JD 110 million. With that, the balance of the guaranteed loan portfolio reached JD 105.1 million granted for 4601 companies at the end of 2018, compared to 4349 loans, with a guaranteed value of JD 93 million at the end of 2017.

Furthermore, the Company also provided guarantees for national exports and local trade. It guaranteed 895 export shipments with a guaranteed value of about JD 56.8 million and 121 local trade shipments with a guaranteed value of JD 1.7 million.

It is worth mentioning that the Company adopted International Financial Reporting Standard (IFRS 9) effective in 2018. It also adopted a new organizational structure that is consistent with and support the Company's future business expansion and development plans.

The Central Bank allocated additional provisions to the Industrial Finance and Services Program to raise the loan ceiling to one million Jordanian dinars from 550 thousand dinars to enable a larger segment of companies to benefit from the program. The program was launched in 2006 and CBJ provided an interest-free loan to the Company to help in building provisions to face the various drawbacks within the program. The program benefited around 140 industrial and service companies with a total financing amount of JD 135 million.

CBJ also provided an additional JD 50 million to the Startups Loans Guarantee Program, enabling the Company to raise the funding ceiling within this program to JD250 thousand from JD100 thousand due to the growing of financing needs for companies or newly established projects at concessional levels, costs and terms. This program was initiated by the CBJ and financed by Jordanian banks through two special funds to provide guarantees: The first fund covers the guarantees for Startups projects loans provided by commercial banks, the second covers guarantees for these projects provided by Islamic banks with guarantee rate of 85% of the value of funding.

#### **Dear Shareholders,**

JLGC will continue its efforts to achieve more objectives and build on the achievements made by its teams and improve the level of services and guarantee programs. We aim to continue our pioneering and development role in the Hashemite Kingdom of Jordan, by providing high quality services that meet the expectations of various customer segments in the sectors of small and medium-sized industrial companies and export.

In conclusion, I would like to thank the Chairman of the Board, Dr. Maher "Sheikh Hassan" and all the members of the Board for their continuous efforts in supporting the company's programs and initiatives.

I would also like to thank our valued shareholders for their trust and commitment to the Company, and appreciate our distinguished employees who contributed to this quality shift in the Company's programs and the size of its operations.

May God almighty grant further progress to our Company so that it can contribute to the prosperity of our beloved country under the guidance of His Majesty King Abdullah II Ibn Al Hussein

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

# Summary of JLGC Results in 2018

## Operational Results

### Loan Guarantee Results:

#### Total Guaranteed Loans in 2018 vs. 2017

Loan Type	2018		2017	
	No.	Guaranteed value	No.	Guaranteed value
Productive Loans	1,593	48,976,529	1,638	48,382,387
Industrial Finance Loans	267	25,014,981	208	17,920,983
Real estate and Personal Loans	20	705,676	41	1,463,937
<b>Total</b>	<b>1,880</b>	<b>74,697,186</b>	<b>1,887</b>	<b>67,767,307</b>

#### Guarantees Provided for Executed and Under process Loans in 2018

Loan Type	Executed		Under process		Total	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
Productive Loans	1,593	48,976,529	89	3,954,210	1,682	2,930,739
Industrial Finance Loans	267	25,014,981	32	4,572,852	299	29,587,833
Real estate and Personal Loans	20	705,676	3	134,025	23	839,700
<b>Total</b>	<b>1,880</b>	<b>74,697,186</b>	<b>124</b>	<b>8,661,087</b>	<b>2,004</b>	<b>83,358,273</b>

#### Outstanding Loan Guarantees Portfolio in 2018 vs. 2017

Outstanding Loans Guarantee Portfolio at the end of the year	2018		2017	
	No.	Guaranteed Value	No.	Guaranteed Value
Productive Loans (small enterprises)	<b>2,931</b>	<b>53,471,047</b>	<b>2,657</b>	<b>48,873,435</b>
Real estate and Personal Loans	<b>1,188</b>	<b>19,328,860</b>	<b>1,348</b>	<b>21,976,898</b>
Industrial Finance Loans	<b>482</b>	<b>32,073,745</b>	<b>344</b>	<b>22,170,139</b>
<b>Total</b>	<b>4,601</b>	<b>104,873,652</b>	<b>4,349</b>	<b>93,020,472</b>

#### Ceilings Granted to Banks and Utilized

Programs	2018		2017	
	Ceiling	Utilized	Ceiling	Utilized
Productive Loans ceilings (small enterprises)	49,867,134	53,471,047	49,817,134	48,873,435
Real Estate and Personal Loans ceiling	28,435,906	19,328,860	28,940,106	21,976,898
Small Startups Loans ceilings	6,800,000	5,244,699	6,000,000	1,578,808
<b>Total</b>	<b>85,103,040</b>	<b>78,044,606</b>	<b>84,757,240</b>	<b>72,429,240</b>

## Export Credit Guarantee Results:

### Guarantees provided for Shipments made during the year 2018

Guaranteed Shipments	2018		2017	
	No.	Guaranteed Value	No.	Guaranteed Value
Export Credit Guarantees	895	56,747,654	724	48,421,970
Domestic Sales Credit Guarantees	121	1,726,427	262	3,207,846
<b>Total</b>	<b>1016</b>	<b>58,474,082</b>	<b>986</b>	<b>51,629,816</b>

### Guaranteed Shipments Portfolio at year end

Guaranteed Shipments Portfolio	2018		2017	
	No.	Guaranteed Value	No.	Guaranteed Value
Export Credit Guarantees	289	3,923,926	216	3,075,519
Domestic Sales Credit Guarantees	82	218,151	46	342,891
<b>Total</b>	<b>371</b>	<b>4,142,077</b>	<b>262</b>	<b>3,418,410</b>

### Summary Results of Claims, Indemnification Paid, Re-scheduling and Recoveries:

Claims	2018	2017	Indemnification Paid	2018	2017
Loan Guarantee Programs	2,461,652	1,639,960	Loan Guarantee Programs	1,376,543	834,584
Industrial Finance Programs	587,027	307,746	Industrial Finance Programs	375,031	42,721
<b>Total</b>	<b>3,048,679</b>	<b>1,947,706</b>	<b>Total</b>	<b>1,751,574</b>	<b>877,305</b>

Re-scheduling	2018	2017	Recoveries	2018	2017
Loan Guarantee Programs	16,416,012	7,572,320	Loan Guarantee Programs	275,531	404,871
Industrial Finance Programs	7,430,900	2,164,620	Industrial Finance Programs	282,436	11,100
			Export Credit Guarantee Program	1,409	--
<b>Total</b>	<b>23,846,912</b>	<b>9,736,940</b>	<b>Total</b>	<b>559,377</b>	<b>415,971</b>

## Financial Performance

Revenues and Expenses	2018	2017
Operational Revenues	1,652,295	1,425,701
Realized Investment Revenues	1,899,955	1,508,085
Other Revenues	48,804	31,905
Total Revenues	3,601,054	2,965,691
<b>Less: General and Administrative Expenses</b>	<b>1,608,631</b>	<b>1,370,018</b>
<b>Gross Profit (Loss)</b>	<b>1,992,423</b>	<b>1,595,673</b>
Less: Provisions and other fees	1,127,368	612,424
Less: Income tax	167,914	252,269
<b>Profit (loss ) for the year</b>	<b>697,141</b>	<b>730,980</b>

## Board Of Directors Report

### I. 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 and national exports 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%

### Exports credit guarantees programs:

The Company provide guarantees for export credit against commercial and political risks while it provides credit guarantees for domestic sales against commercial risks such as default risks as follows:

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 are located in Amman –Shmisani Area, Bldg. No.24 Prince Shaker Bin Zaid Street, Opposite to Citi Bank. There are no other branches in or outside Amman. JLGC programs and services are run by a staff of 52 employees and two advisors until 8 July 2018.

### C. Size of Capital Investment

Total size of Capital investment was JD 3,195,551 in 2018 in comparison with JD 3,225,008 in 2017.

### 2. Subsidiaries

JLGC has no subsidiaries.

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

#### A. Board of Directors



#### **H.E.Dr. 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
- Financial Analyst, 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 of Cairo Amman Bank since 2008
- Deputy General Manager of Cairo Amman Bank
- Head of Legal Department & the Legal Adviser of Cairo Amman Bank
- Vice Chairman of Jordan Loan Guarantee Corporation
- Chairman of the Board of Directors of JETT
- Board member of Association of Banks in Jordan
- Board member of the Jordan Insurance Company
- Board member of Real Estate and Investment Portfolio company
- Chairman of the Directors of Tamallak Leasing Company
- Board member of National Payment Council
- Board member of Jordan Payments & Clearing Company

**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.
- Master in Business Administration-Scientific Research / 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 Letter of Credits 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.
- Dealer / Dealing Room / Investment and Foreign Operations Dept. 2003.
- Creditor officer 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.

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

**Board Member since 28/3/2018**

**Chief Executive Officer, Bank al Etihad**

**Year of birth: 1965**

- Master of Business Administration-Finance and Management Information Systems, American University in Cairo in 1992.
- BA in Economics and Business Administration from the University of Jordan.
- CEO, Bank al Etihad.
- Strategic Development Consultant, Bank al Etihad.
- 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 at Bank al Etihad in several positions including: Manager of Corporate Banking.
- Jordan Technology Group.
- Member in Najjar Group - Cairo.
- Vice Chairman- Etihad Financial Brokerage Company.
- Vice Chairman- Etihad Leasing Company.
- Board member- Jordan Payment Systems Company.
- Board Member- Financial Solutions Company for Mobile Payment.
- Board Member- Jordan Solar Renewable Energy Company.
- Board Member-Jordan Strategy Forum.
- Board Member- Initiative to support the pioneers (Endeavor Jordan).
- Board Member -Yarmouk University Investment Fund.
- Board Member-Injaz to create economic opportunities for Jordanian youth.
- Board Member -Haya Cultural Center.
- Board Member -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 – Credit Department, Gulf, Egypt & Subsidiaries.
- Head of Credit, North Africa and Lebanon
- Head of Credit Implementation and Control Department / Arab Bank (Global)

- Head of Research & Support Department – Corporate & Institutional Banking
- Credit Officer – Governments and corporations.
- Various responsibilities and positions at the Arab Bank inside and outside Jordan since 1988.
- Chairman - Arab Sudanese Bank- Sudan.
- Board Member - Arab Tunisian Bank.
- Board Member, Oman Arab Bank.

### **Mr. Tawfeek AbdelKader 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 -Jordan Kuwait Bank since 1991 until now.
- Executive Manager/Credit and Marketing /National Bank of Kuwait 1971-1990.
- Deputy Chairman-Jordan Mortgage Refinance Company.
- Former Board Member-Jordan Steel Company.
- Board member-Al-Sharq Al-Arabi Insurance Company.
- Former Board Member- 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 since 1/1/2018**

#### **Executive Director, 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: Housing Bank /Jordan.
- Customer Service Officer: Housing Bank /Jordan.

**Mr. Jamal Mohammed Fariz Fariz****Broad Member since 28/3/2018****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 - Commercial Facilities Company.
- Chairman of the Board- Jordanian-European Business Association (JEBA).
- Chairman of the Board -the Haya Cultural Center.
- Board Member- Jordan Chamber of Commerce
- Board Member -Amman Chamber of Commerce / Treasurer
- Vice Chairman- Jordanian Network Association.

**H.E.Dr. Ibrahim Hasan Saif****Broad Member since 28/3/2018****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 2012-2015.
- 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 since 28/3/2018****Independent Member****Year of Birth: 1938**

- Bachelor of Business Administration - Cairo University 1964
- Master of Economics - University of Southern California 1968
- 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, Al-Ahliyya Amman University, 2002-2004
- Director General, Institute of Banking and Financial Studies, Central Bank of Jordan, 1978-1983
- Board Member - Arab Institute for Banking and Financial Studies, Beirut - Lebanon 1989-2000
- Board Member- Association of Banks in Jordan 1979-1984.

**H.E. Dr. Ismail Sa'eed Zaghloul****Broad Member since 28/3/2018****Independent Member****Year of Birth: 1947**

- PhD in Finance from Amman Arab University in 2003
- Director General of General Budget Dep 2007-2013
- Director of the Directorate of Economic Studies and Policies, Ministry of Finance
- Vice Chairman - Al Samra Eelectric Power Company
- "Supervisor" / Department of Studies and Research at the Central Bank
- Director General- Addustour Newspaper- Jordan
- Vice Chairman - 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

**H.E. Mr Osama Mohammed Hasan Al Azzam****Broad Member until 28/3/2018****Director General / Cities and Villages Development Bank****Year of Birth: 1965**

- Master of Business Administration / Balqa Applied University 2008.
- BA in Business Administration / Yarmouk University 1987.
- Arab Society of Certified Public Accountants (ACPA).
- Certified Evaluator of the European Foundation for Quality Management (EFQM).
- Director General- Cities and Villages Development Bank 2018 till now.
- Internal Audit Expert GIZ 2016-2017.
- Financial Advisor, UNHABITAT, UNDP and USAID 2015-2016.
- Head of Public Finance and Performance Improvement Team USAID 2010-2014.
- Financial Advisor, Government Financial Information Management Project and Financial Reform Project USAID 2006-2010.
- Financial Advisor, Institution of Standards and Metrology 2005-2006.
- Financial Advisor, United Business Consultants, 2002-2005.
- Financial and administrative Director, Al-Faisaliah Group, Saudi Arabia, 1999-2002.
- Financial Manager, Belhosa International Group, Dubai 1996 - 1999.
- Head of Audit and Consultancy Team, Talal Abu-Ghazaleh & Partners International, Sultanate of Oman, 1994-1996.
- Auditor in Ibn Hayyan for auditing - Oman 1990-1994.
- Member of several committees inside and outside the Cities and Villages Development Bank.

**\*\*\*JLGC Board of Directors held 7 meetings during 2018**

## B. Top Management

### **Dr. Mohammed Lutfi Al Ja'fari**

#### **Director General**

#### **Date of Birth: 28/10/1962**

- 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/ since 3 July 2011
- Chairman of the Broad- Innovative Startups and SMEs Fund since 2017
- Member of the Management Committee - Renewable Energy and Energy Conservation Fund - Ministry of Energy and Mineral Resources since 2018.
- 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, 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 Since 2/5/2018**

#### **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.
- Working at JLGC since 1/6/2016
- Director of Risk Management and Strategic Planning Department / Social Security Investment Fund, 2005-2011
- Acting Director of Financial Control Department 2011
- Economist / Senior Financial Analyst, Department of Foreign Investment and Operations / Central Bank of Jordan 1992-2005

### **Mr. Mohannad Mohammed Al Rashdan**

#### **Assistant Director General for Technical & Operational Group until 1/5/2018**

#### **Date of Birth: 17/6/1968**

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

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

### **Director of Risk Management and Compliance Control Department since 1/5/2018**

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

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

### **Mrs. Amal Mahmoud Jaradat**

#### **Export Credit 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. JLGC until 2017.
- Project Manager of Joint project with the International Finance Corporation (IFC) until 2015.
- Retail Credit Officer / Bank of Jordan 2006 – 2012.
- Retail Credit Analyst / Bank of Jordan 1998 -2006.
- SMEs Instructor, Institute of Banking Studies – Jordan.

### **Mr. Feras Mustafa Fayyad**

#### **Head of Loan Guarantee Department since 1/5/2018**

#### **Date of birth: 22/8/1970**

- Master of Banking and Finance in 1998.
- High Diploma in Finance and Banking in 1998
- BA in Business Administration and Political Science in 1994.
- Certificate Lender Business Banker (CCLB) 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 Branch Manager / 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 Dept.**

#### **Date of birth: 20/7/1970**

- Bachelor of Finance and Banking / Al Ahliyya Amman University 1994
- Works at JLGC since 25/9/2017.
- Collections 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. 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.
- External Auditor, International Professional Office for auditing 2002 – 2004.

**Mrs. Suhad Shafiq Sharaf****Acting Manager of Support Services Department until 31/3/2018****Date of birth: 23/6/1973**

- Bachelor of Business Administration / University of Islamic World Sciences 2014
- Worked at JLGC on July 1, 1996
- Diploma in Accounting / Arab Community College 1992
- Acting Manager- Support Services Department, JLGC since 16/8/2017
- Section Head - Administration and Personnel Section 3/10/2011
- Section Head - Market Studies and Business Development 1/6/2011
- Section Head -Follow-up section
- Section Head - Department of Risk Management 26/7/2009
- Head of Administration and Personnel Section 1/1/2007
- Acting Section Head - Administration and Personnel Section 3/7/2006
- Acting Section Head - 1/1/2005

**Mr. Ala'a Shafiq Al Sahawneh****Market Studies and Business Development Manager until 16/6/2018****Date of birth: 8/2/1983**

- MBA / German Jordanian University, 2014
- Bachelor of Industrial Engineering / Engineering Management in 2006
- Worked at JLGC since 24/9/2017.
- Marketing and Communication Manager, Marketing and Business Development Manager and Research and Development Manager / Tamweelkom 2014-2017
- Senior Consultant / Dajani Consultancy Company 2012-2013
- Senior Advisor / Knowledge for Process Improvement - KPI 2007-2012

**Mr. Jehad Younes Al Qdeimat****Support Services Dept. Manager since 1/4/2018****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 for 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 section Head / Qatrania Cement 2009-2010
- Director of Workers Development at tourism sector / Ministry of Tourism and Antiquities 2009
- section Head - Human Resources Department / Arab Radio and Television Company 2007-2009
- Human and Administrative Resources Manager / Al-Ruban Trading Company 1998-2007
- Casheir-Al-Ahliyyah Amman University, 1994-1996

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

**Acting Manager, Internal Audit Unit since 1/5/2018**

**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**

**ISSF Project Implementation Unit Manager since 2/1/2018**

**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
- Section Head / Bank of Jordan 1998-2004
- Credit Officer / Save the Children Foundation 1995-1998
- Translator / CIPE 1995

## Largest Shareholders

The names of the Company shareholders owning 5% of the JLGC's share capital (JD 29,080,310) in 2018 comparing to 2017:

Shareholder	2018		2017	
	Subscribed and paid shares	% of Share Capital	Subscribed and paid shares	% of Share Capital
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. However, some specialized Arab and regional institutions launched loan guarantee service for some Jordanian exporters.

## 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 follows: -

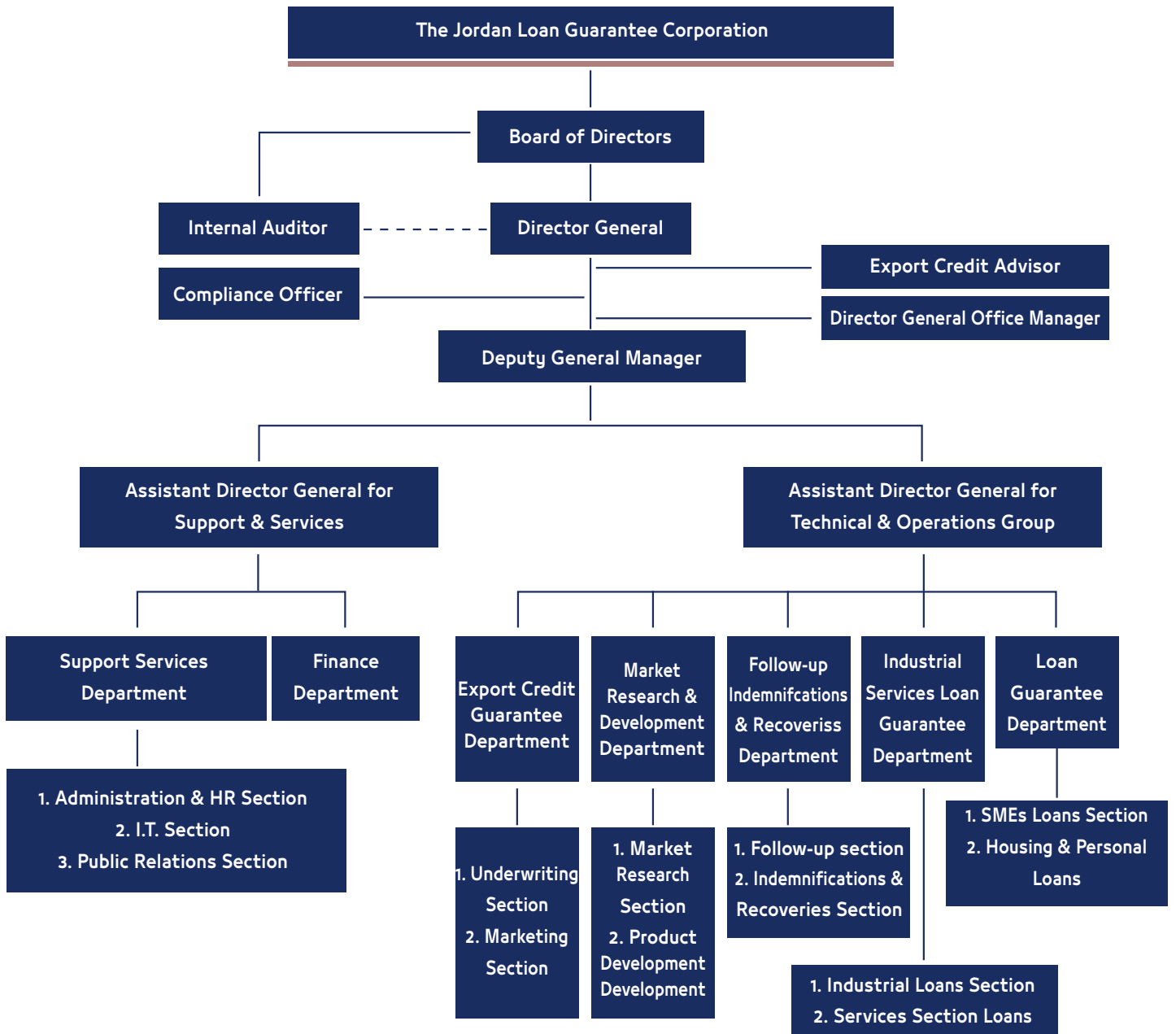
- CBJ considers loans granted by banks and guaranteed by JLGC as good loans and banks are exempted from the required general provision. Banks are also exempted from the special provisions for the first year of default but have to be provisioned against starting the second year.
- CBJ reduces the weighted average capital adequacy rate required from by banks by the amount of loans guaranteed by JLGC. Also, CBJ considers these loans as having a reduced risk weight similar to those extended against cash collateral and a lower capital adequacy rate will be required.
- No Patents or Licensing Rights obtained by the JLGC in 2018.

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

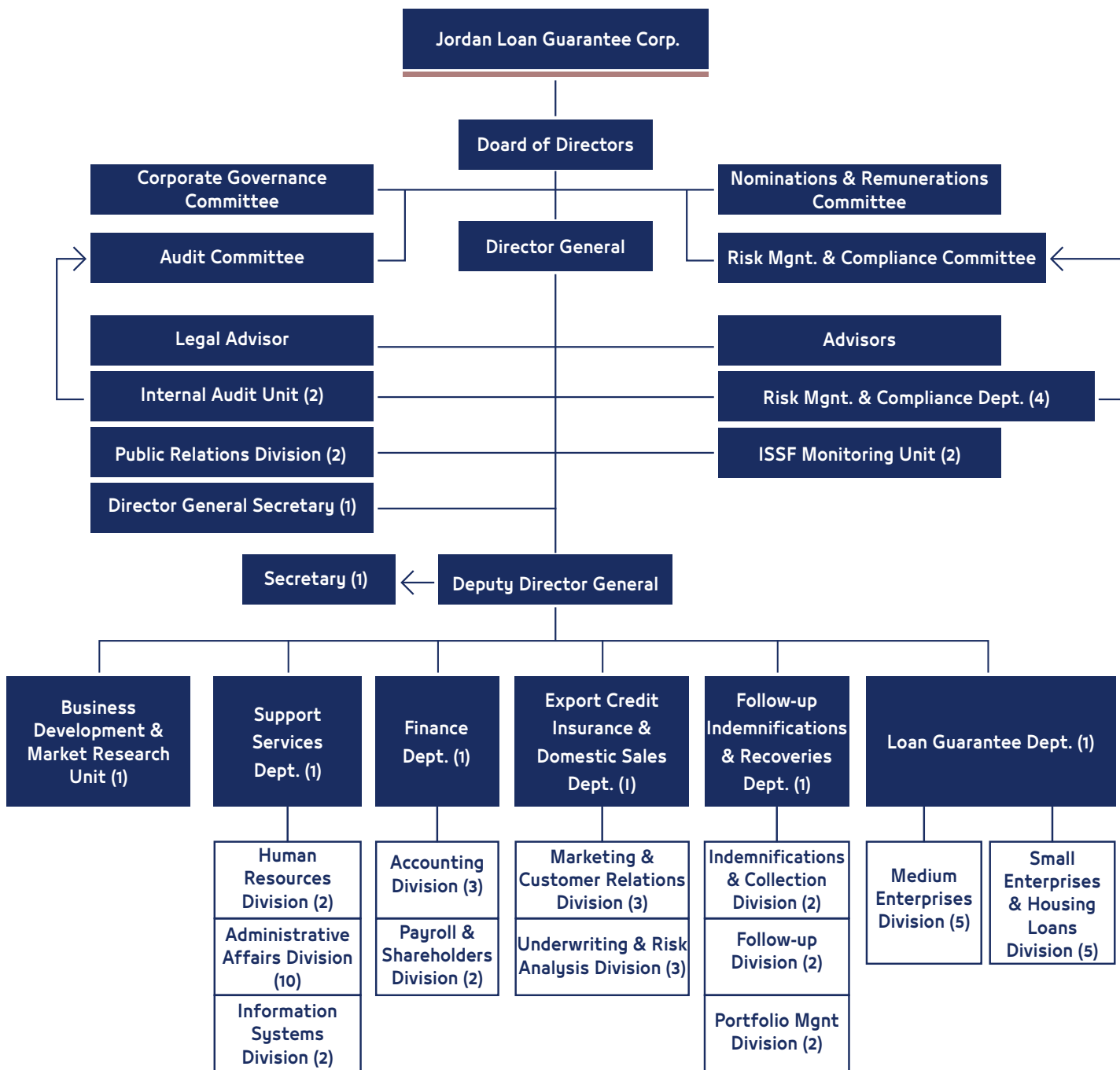
- The Council of Ministers has decided to exempt all JLGC's Export Credit Guarantee Contracts and their subsequent claims from relevant stamp charges.
- The Council of Ministers decision number (438) dated 26/1/2010 exempted JLGC from sales taxes and all other taxes and fees except for Income Tax.
- International quality standards does not apply on JLGC.

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

### Organizational Structure until 30/4/2018



**New organizational structure as of 1/5/2018**



\*Top Management vacancies: (Advisors and Business Development and Market Research Unit)

## B. Number of employees and their qualifications in 2018 versus 2017

The number of employees in 2018 was 52 compared with 50 at the end of 2017, distributed according to the academic qualifications as follows:

Year	PhD	Master Degree	High Diploma	Bachelor Degree	Intermediate Diploma	High School	Below High School	Total
2018	1	6	1	33	4	3	4	52
2017	1	7	1	30	4	4	3	50

Vacant positions are filled based on the recommendations of the Employment Committee for the approval of Director General, except for top management which requires the approval of the Board of Directors.

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

Year	Employees Turnover
2018	28.5%
2017	29%
2016	31%
2015	7.7%
2014	28.9%

## C. Employees Training in 2018

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

Year	Number of Internal Training courses	Number of Participating Employees	Number of External Training	Number of Participating Employees
2018	47	41	7	12
2017	50	39	4	6
2016	37	21	5	12
2015	27	18	8	10
2014	12	12	8	8

## 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 the acceptable levels and take the necessary actions to minimize these 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.

Among the most important risks facing JLGC in the productive economic projects and export credit guarantees; is the risk of default by the borrower or importer due to credit or commercial reasons resulted from deterioration of some economic sectors or due to external conditions that it may exposed to.

## 11. JLGC Accomplishments Supported by Quantitative Indicators in 2018

Below is a summary of the company's achievements in 2018:

- The General Assembly of Jordan Loan Guarantee Corporation approved at its extraordinary meeting on 28/3/2018 the increase of the members of the Board of Directors from seven to eleven members according to Governance requirements issued by the Securities Commission. These requirements stipulate that one-third of the members must be independent and accordingly, effect that on the Company's Memorandum of Association and Policies.
- The Board of Directors also approved the adoption of the amended Staff Regulations and organizational structure of the Company and the provisions of this system have been effective since 1/5/2018.
- Risk Management and Compliance Department was established to identify, understand, 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 this department, the most important of which are credit, market, liquidity and operating risks. The Department also manages compliance monitoring processes by reporting periodically to the Risk Management and Compliance Monitoring Committee including the work of all departments, the extent to which they comply with instructions and laws, and their compliance to the policy.
- During the year 2018, the Central Bank of Jordan agreed to make some amendments to the agreement of the advance between the Central Bank of Jordan and JLGC, which will enable the Company to achieve better results to promote the export credit guarantee program and provide better insurance opportunities for the Jordanian exporter.
- The Board of Directors provided additional provisions to the Industrial Finance and Services Program to raise the loan limit to one million dinars instead of 550 thousand dinars in line with the increase of financing needs of the industrial and service sector.
- The Central Bank has provided a 50 million dinars advance to raise the funding limit of the Startups Loans Guarantee Program. This program was initiated by the Central Bank in cooperation with some Jordanian banks at concessionary terms, which allow providing a guarantee rate of 85% of the value of funding granted by commercial and Islamic banks.
- The Startups Projects program's funding limit has been raised to 250 thousand dinars with a guarantee rate of 85% of the value of funding. All registered projects five years or less have been considered as Startups, which led to create new job opportunities.
- In 2018, the Company provided guarantees for 1860 loans for SMEs with a nominal value of JD 110 million.
- The balance of the guaranteed loan portfolio was 4601 loans with a guaranteed value of about JD 105.1 million at the end of 2018, compared to 4349 loans, with a guaranteed value of JD 93 million at the end of 2017(with a growth rate of 13%).
- The guaranteed portfolio at the end of 2018 was distributed into 2931 productive loans with a guaranteed value of JD 53.4 million, 1188 real estate and personal loans with a guaranteed value of JD 19.3 million and 482 industrial finance loans with a guaranteed value of JD 32.3 million.

- The Company provided guarantees for 110 Startups projects with a nominal value of JD 6.2 million and a guaranteed value of 5.25 million within the Startups Loan Guarantee Program.
- The Company provided insurance for 1016 shipments with a value of JD 58.5 million compared to 986 shipment with a value of JD 52 million guaranteed in 2017. These shipments were distributed to 895 export shipments with a guaranteed value of about JD 56.8 million and 121 domestic local sales shipments with a guaranteed value of JD 1.7 million in 2018.
- The Company received claims in the amount of JD 3 million for bad loans from the participating banks and lending institutions during 2018 compared to JD 1.9 million claimed in 2017.
- Compensations paid by the Company for bad loans reached JD 1.8 million in 2018 compared with JD 877 thousand paid in 2017.
- JLGC has recovered JD 559 thousand in 2018 compared with recoveries amounting to JD 416 thousand in 2017. Whereas, the Company rescheduled guaranteed loans with a value of JD 24 million during 2018, compared to JD 9.7 million rescheduled in 2017.
- The company recovered JD 1,410 within export credit guarantee program in 2018.
- Total operational revenues for JLGC amounted to JD 1.652 million in 2018 compared to JD 1.426 million in 2017. While investment revenues totaling JD 1.900 million in 2018 compared to JD 1.508 million during 2017.
- The Company's final results showed a net profit of JD 697 thousand in 2018 compared to JD 731 thousand realized in 2017.
- During the year 2018, several agreements were signed with a number of financing agencies participating in the loan and export credit guarantee programs distributed as following:
  1. Three guarantee agreements for financing of the startups projects with Societe Generale bank, Egyptian Arab Land Bank and Al Rajhi Bank (Kafalah).
  2. Three agreements within Industrial Finance and Services Guarantee Program with Jordan Islamic Bank (Kafalah), Egyptian Arab Land Bank and BLOM bank.
  3. Leasing agreement with the Specialized Leasing Company.
  4. SME's Loan Guarantee Agreement with the Egyptian Arab Land Bank.
- The Company also signed 8 export credit guarantee policies (7 exports and 1 domestic) with a number of exporters as follows:
  1. Al Keena and Al Sanawbar Company
  2. Orient Treasures Mills
  3. Hayat Pharmaceutical Industries Co.
  4. Northern Cement Co.
  5. Al Nujoom Al Bayda Company for Mining Investments
  6. Kasih Factories Group for Food Stuff
  7. Al Momaizah Fertilizers Manufacturing Co.
  8. Advanced Furniture Industry Co.

- An electronic link has been made with four participating Banks in the guarantee programs through the Web Access in order to facilitate the work procedures.
- More than 7 workshops had been organized to introduce loan guarantee programs in coordination with participating banks.
- The Company hosted the ninth technical training program for Aman Union in 2018, in coordination with the General Secretariat of Aman Union represented by the Turkish Export Bank in Amman during the period 5-8 March 2018. Experts from Turkish Export Bank and Lebanese Insurance Company (LCI) provided more details about sources of credit information and different types of credit reports. The underwriting and the basis for credit decision making processes were discussed in terms of risk assessment in addition to studying the various aspects, whether financial or non-financial for the buyers to ensure that credit limits are tailored to the risks, as well as presenting different experiences of insurance companies in the underwriting process. The technical training program was attended by representatives of export credit guarantee companies from several countries and JLGC's Export Credit Guarantee Team. AMAN is a trade union established in 2009 that brings together commercial and non-commercial insurance companies in the Organization of Islamic Countries member states and the Arab Investment Guarantee and Export Credit Corporation (DHAMAN). JLGC is a permanent member of the Union for many years.
- In a ceremony held at the Central Bank of Jordan on 23/9/2018, Prime Minister Dr. Omar Al-Razzaz inaugurated the Innovative Startups and SMEs Fund, the largest investment fund in Jordan, to provide a suitable environment for Startups and SMEs as well as supporting potential entrepreneurs. Attended by the Governor of the Central Bank of Jordan Dr. Ziad Fariz, a number of members from Parliament and House of Representatives and officials in public and private sectors. ISSF is a private joint stock company owned by the Central Bank of Jordan and the Jordan Loan Guarantee Company with a capital of US\$ 98 million, and a funding from the Central Bank of Jordan of US\$48 million and the World Bank of US\$50 million.

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

There are no recurrent transactions during 2018.

## 13. Realized Profits or Losses, Dividends, Shareholders' Net Equity and JLGC's stock prices

Year	Net Profit before Taxes & other Provisions	Dividends Distributed to Shareholders	Shareholders Net Equity	Share Closing Prices
2014	482,547	400,000	14,509,452	0.53
2015	365,580	300,000	14,690,192	1.010
2016	433,615	-	33,585,401	0.870
2017	1,018,249	-	34,699,924	0.480
2018	908,627	-	35,560,004	0.460

#### 14. Analysis of JLGC's Financial Position and the Results of its Operations

RATIO	2018	2017	2016	2015	2014
Earnings per Share	0.024	0.025	0.022	0.060	0.042
Return on Investment	0.286%	0.411%	0,373%	2,292%	1,620%
Return on Shareholder's Equity	1.960%	2.107%	0,804%	4,062%	2,891%
Return on Paid Up Capital	2.397%	2.514%	0,929%	5,967%	4,203%
Ownership Ratio	14.595%	19.529%	%46,347	56,438%	55,918%
Fixed Assets/Shareholder's Equity	8.986%	9.294%	9,581%	22,332%	22,921%
Rate of Indebtedness	1.309%	1.286%	1,626%	3,105%	3,391%
Liabilities /Total Assets	85.405%	80.471%	53,653%	43,562%	44,082%
Liabilities to/Shareholder's Equity	585.143%	412.070%	115,763%	77,185%	78,832%
Current Liabilities /Shareholder's Equity	8.969%	6.583%	3,508%	5,501%	6,063%
Revenue/Total Assets	1.478%	1.669%	2,656%	6,581%	6,765%
Current Ratio	2201.634%	2431,8%	4355,090%	2718,850%	2510,582%
Working Capital (JD)	67,032,302	53,267,978	50,136,316	21,163,241	21,207,261

## 15. JLGC's Prospective Developments and Future Plans

JLGC is looking forward to a further progress in 2019 through professional business plans that are consistent with its strategic plan. These plans can be summarized as follows:

- Continuous update of the loan guarantee programs while providing a new range of guarantee services that are in line with the CBJ's plans to achieve the financial inclusion in Jordan and enable SMEs owners to access the appropriate funding thus contributing in the advancement of the national economy and support this sector.
- Expand and support the guarantee of financing risks of Startups projects, renewable energy and programs directed by Jordanian women, and encourage participating banks to provide financing for these projects and enhance the role of the Company in these vital sectors.
- Raise the Company's efficiency in the export credit guarantee field and benefit from the Central Bank advance to support national exports by strengthening marketing activity of the Company and intensify communication with exporters in all economic sectors in order to increase the awareness of the Company's role in supporting exporters and explaining the services provided and encourage Jordanian exporters to secure their exports through the Company.
- Achieve a high quality portfolio in all programs within acceptable risk levels in addition to finding new programs that meet with the target growth in JLGC's portfolios.
- Enhance the role of Risk Management and Compliance Control Department and its importance in the credit review of guarantee applications and build a risk rating system that helps the Company in the risk assessment and identify its impact on granting decisions.
- Continue meeting the requirements of IFRS9 for financial reporting and organizing the Company accounts.
- Maintain operational sustainability and develop operational efficiency.
- Enhance employee's capabilities and skills and develop human resources systems (qualifications and training) that are in line with job description and requirements through focusing on specialized training locally and abroad to improve staff productivity and thus motivating and upgrading their performance and creativity.
- Cooperate with different loan guarantee schemes in MENA region and acquire the best international practices regionally and globally to enrich Jordan experience in this area of expertise.
- Highlight the Company's role and identity as a supporter of SMEs and startups projects, Jordanian exports and develop its website and utilize social networking sites in the marketing process.
- Achieve a quantum leap in the information technology management, where technology is the backbone of any institution and it is responsible for developing and serving the Company's goals and continue updating the existing programs and provide an advanced system for the export credit guarantee program which will serve the aspirations and objectives of the program as well as strengthening the database and protect it from encryption and hacking.
- Continue searching for new opportunities, prioritize and invest time and effort to manage the guarantee programs in a way that serves the Company's mission and objectives at the national level.
- Organize workshops, seminars and conferences aiming on bringing about the importance of Loan Guarantee and credit export programs among partners and shareholders.

- Continue the cooperation with financial institutions and Jordanian exporters through signing memorandum of understandings and cooperation that highlight the importance of the company's programs.
- Strengthen the role of ISSF in promoting the innovation and business leadership and continue to carry out the management tasks of the ISSF project as JLGC is the executing agency, which is responsible for following up with the Jordanian government and its partners, headed by the Ministry of Planning and International Cooperation, Central Bank of Jordan and International Bank for Reconstruction and Development.

## 16. Auditing Fees

Total fees paid to the "Arab Professionals" in 2018 was JD 11.600 thousand compared to JD 10.208 thousand paid in 2017 including 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 for Mrs. Luma Nayef Bakri's husband (Mr. Ayman Nathem Marza Qoursheh) who owns 100 shares.
- All members of JLGC's Board of Directors hold the Jordanian nationality.
- All of JLGC Senior Executive Management personnel hold the Jordanian nationality.
- No companies controlled by the members of JLGC's Board of Directors or its Senior Executive Management.
- The number of Securities issued by JLGC which are owned by members of its Board of Directors in their Corporate Capacity as the following:

Shareholder	2018		2017	
	Subscribed and paid shares	% of Share	Subscribed and paid 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%
The Housing Bank for Trade & Finance	1,480,618	5.09%	1,480,618	5.09%
Bank Etihad Since 28/3/2018	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 Since 28/3/2018	200,000	0.69%	200,000	0.69%
Ismail Sa'eed Zain Zaghloul Since 28/3/2018	5,000	0.02%	0	0%
Ibrahim Hasan Mustafa Saif Since 28/3/2018	5,000	0.02%	0	0%
Adnan Hasan Issa Al Hindi Since 28/3/2018	5,000	0.02%	0	0%
Cities and Villages Development Bank Until 27/3/2018	525,000	1.81%	525,000	1.81%
<b>Total</b>	<b>20,831,374</b>	<b>71.63%</b>	<b>20,816,374</b>	<b>71.57%</b>

## 18. The benefits and remunerations of the Chairman, members of the Board of Directors, and Senior Executive Management during 2018

### 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 was JD 107,414 in 2018 compared to JD 75,958 in 2017.

NAME	Title	*Bonus	Transportation Allowance	Travel Allowance	Committee Allowance	Total
H.E.Dr. Maher "Sheikh Hasan"	Chairman	5,000	6,000	0	0	11,000
Mr. Kamal Ghareeb Al Bakri	Vice Chairman	5,000	6,000	0	0	11,000
Dr. Khaldoun Abdullah Al Wishah	Member	5,000	6,000	0	800	11,800
Mr. Walid Muhi Eddin Al Samhour	Member	5,000	6,000	0	400	11,400
The Housing Bank for Trade & Finance	Member	5,000	6,000	0	400	11,400
H.E.Mrs. Nadia Helmi Hafeth Al Sa'eed	Member	2,857	4,500	0	0	7,357
Mr. Tawfiq Abdul Qader Mohammed Al Mukahl	Member	5,000	6,000	0	0	11,000
Mr. Jamal Mohamed Fareez Fareez	Member	2,857	4,500	0	200	7,557
H.E.Dr. Ismail Sa'eed Zain Zaghoul	Member	2,857	4,500	0	400	7,757
H.E.Dr. Ibrahim Hasan Mustafa Saif	Member	2,857	4,500	0	0	7,357
Dr. Adnan Hasan Issa Al Hindi	Member	2,857	4,500	0	0	7,357
Cities and Villages Development Bank	Member	1,429	1,000	0	0	2,429
<b>TOTAL</b>		<b>45,714</b>	<b>59,500</b>	<b>0</b>	<b>2,200</b>	<b>107,414</b>

## B. Privileges Paid to the Senior Executive Management

Salaries and remunerations paid for the executive management during 2018 was JOD 536,634 compared to JOD370,136 paid during 2017.

Name	Job Title	Annual Salaries	*Bonus	Travel Allowance	Secretary of the Board Fees	Total
H.E. Dr. Mohammed Lutfi Al Ja'fari	**Director General	143,653	29,700	13,290	0	186,643
Mr. Abdel Salam Faisal Al-Nusair Since 2/5/2018	Deputy Director General	55,258	3,850	0	0	59,108
Mr. Feras Mustafa Fayyad	Loan Guarantee Dept. Manager	36,670	2,438	0	0	39,108
Mrs. Amal Mahmoud Jaradat	Export Credit Guarantee Dept. Manager	33,310	2,214	2,100	0	37,624
Mr. Tarek Talal Nabulsi	Indemnification & Follow up Dept. Manager	29,470	1,958	830	0	32,258
Mr. Issa Ismail Al Tarayra	Finance Dept. Manager	25,765	1,711	1,790	2,850	32,116
Mr. Rami Awad Samardali	Risk Management and Compliance Control Dept. Manager	23,860	1,584	830	0	26,274
Mrs. Hanaa "Mohammed Mamdouh" Alshihabi Since 2/1/2018	Follow-up Unit of ISSF Manager	35,028	2,335	0	0	37,363
Mr. Jehad Younes Al-Qdeimat Since 1/4/2018	Support Services Dept. Manager	24,175	2,140	0	0	26,315
Mr. Saif Shibli Al Farah Since 1/5/2018	Internal Audit Unit Acting Manager	18,730	1,992	0	0	20,722
Mr. Mohannad Mohammed Al Rashdan Until 9/5/20178	Advisor	20,810	0	0	0	20,810
Mrs. Suhad Shafiq Sharaf Until 31/3/20178	Support Services Dept. Acting Manager	7,053	0	0	0	7,053
Mr. Alaa Shafiq Sahawneh Until 16/6/20178	Market Studies and Business Development manager	11,240	0	0	0	11,240
<b>Total</b>		<b>465,022</b>	<b>49,922</b>	<b>18,840</b>	<b>2,850</b>	<b>536,634</b>

\*Annual Bonus for the year 2018 which was paid early 2019.

\*\*A car, driver and mobile allocated for the Director General

**19. Donations and Grants made by JLGC**

No donations or grants paid during 2018.

**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, the Director General or any employee at 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 SMEs and small startups, the social importance for JLGC programs lies in motivating entrepreneurs to manage & expand their projects and specify its expenditures and outline the challenges, which creates source of income and create new job opportunities for youth and arrange decent life for them and their families.

All JLGC programs are directed toward serving the local community and different sectors through encouraging financial institutions to finance SMEs, and entrepreneurs who in turn contribute in employing the local workforce and reduce unemployment rates and being the main incubator for innovative ideas and key generator of economic development in the local community as well as encouraging women and usage of renewable energy.



# OPERATIONAL PERFORMANCE

## Loan Guarantees

### Loan Guarantees Ceilings and Utilized Amounts during the year 2018 according to programs VS. 2017

Ceilings	2018			2017			Change	
	Ceiling	Utilized	% Utilized	Ceiling	Utilized	Utilized%	Ceiling	Utilized
Productive Loans (SMEs)	49,867,134	53,471,047	107%	49,817,134	48,873,435	98%	50,000	4,597,612
Real Estate & Personal Loans	28,435,906	19,328,860	68%	28,940,106	21,976,898	76%	504,200-	2,648,038-
Startups	6,800,000	5,244,699	77%	6,000,000	1,578,808	26%	800,000	3,665,891
<b>Total Ceilings</b>	<b>85,103,040</b>	<b>78,044,606</b>	<b>92%</b>	<b>84,757,240</b>	<b>72,429,141</b>	<b>85%</b>	<b>345,800</b>	<b>5,615,465</b>

Loan Guarantees Ceilings & Utilized Amounts according to Banks / Financial Institutions in 2018								
Banks / Lending Institutions	Productive Loans		Real estate loans		Startups Loans		Total Ceilings	
	Ceiling	Utilized	Ceiling	Utilized	Ceiling	Utilized	Ceiling	Utilized
Cairo Amman Bank	4,625,000	4,459,958	12,525,300	11,582,383	500,000	435,802	17,650,300	16,478,143
Islamic International Arab Bank	0	12,959,463	0	0	0	259,888	0	13,219,351
Housing Bank	16,000,000	7,714,999	0	0	2,000,000	285,274	18,000,000	8,000,273
Safwa Islamic Bank	0	4,731,745	0	0	0	1,080,763	0	5,812,508
Capital Bank	7,500,000	5,053,776	0	0	500,000	435,949	8,000,000	5,489,725
Sanadcom for business finance	5,500,000	4,468,684	0	0	0	0	5,500,000	4,468,684
ABC Bank	800,000	391,346	6,003,700	3,517,281	0	0	6,803,700	3,908,627
Arab Bank	5,000,000	3,632,468	16,906	554	500,000	7,021	5,516,906	3,640,043
Jordan Ahli Bank	1,250,000	578,932	4,200,000	2,063,474	500,000	104,160	5,950,000	2,746,566
Jordan Commercial Bank	3,300,000	1,858,890	0	0	800,000	503,468	4,100,000	2,362,358
Bank of Jordan	500,000	189,785	5,415,000	2,138,993	0	0	5,915,000	2,328,778
Bank al Etihad	2,315,134	1,612,178	0	0	500,000	269,975	2,815,134	1,882,153
Jordan Islamic Bank	0	1,141,461	0	0	0	564,325	0	1,705,786
Blom Bank	1,000,000	840,153	0	0	1,000,000	806,840	2,000,000	1,646,993
Development and Employment Fund	0	1,333,419	0	0	0	0	0	1,333,419
Ethmar For Islamic Microfinance	0	763,881	0	0	0	0	0	763,881
Societe Generale Bank	700,000	43,848	0	0	500,000	491,234	1,200,000	535,082
Al Rajhi Bank	0	516,886	0	0	0	0	0	516,886
Bindar Trading & Investment Co.	500,000	455,849	0	0	0	0	500,000	455,849
Islamic Finance House	0	431,822	0	0	0	0	0	431,822
Jordan Kuwait Bank	400,000	221,810	50,000	0	0	0	450,000	221,810
Ahli Microfinance Company	300,000	69,694	0	0	0	0	300,000	69,694
Egyptian Arab Land Bank	27,000	0	75,000	26,175	0	0	102,000	26,175
Arab Jordan Investment Bank	150,000	0	150,000	0	0	0	300,000	0
<b>Total</b>	<b>49,867,134</b>	<b>53,471,047</b>	<b>28,435,906</b>	<b>19,328,860</b>	<b>6,800,000</b>	<b>5,244,699</b>	<b>85,103,040</b>	<b>78,044,606</b>

## Guaranteed Executed Loans during the Year 2018 Vs. 2017

Guaranteed Executed Loans according to Loan Type								
Productive Programs / SMEs								
Program Name	2018		2017		Change (JD)		Change (%)	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
SMEs Loans	884	25,183,619	1,028	28,536,600	-144	-3,352,981	-14%	-12%
Kafalah	619	23,110,320	538	19,447,352	81	3,662,968	15%	19%
Business Loans	33	566,650	15	254,100	18	312,550	120%	123%
Micro Loans	55	91,940	53	96,335	2	-4,395	4%	-5%
Pharmacy Loans	2	24,000	4	48,000	-2	-24,000	-50%	-50%
<b>Total</b>	<b>1,593</b>	<b>48,976,529</b>	<b>1,638</b>	<b>48,382,387</b>	<b>-45</b>	<b>594,142</b>	<b>-3%</b>	<b>1.2%</b>
Productive Programs / Industrial Finance Loans								
Kafalah	104	11,729,345	70	9,102,559	34	2,626,786	49%	29%
Industrial Loans	50	8,202,546	55	7,099,281	-5	1,103,265	-9%	16%
Startups	110	4,750,451	80	1,657,053	30	3,093,398	38%	187%
Leasing	3	332,639	1	15,890	2	316,749	200%	1993%
Business Vehicles	0	0	2	46,200	-2	-46,200	-100%	-100%
<b>Total</b>	<b>267</b>	<b>25,014,981</b>	<b>208</b>	<b>17,920,983</b>	<b>59</b>	<b>7,093,998</b>	<b>28%</b>	<b>40%</b>
<b>Total Productive Loans</b>	<b>1860</b>	<b>73,991,510</b>	<b>1,846</b>	<b>66,303,370</b>	<b>14</b>	<b>7,688,140</b>	<b>1%</b>	<b>12%</b>
Real Estate & Personal Loans								
Program Name	2018		2017		Change (JD)		Change (%)	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
Housing Loans	20	705,676	41	1,463,937	-21	-758,261	-51%	-52%
<b>Total Real Estate Loans</b>	<b>20</b>	<b>705,676</b>	<b>41</b>	<b>1,463,937</b>	<b>-21</b>	<b>-758,261</b>	<b>-51%</b>	<b>-52%</b>
TOTAL	2018		2017		Change (JD)		Change (%)	
	No.	Guaranteed Amounts	No.	Guaranteed Amounts	No.	Guaranteed Amounts	No.	Guaranteed Amounts
<b>ALL PROGRAMS</b>	<b>1,880</b>	<b>74,697,186</b>	<b>1,887</b>	<b>67,767,307</b>	<b>-7</b>	<b>6,929,879</b>	<b>-0.4%</b>	<b>10.2%</b>

## Guaranteed Executed Loans according to Banks / Financial Institutions during 2018

Bank / Lending Institution	Productive Loans (SMEs)		Real Estate Loans		Industrial Finance Loans		TOTAL	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
Islamic International Arab Bank	307	12,746,159	0	0	53	5,408,018	360	18,154,177
Safwa Islamic bank	148	7,080,478	0	0	39	2,365,148	187	9,445,626
Capital Bank	50	4,261,500	0	0	19	3,407,866	69	7,669,366
Cairo Amman Bank	276	4,144,065	20	705,676	27	1,153,385	323	6,003,126
Al Rajhi Bank	9	962,500	0	0	28	3,786,580	37	4,749,080
Sanadcom for business finance	190	4,595,868	0	0	0	0	190	4,595,868
Arab Bank	124	3,499,750	0	0	10	894,600	134	4,394,350
Housing Bank	205	3,687,332	0	0	11	324,813	216	4,012,145
Bank al Etihad	34	1,895,500	0	0	11	1,541,500	45	3,437,000
Jordan Islamic Bank	15	928,230	0	0	13	1,860,414	28	2,788,644
Jordan Commercial Bank	38	1,942,544	0	0	10	826,640	48	2,769,184
Societe Generale Bank	2	84,000	0	0	14	1,513,710	16	1,597,710
Jordan Ahli Bank	13	537,800	0	0	5	489,700	18	1,027,500
Blom Bank	24	373,150	0	0	21	617,100	45	990,250
Ethmar for Islamic Microfinance	122	973,956	0	0	0	0	122	973,956
ABC Bank	5	413,000	0	0	2	352,870	7	765,870
Islamic Finance House	18	418,998	0	0	0	0	18	418,998
Jordan Kuwait Bank	3	74,000	0	0	1	140,000	4	214,000
Tamkeen Leasing Company	0	0	0	0	2	210,481	2	210,481
Bindar Trading & Investment Co	9	182,700	0	0	0	0	9	182,700
Bank of Jordan	1	175,000	0	0	0	0	1	175,000
Specialized Leasing Co.	0	0	0	0	1	122,158	1	122,158
<b>Total</b>	<b>1,593</b>	<b>48,976,529</b>	<b>20</b>	<b>705,676</b>	<b>267</b>	<b>25,014,981</b>	<b>1,880</b>	<b>74,697,186</b>

## Outstanding Guaranteed Portfolio at the End of the Year 2018

Outstanding Guaranteed Portfolio according to Loan Type								
Productive Programs SMEs								
Program Name	2018		2017		Change (JD)		Change (%)	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
SMEs Loans	1,665	30,401,389	1,466	27,373,009	199	3,028,380	14%	11%
Kafalah	1,004	20,545,258	872	17,972,682	132	2,572,576	15%	14%
Entrepreneurship	51	1,333,419	68	2,085,530	-17	-752,111	-25%	-36%
Business	123	1,040,990	167	1,254,441	-44	-213,451	-26%	-17%
Micro Loans	80	102,943	74	103,935	6	-992	8%	-1%
Pharmacy Loans	8	47,048	10	83,838	-2	-36,790	-20%	-44%
<b>Total</b>	<b>2,931</b>	<b>53,471,047</b>	<b>2,657</b>	<b>48,873,435</b>	<b>274</b>	<b>4,597,612</b>	<b>10%</b>	<b>9%</b>
Industrial Finance Loans								
Kafalah	165	13,441,372	110	8,495,711	55	4,945,661	50%	58%
Industrial Finance	110	11,583,933	106	10,179,300	4	1,404,633	4%	14%
Startups	176	5,244,699	28	1,578,808	148	3,665,891	529%	232%
Leasing	21	1,303,857	43	1,797,377	-22	-493,520	51 %-	-27%
Renewable Energy Program	2	456,951	0	0	2	456,951	-	-
Business Vehicles	8	42,933	15	118,943	-7	76,010-	-47%	-64%
<b>Total</b>	<b>482</b>	<b>32,073,745</b>	<b>344</b>	<b>22,170,139</b>	<b>180</b>	<b>9,903,606</b>	<b>52%</b>	<b>45%</b>
<b>Total Productive Loans</b>	<b>3,413</b>	<b>85,544,792</b>	<b>3,001</b>	<b>71,043,574</b>	<b>454</b>	<b>14,501,218</b>	<b>15%</b>	<b>20%</b>

Real Estate & Personal Loans								
Program Name	2018		2017		Change (JD)		Change (%)	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
Housing Loans	1,178	19,243,163	1,334	21,866,702	-156	-2,623,539	-11.7%	-12%
Land Purchase Loans	5	45,550	9	67,526	-4	-21,976	-44.4%	-32.5%
Urban Development Loans	5	40,147	5	42,670	0	-2,523	0%	-5.9%
<b>Total</b>	<b>1,188</b>	<b>19,328,860</b>	<b>1,348</b>	<b>21,976,898</b>	<b>-160</b>	<b>-2,648,038</b>	<b>-11.9%</b>	<b>-12%</b>

TOTAL	2018		2017		Change (JD)		Change (%)	
	No.	Guaranteed Amounts	No.	Guaranteed Amounts	No.	Guaranteed Amounts	No.	Guaranteed Amounts
<b>ALL PROGRAMS</b>	<b>4,601</b>	<b>104,873,652</b>	<b>4,349</b>	<b>93,020,472</b>	<b>252</b>	<b>11,853,179</b>	<b>6%</b>	<b>13%</b>

Outstanding Guaranteed Portfolio according to Banks financial Institutions during 2018								
Bank / Lending Institution	Productive Loans (SMEs)		Real Estate Loans		Industrial Finance Loans		TOTAL	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
Islamic International Arab Bank	673	12,959,464	0	0	116	7,448,469	789	20,407,933
Cairo Amman Bank	409	4,459,958	694	11,582,383	52	2,061,475	1155	18,103,815
Capital Bank	87	5,053,776	0	0	29	3,683,228	116	8,737,004
Housing Bank	602	7,714,999	0	0	31	830,174	633	8,545,173
Safwa Islamic Bank	152	4,731,745	0	0	40	2,023,230	192	6,754,975
Arab Bank	184	3,632,468	2	554	18	1,530,511	204	5,163,533
Bank al Etihad	61	1,612,178	0	0	25	2,890,796	86	4,502,974
Sanadcom for business finance	287	4,468,684	0	0	0	0	287	4,468,684
Al Rajhi bank	10	516,886	0	0	32	3,841,805	42	4,358,691
ABC Bank	7	391,346	125	3,517,281	3	325,937	135	4,234,564
Jordan Ahli Bank	48	578,932	173	2,063,475	12	805,425	233	3,447,832
Jordan Islamic Bank	25	1,141,461	0	0	14	2,032,844	39	3,174,305
Jordan Commercial Bank	58	1,858,890	0	0	17	959,214	75	2,818,104
Bank of Jordan	3	189,784	187	2,138,993	1	35,065	191	2,363,842
Blom Bank	48	840,153	0	0	49	806,840	97	1,646,993
Development and Employment Fund	51	1,333,419	0	0	0	0	51	1,333,419
Societe Generale Bank	6	43,848	0	0	20	1,262,418	26	1,306,266
Al Ahli Leasing Co.	0	0	0	0	12	945,955	12	945,955
Ethmar For Islamic Microfinance	125	763,881	0	0	0	0	125	763,881
Bindar for Trading & Investment Co.	24	455,849	0	0	0	0	24	455,849
Jordan Kuwait Bank	16	221,811	0	0	2	232,457	18	454,268
Islamic Finance House	19	431,822	0	0	0	0	19	431,822
Tamkeen Leasing Co.	0	0	0	0	8	357,902	8	357,902
Ahli Microfinance company	36	69,694	0	0	0	0	36	69,694
Egyptian Arab Land Bank	0	0	7	26,175	0	0	7	26,175
*Specialized Leasing Co.	0	0	0	0	1	0	1	0
<b>Total</b>	<b>2,931</b>	<b>53,471,047</b>	<b>1,188</b>	<b>19,328,860</b>	<b>482</b>	<b>32,073,745</b>	<b>4,601</b>	<b>104,873,652</b>

\*The specialized company's loan was executed where the credit was opened until the credit documents are received then the loan will be withdrawn, and that's why the value shows zero.

### Outstanding Guaranteed Portfolio according distribution of major cities during 2018

City	Productive		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	2,080	40,322,163	932	16,389,444	337	22,697,250	3,349	79,408,857
Balqa	76	1,225,317	30	308,998	12	435,079	118	1,969,394
Irbid	266	3,856,400	60	808,087	41	2,876,004	367	7,540,491
Karak	91	1,476,124	24	207,788	11	731,581	126	2,415,493
Ma'an	26	537,717	7	35,114	4	226,473	37	799,304
Tafeleh	43	661,830	11	55,004	6	606,355	60	1,323,189
Zarqa	195	3,105,797	37	488,027	29	1,437,911	261	5,031,735
Mafraq	23	380,264	12	164,473	10	790,581	45	1,335,318
Madaba	41	721,248	17	226,459	12	681,244	70	1,628,951
Jerash	21	206,455	15	111,691	6	986,333	42	1,304,479
Ajloun	14	154,573	1	5,778	4	147,792	19	308,143
Aqaba	55	823,159	42	527,997	10	457,142	107	1,808,298
<b>Total</b>	<b>2,931</b>	<b>53,471,047</b>	<b>1,188</b>	<b>19,328,860</b>	<b>482</b>	<b>32,073,745</b>	<b>4,601</b>	<b>104,873,652</b>

## Export & Domestic Credit Guarantees

### Signed Guaranteed Contracts

Guaranteed Contracts Signed during 2018 vs. 2017				
Program	Number		Value (JD)	
	2018	2017	2018	2017
Export Credit	18	17	138,054,089	155,061,069
Domestic Credit	3	3	969,150	1,872,980
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>139,023,239</b>	<b>156,934,049</b>

### Executed Guaranteed Shipments

- By Program

Program	Number		Value (JD)		Guaranteed Value (JD)	
	2018	2017	2018	2017	2018	2017
Export Credit	895	724	63,933,711	54,235,924	56,747,654	48,421,970
Domestic Credit	121	262	2,028,456	3,312,365	1,726,427	3,207,846
<b>TOTAL</b>	<b>1016</b>	<b>986</b>	<b>65,962,167</b>	<b>57,548,289</b>	<b>58,474,082</b>	<b>51,629,816</b>

- By Sector

Sector	2018	2017
Fertilizers	%45	%54
Food	%22	%16
Chemicals	%21	%25
Textile & Clothing	%9	4%
Others	%2	%1
Pharmaceuticals	%1	0%
<b>TOTAL</b>	<b>%100</b>	<b>%100</b>

- By Geographical Area

Area	2018	2017
Middle East & Gulf	%39	%35
Africa	%30	%34
Far East	%11	%13
USA & Canada	%10	%4
Europe	%7	%9
Other	%3	%5
<b>TOTAL</b>	<b>%100</b>	<b>%100</b>

## Outstanding Guaranteed Shipments Portfolio at the End of 2018

Portfolio of outstanding guaranteed export and domestic credit at the end of 2018 vs. 2017

Program	Number of Shipments		Guaranteed Value (JD)	
	2018	2017	2018	2017
Export Credit	289	216	3,923,926	3,075,519
Domestic Credit	82	46	218,151	342,891
<b>TOTAL</b>	<b>371</b>	<b>262</b>	<b>4,142,077</b>	<b>3,418,410</b>

Detailed amounts of claims, claims paid, recoveries and rescheduling				
By Program				
Loan Type	Claims	Claims Paid	Recoveries	Rescheduling
SMEs	2,199,345	1,290,908	153,457	12,108,552
Financial Leasing	424,027	192,026	68,756	1,650,000
Real & personal loans	262,307	85,635	122,074	1,107,749
Industrial	70,592	110,891	213,680	4,696,400
Startups	67,115	59,991	0	273,500
Kafalah	25,293	12,123	0	4,010,711
Credit Export	0	0	1,410	-
<b>TOTAL</b>	<b>3,048,679</b>	<b>1,751,574</b>	<b>559,377</b>	<b>23,846,912</b>

By Bank / Financial Institutions				
Bank / Financial Institution	Claims	Claims Paid	Recoveries	Rescheduling
Housing Bank	626,411	246,323	256,631	2,539,488
Development and Employment Fund	588,798	380,233	0	0
Al Ahli Leasing Co.	308,642	115,833	68,756	1,650,000
Sanadcom for business finance	264,584	208,016	5,835	3,582,000
Bank al Etihad	223,120	303,907	22,966	2,771,000
Jordan Ahli Bank	181,180	22,538	0	553,500
Arab Bank	178,095	6,700	18,923	559,100
Safwa Islamic Bank	129,098	99,731	0	828,540
Tamkeen leasing Co.	115,385	76,193	0	0
Cairo Amman Bank	94,515	121,497	89,256	1,169,363
Islamic International Arab Bank	84,580	132,061	0	3,001,400
Capital Bank	72,399	0	0	4,592,300
ABC Bank	70,592	0	54,119	930,550
Jordan Commercial Bank	44,925	0	0	1,209,400
Bank of Jordan	38,661	33,289	41,482	0
Jordan Kuwait Bank	20,864	0	0	35,000
Bindar for Trading & Investment Co.	5,868	4,017	0	30,000
Ethmar For Islamic Microfinance	964	1,236	0	121,731
Jordan Islamic Bank	0	0	0	25,000
Blom Bank	0	0	0	214,500
Islamic Finance House	0	0	0	34,039
Advanced Furniture Industry Co.	0	0	1,410	-
<b>TOTAL</b>	<b>3,048,679</b>	<b>1,751,574</b>	<b>559,377</b>	<b>23,846,912</b>

By Major Cities				
City	Claims	Claims Paid	Recoveries	Rescheduling
Amman	2,291,810	1,380,544	337,360	18,297,662
Irbid	440,303	213,158	23,926	2,481,150
Madaba	115,269	47,442	0	174,000
Zarqa	99,922	46,503	161,077	953,600
Balqa	40,110	38,075	1,231	655,500
Others	61,266	25,853	35,783	1,285,000
<b>TOTAL</b>	<b>3,048,679</b>	<b>1,751,574</b>	<b>559,377</b>	<b>23,846,912</b>

\*There are no claims or recoveries for export credit program for the year 2018

## Analysis of Delayed Guaranteed Loans at the End of 2018

Productive Loans / SMEs Delays					
Category	Delay Days	Payments Overdue (JD)	Guaranteed Balance (JD)	Payments Overdue/ Balance of Outstanding Loans	Guaranteed Balance / Outstanding Guaranteed Portfolio
Early Warning	60-90 Days	376,480	1,620,266	0.01	0.03
Below Average	91-180 Days	695,009	1,290,499	0.01	0.02
Doubtful	181-359 Days	481,227	767,455	0.01	0.01
Bad	Over 360 Days	676,990	727,033	0.01	0.01
Balance of Outstanding productive Loans		74,561,422	This includes: SMEs, automobile, pharmacies, Entrepreneurship, Business, Micro and Kafalah loans		
Outstanding Guaranteed Portfolio of productive loans		53,048,302			
Guaranteed Balance of Default loans		422,745			

Industrial Loans Delay					
Category	Delay Days	Payments Overdue (JD)	Guaranteed Balance (JD)	Payments Overdue/ Balance of Outstanding Loans	Guaranteed Balance / Outstanding Guaranteed Portfolio
Early Warning	60-90 Days	243,229	821,050	0.005	0.025
Below Average	91-180 Days	71,873	90,749	0.001	0.003
Doubtful	181-359 Days	215,983	311,646	0.004	0.013
Bad	Over 360 Days	1,332,104	1,195,515	0.039	0.042
Balance of Outstanding Industrial Loans		48,646,752	This includes: industrial financing and business vehicles loans		
Outstanding Guaranteed Portfolio of Industrial loans		32,073,746			

Housing & Personal Loans Delay					
Category	Delay Days	Payments Overdue (JD)	Guaranteed Balance (JD)	Payments Overdue/ Balance of Outstanding Loans	Guaranteed Balance / Outstanding Guaranteed Portfolio
Early Warning	60-90 Days	65,881	697,617	0.24	0.04
Below Average	91-180 Days	75,139	636,245	0.28	0.03
Doubtful	181-359 Days	88,735	172,919	0.33	0.90
Bad	Over 360 Days	144,131	133,695	0.53	0.70
Balance of Outstanding housing and personal Loans		27,236,924	This includes: Housing, land purchase, Urban development loans		
Outstanding Guaranteed Portfolio of housing and personal Loans		19,233,053			
Guaranteed Balance of Default loans		95,806			

All delayed Guaranteed Loans					
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	685,590	3,138,933	0.005	0.030
Below Average	91-180 Days	842,021	2,017,492	0.006	0.019
Doubtful	181-359 Days	785,945	1,252,020	0.005	0.013
Bad	Over 360 Days	2,741,934	2,056,243	0.018	0.021
Balance of all Outstanding Loans		150,445,098	This includes: Productive Loans, Housing & Personal Loans and Industrial loans		
Outstanding Guaranteed Portfolio		104,355,101			
Guaranteed Balance of Default loans		518,551			



# FINANCIAL PERFORMANCE

Operating Revenues in 2018 vs. 2017			
Revenues	JD		
	2018	2017	Change
Productive Loans Guarantee Programs / SMEs Fees	927,966	796,608	131,358
Fees on Guaranteed Industrial Loans and financial leasing	395,645	324,472	71,173
Housing Loan Guarantees Fees	202,960	207,203	-4,243
Export and domestic credit guarantees fees	125,724	97,418	28,306
<b>Total Operating Revenues</b>	<b>1,652,295</b>	<b>1,425,701</b>	<b>226,594</b>

Realized Investment Revenues in 2018 vs. 2017			
Revenues	JD		
	2018	2017	Change
Interest income from bank deposits	1,545,461	1,227,766	317,695
Dividend income received from investments	68,649	55,494	13,155
Interest income from financial assets at amortized cost	285,845	224,825	61,020
<b>إجمالي الإيرادات الاستثمارية المتحققة</b>	<b>1,899,955</b>	<b>1,508,085</b>	<b>391,870</b>

Total Realized Revenues in 2018 vs. 2017			
Revenues	JD		
	2018	2017	Change
Operating Revenues	1,652,295	1,425,701	226,594
Investment Revenues	1,899,955	1,508,085	391,870
Other Revenues	48,804	31,905	16,899
<b>Total Realized Revenues</b>	<b>3,601,054</b>	<b>2,965,691</b>	<b>635,363</b>

General & Administrative Expenses in 2018 vs. 2017			
Expenses	(JD)		
	2018	2017	Change
Salaries and wages	953,285	805,554	147,731
Company's contribution in savings fund	76,149	66,685	9,464
Company's contribution in social security	99,049	88,058	10,991
Travel expenses	13,894	15,538	-1,644
Training courses	21,631	19,289	2,342
Rent	2,850	850	2,000
Water & Electricity	27,428	26,315	1,113
Post, Telephone and Internet	8,242	11,127	-2,885
Depreciation	118,544	102,291	16,253
Marketing expenses	30,496	51,295	-20,799
Professional fees	22,199	22,183	16
Maintenance	47,118	12,131	34,987
Vehicle expenses	5,992	9,196	-3,204
Subscriptions & Fees	74,796	61,114	13,682
Stationery and printing	16,399	15,932	467
Hospitality	6,953	6,700	253
Board of Directors' Transportation	64,550	45,500	19,050
Other expenses	19,056	10,260	8,796
<b>Total General &amp; Administrative Expenses</b>	<b>1,608,631</b>	<b>1,370,018</b>	<b>238,613</b>

## Cooperation Activities during 2018



### JLGC Hosting the 9th Technical Training Program for Aman Union in Jordan

JLGC hosted the 9th Annual Technical Training Program in coordination with the General Secretariat of Aman Union represented by Turk EximBank, at the Fairmont Hotel Amman during the period from 5-8 March 2018.

The experts from Turk EximBank and the Lebanese Credit Insurer (LCI) provided more details about the sources of credit information and types of various credit reports. They also discussed underwriting and the basis of credit decision making in terms of risk assessment in addition to studying financial or non-financial aspects of the buyers, in order to ensure specifying credit ceilings aligned with the risks and also presenting different experiences for underwriting among insurance companies.

The program was attended by representatives of export credit associations (ECAs) from several countries and Export Credit Guarantee department team at JLGC.

AMAN Union is a professional forum assembling Commercial & Non-commercial Risks Insurers & Reinsurers in Member Countries of the Organization of the Islamic Conference and of the Arab Investment & Export Credit Guarantee Corporation (DHAMAN).



### JLGC Organizing Legal Awareness training program on SMEs "Ishtaghel Sah"

JLGC organized a training course in coordination with Daoud Law Firm to increase legal awareness on small and medium enterprises supported by USAID at JLGC premises on 31/3/2018.

Advocate Khaled Daoud provided detailed guide booklet to be a reference when establishing and managing SMEs, the legal rules related, phases of project registration, production, marketing, sale and development of the projects. He pointed out that consulting legal lawyers to make sound decisions on projects is needed, Mr. Daoud presented the main aspects on the importance of SMEs, in terms of legal perspective of companies, contracts, commercial transactions, resolutions and some practical applications or cases related to the above mentioned aspects.

## Cooperation agreements signed during 2018

During 2018, the company continued to publish and market new programs launched in addition to the existing programs through the signing of cooperation agreements with financial institutions, participating parties and Jordanian exporters to reflect the common objectives of all parties, which will also contribute to opening new horizons for SMEs to expand and support national exports.

The most important agreements were as follows:

### Cooperation Agreement to Guarantee Startups financing with Societe Generale Bank

On 8/1/2018, Jordan Loan Guarantee Corporation and Societe Generale Bank signed a cooperation agreement that aims to support the Small Startups to meet the needs of these companies and Ensure their development , which will contribute to create job opportunities and provide a decent living for the owners and their families.



Through this agreement, the financing will be stimulated for the owners of new, highly value-added SMEs, which has given the company the opportunity to cooperate with all banks in order to smooth the way for small borrowers and enable them to access financing sources, which will enhance startup owners' confidence in their ideas and developing them.

### Kafalah Agreement with Jordan Islamic Bank

On 28/3/2018, Jordan Loan Guarantee Corporation signed a kafalah agreement within the Industrial Loan and Services Program with Jordan Islamic Bank to ensure the financing of SMEs in the sectors targeted by the European Union (IJADA program) in accordance with the principles of Islamic Sharia.



Kafalah agreement with Jordan Islamic Bank within the Industrial Finance Program will allow the Bank's customers to obtain Sharia` compliant financing for their small and medium-sized projects, which are favored by the majority of entrepreneurs seeking financing, thereby bridging the credit demand gap in the Kingdom and expanding Islamic finance to include more segments of society under the guarantee of Jordan Loan Guarantee Cooperation.

### Credit Information Service Agreement with "CRIF Jordan"

JLGC signed the Credit Information Service Agreement with Credit Information Company (CRIF Jordan). The agreement was signed under the patronage of H.E.Dr. Maher "Al Shaikh Hasan", the Deputy Governor of the Central Bank of Jordan and the Chairman of the JLGC Board of Directors, at JLGC offices on 16/5/2018.



The partnership with CRIF Jordan and the joining of JLGC to the credit information system is a strong support for the company's programs, especially commercial credit guarantee programs to Support and encourage local trade and provide an insurance umbrella for one of the most important economic sectors in the Kingdom. The credit information service is the main source of credit data regarding the status of local buyers and their credit history which would form a clear idea of the risk that the program will bear and depending on a reliable source of database, which will help the company to accelerate the pace of work program and its launch during a short period of time, with proficiency and high efficiency.

### **Signing Export Agreements with a Number of Exporters**

JLGC has signed export credit guarantee agreements with Hayat Pharmaceutical Industries and Al Kasih Food Production company through which JLGC provides a risk guarantee service against foreign importers risks.

The signing of these policies is a real translation of the company's efforts in supporting the Export Credit Guarantee Program which protects Jordanian exporters from the risk of non-payment by the importers through the open account between the exporter and the importer. The program helps the Jordanian companies to export their goods within appropriate payment periods for the importers, thus enhancing the competitiveness of national exports.

### **Signing agreements with Egyptian Arab Land Bank to Support Startups and SMEs**

JLGC and Egyptian Arab Land Bank have signed three agreements covering the guarantee of SMEs loans and the Industrial Loan and Startups Program on 5/11/2018 as part of the company's continuous efforts to enhance financing for SMEs in the Kingdom, given the importance of enabling these companies to benefit from JLGC's programs through all the banks operating in the Kingdom.



Dr. Mohammad Al-Ja'fari pointed out that the challenges of economic growth must be faced by all means supporting the business environment, especially in terms of providing suitable financing conditions and costs for the sector of SMEs to enable them to continue and expand and create more job opportunities.

### Signing Industrial Loan Agreement with BLOM Bank

On 7-11-2018, BLOM Bank and the JLGC signed an agreement to guarantee the financing of the industrial sector and services to SMEs as part of the company's efforts to expand the program through BLOM Bank customers from the targeted companies.

### Signing Kafalah Agreement for Financing Startups with Al Rajhi Bank

JLGC and Al Rajhi Bank have signed a guarantee agreement to finance startups or newly established projects on 19/12/2018, through which the bank provides financing for small startups in accordance with Islamic Sharia. The agreement covers the financing of startups by Al Rajhi Bank-Jordan with a ceiling of 250,000 Jordanian dinars per company and Kafalah rate of 85% of the financing value.





# **CORPORATE GOVERNANCE REPORT**

## Corporate Governance Report 2018

In accordance with Corporate Governance Directives of Amman Stock exchange for publicly listed companies issued by the Securities Commission for the year 2017 and effective as of 22/5/2017. We hereunder attach the Corporate Governance Directives in accordance with article no.17 of these Directives.

### **Information and details regarding the application of the rules and instructions of Corporate Governance Directives**

#### **Corporate Governance Directives**

The Jordan Loan Guarantee Corporation has been working on implementing the Corporate Governance Directives for public companies issued by Securities Commission since its adoption in 2017, where the Board of Directors reviewed these Directives and made a decision to change the structure of the Board to include independent members and re-form the permanent committees according to these directives. The Board of Directors also reviewed the company's internal policies and procedures and adopted policies to achieve full compliance with corporate governance directives, including transparency and disclosure policies transparency and disclosure policies and The Policy of Stakeholders and Corporate Social Responsibility.

#### **A- Names of the current and resigned 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 ( two seats)**
  - Non-executive and dependent
  
- **Bank al Etihad effective from 28/3/2018**
  - Non-executive and dependent
  
- **Housing Bank for Trade & Finance**
  - Non-executive and dependent
  
- **Cairo Amman Bank**
  - Non-executive and dependent
  
- **Arab Bank**
  - Non-executive and dependent
  
- **Jordan Kuwait Bank**
  - Non-executive and dependent
  
- **Cities and Villages Development Bank until 28-3-2018**
  - Non-executive and independent
  
- **H.E. Dr. Ibarhim Saif effective from 28/3/2018**
  - Non-executive and independent

- **H.E. Dr. Ismail Zaghlol effective from 28/3/218**  
- Non-executive and Independent
- **Dr. Adnan Al-Hindi effective from 28/3/2018**  
- Non-executive and independent
- **Amman Chamber of Commerce effective from 28/3/2018**  
- Non-executive and independent

**B- Names of Representative of legal entity Board Members and determining whether the member is executive or non-executive, independent or not.**

**- H.E. Dr. Maher Khalil «Sheikh Hassan»**

**Chairman of the Board**

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

**Non-executive and dependent**

- 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
- Banking supervision expert /Office manager / Assistant Executive Director Banking Supervision Department/ Central Bank of Jordan / 2003-2005
- Financial analyst / 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 Islamic banks.

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

**Vice Chairman**

**Non-executive and dependent**

**Representative of Cairo Amman Bank**

- Year of birth: 1969
- General Manager for Cairo Amman Bank since 2008
- Board of Directors Chairman for Jordan Express Tourist Transportation ( JETT)
- Vice chairman of Association of Banks in Jordan
- Board member of Jordan Insurance Company
- Board member of Zara Investment Holding
- Board member of Real Estate and Investment portfolio (Aqariya) Company
- Board of Directors Chairman for Tamallak Leasing
- Board member of National Payment Council
- Board member of Jordan Payments & Clearing Company (JoPACC)

**- Mr. Jamal Mohammed Fariz**

**Board Member since 28/3/2018**

**Non-executive and independent**

**Representative of Amman Chamber of Commerce**

- Year of Birth: 1958
- Bachelor of Administration / University of Jordan 1980
- General Manager of Tamkeen Leasing Company / Vice Chairman (Member of Invert Bank).
- Board of Directors Chairman for Commercial Facilities Company.
- Board of Directors Chairman for Jordan Europe Business Association (JEBA)
- Board of Directors Chairman for Haya Cultural Center.
- Board member of Jordan Chamber of Commerce
- Board member of Amman Chamber of Commerce / Treasurer
- Vice Chairman of Global Compact Network Jordan.

**- H.E.Dr. Ibrahim Hasan Saif**

**Board Member since 28/3/2018**

**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 Carnegie Middle East Center 2012-2015.
- Secretary-General of 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**

**Board Member since 28/3/2018**

**Non-executive and Independent**

- Year of Birth: 1938
  - Bachelor of Business Administration - Cairo University 1964
  - Master of Economics - University of Southern California 1968
  - Ph.D. in 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, Al-Ahliyya Amman University, 2002-2004
  - Director General, Institute of Banking Studies, Central Bank of Jordan, 1978-1983
  - Member of the Board of Directors - Arab Institute for Banking and Financial Studies Beirut - Lebanon 1989-2000
  - Board member of Association of Banks in Jordan 1979-1984.

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

**Board Member since 28/3/2018**

**Non-executive and dependent**

**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 Company.
- 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 The most recent was Head of Corporate Banking.
- Jordan Technology Group.
- Najjar Group - Cairo.
- Vice Chairman of Etihad Brokerage Co.
- Vice Chairman of Etihad Leasing Company.
- Board member of National Payment Council.
- Board member of Financial Solutions Company for Mobile Payment.
- Board member of Association of Banks in Jordan
- Board member of Jordan Strategy Forum.
- Board member of Endeavor Jordan.
- Board member of Yarmouk University Investment Fund.
- Board member of INJAZ to create economic opportunities for Jordanian youth.

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

**Non-executive and dependent**

**Representative of 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 and Liquidity Risk Center Center: Housing Bank, Jordan.
- Director of Electronic Channels: Housing Bank, Jordan.
- Assistant Manager - Call Center: Housing Bank, Jordan.
- Customer Service Officer: Housing Bank, Jordan.

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

**Board Member since 28/3/2018**

**Non-executive and Independent**

- Year of Birth: 1947
- Ph.D. in Finance from Amman Arab University in 2003
- Director General of General Budget Department 2007-2013
- Director of the Directorate of Economic Studies and Policies at the Ministry of Finance

- Vice Chairman of the Board of Directors of Samra Electric Power Company (SEPCO)
- «General Inspector» / Research Department at the Central Bank
- Director General of Ad-Dustour
- Vice Chairman 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

**- Dr. Khaldoun Abdullah Al Wishah**

**Non-executive and dependent**

**Representative of Central Bank of Jordan**

- Year of birth: 1970
- Ph.D. in Finance / University of Hull/ UK 2009.
- Scientific Research Master of Business Administration / University of Hull / 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 Documentary Credits and Payment Agreements Division/ Investments and Foreign Operations Dept.
- Head of Foreign Transfer Division / Investment and Foreign Operations Dept.
- Senior Financial Analyst/ Foreign 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 Muhiddin Al Samhouri**

**Non-executive and dependent**

**Representative of Arab bank**

- Year of birth :1962
- Executive Vice President / Director of the Jordan region / Arab Bank ( currently)
- Chairman - Arab Sudanese Bank- Sudan.
- Board Member - Arab Tunisian Bank, Oman Arab Bank.

**- Mr. Tawfeek Abdel Kader Mukahal**

**Representative of Jordan Kuwait Bank**

**Non-executive and dependent**

- Year of Birth: 1951
- Deputy General Manager of Jordan Kuwait Bank since 1991 until now.
- Board member of the Jordan Mortgage Refinance Company.
- Board member of Arab Orient Insurance Company.

- **H.E. Mr. Osama Mohammed Hasan Al Azzam**  
**Representative of Cities and Villages Development Bank**  
**Non-executive and independent**
  - Year of Birth: 1965
  - Board member from 1/2/2018 to 28/3/2018
  - Director General of Cities and Villages Development Bank since 2018

- **H.E.Mr. Ziad Atallah Al-Adaileh**  
**Representative of Cities and Villages Development Bank**  
**Non-executive and independent**
  - Year of Birth: 1956
  - Board Member Until 31/1/2018
  - Director General / Cities and Villages Development Bank 2016-20/8/2017

- **Mr. Issa Ismail Al Tarayra**
  - Year of Birth: 1980
  - Finance Department Manager / Jordan Loan Guarantee Corporation
  - Board of Directors Secretary

#### **C- 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 Since 2/5/2018
- **Mr. Issa Ismail Al Tarayra:** Finance Department Manager
- **Mr. Feras Mustafa Fayyad:** Loan Guarantee Department Manager since 1/5/2018
- **Mr. Rami Awwad Samardali:** Manager of Risk Management and Compliance Control Department since 1/5/2018
- **Mrs. Amal Mahmoud Jaradat:** Export Credit Guarantee Department Manager
- **Mr. Tarek Talal Al Nabulsi:** Manager of Follow ups, Indemnifications & Recoveries Department
- **Mrs. Suhad Shafiq Sharaf:** Acting manager of support services department until 31/3/2018
- **Mr. Jehad Younes Al Qdeimat:** Manager of HR & Support Services Department since 1/4/2018
- **Mrs. Hanaa «Mohammed Mamdouh» Alshihabi:** Manager of Follow-up Unit / ISSF since 2/1/2018
- **Mr. Saif Shibli Al Farah:** Internal Audit Unit Acting Manager since 1/5/2018

#### **D- 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 (B) Above.

#### **E- Name of the Corporate Governance Officer in the company**

Mr. Saif Al Farah – Internal Audit department

#### **F- Names of Committees emanating from the Board of Directors**

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

### **G- Name of Chairman and Members of Audit Committee and a summary of their qualifications and experience related to financial and accounting matters**

- Chaired by Mrs. Luma Bakri and the membership of Mr. Walid Al Samhouri and Dr. Khaldoun Al Wishah from 1/1/2018 to 28/4/2018, the committee was reconstituted on 29/4/2018 chaired by H.E. Dr. Ismail Zaghloul and the membership of Dr. Khaldoun Al Wishah and Jamal Fariz
- The full function of the Audit Committee have been carried out in accordance with provision of the law and the Corporate Governance Directives

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

- Corporate Governance Committee: Chaired by H.E. Dr. Maher Al Sheikh Hasan and the membership of Mr. Kamal Al Bakri and Mr. Walid Al Samhouri from 1/1/2018 to 28/4/2018, the committee was reconstituted on 29/4/2018 chaired by H.E Dr. Ibrahim Saif and the membership of Mr. Kamal Al Bakri and dr. Adnan Al Hindi.
- Nomination and Remuneration Committee: Chaired by H.E Dr. Maher Al Sheikh Hasan and the membership of Mr. Walid Al Samhouri and Mr. Tawfeq Mukahal from 1/1/2018 to 28/4/2018, the committee was reconstituted on 29/4/2018 chaired by H.E Dr. Ismail Zaghloul and he membership of H.R Dr. Ibrahim Saif and Mr. Walid Al Samhouri.
- Risk Management Committee: Chaired by Mr. Kamal Al Bakri and the membership of Mr. Tawfeek Mukahal and Mr. Walid Al Samhouri from 1/1/2018 to 28/4/2018, the committee was reconstituted on 29/4/2018 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.

### **I- The number of meetings for each of the committees during the year with the statement of the members present the meeting.**

- Audit Committee: Four Meetings attended by all members of the committee and Mr. Jamal Fariz was absent in the fourth Meeting.
- Risk Management Committee: Two Meetings attended by all members and Mr. Tawfeeq Mukahal was absent in the both meetings.
- Nomination and Remuneration Committee: Two Meeting attended by All Members.
- Corporate Governance Committee: Only one meeting attended by all members.

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

- No meetings held during 2018

### **K- Number of meetings of the Board of Directors during the year and the members presence:**

- The Board met seven times during 2018 and the table below convey the members presence during 2018.

Name	1st Meeting 2/1/2018	2 nd Meeting 13/2/2018	3 rd Meeting * 28/3/2018	4th Meeting 29/4/2018	5 th Meeting 30/7/2018	6 th Meeting 17/9/2018	7 th Meeting 29 /10/2018
<b>Dr. Maher « Shiekh Hasan»</b>	Present	Present	Present	Present	Present	Present	Present
<b>Mr. Kamal Al Bakri</b>	Present	Present	Present	Present	Absent/justified	present	Absent/justified
<b>Dr. Khalidoun Al Wishah</b>	Present	Present	Present	Present	Present	Present	Present
<b>Mr. Walid Al Samhour</b>	Present	Present	Present	Present	Present	Present	Present
<b>Mrs. Luma Bakri</b>	Present	Present	Present	Absent/justified	Present	Present	Present
<b>Mr. Tawfiq Mukahal</b>	Absent/justified	Present	Present	Present	Absent/justified	Present	Present
<b>H.E.Mr. Ziad AL-Adaileh *</b>	Present	-	-	-	-	-	-
<b>H.E.MR. Osama AL Azzam *</b>	-	Present	Present	-	-	-	-
<b>H.E.MRs. Nadia AL Sa'eed</b>	-	-	-	Absent/justified	Present	Absent/justified	Present
<b>H.E.Dr. Ibrahim Saif **</b>	-	-	-	Present	Absent/justified	Absent/justified	Present
<b>H.E.Dr. Ismail Zaghoul**</b>	-	-	-	Present	Present	Present	Present
<b>Dr. Adnan Al Hindi **</b>	-	-	-	Present	Present	Present	Absent/justified
<b>Mr. Jamal Mohammed Fariz**</b>	-	-	-	Present	Present	Present	Absent/justified

\* Mr. Osama Al Azzam was appointed as a board member on 1/2/2018 instead of Mr. Ziad Al-Adayleh .

\*\*The board members have been increased to 11 members as of 28/3/2018 (Extraordinary General Assembly Meeting 2018 ).

**Dr. Maher “Sheikh Hassan”  
Chairman of the Board**

**Jordan Loan Guarantee Corp.  
Public Shareholding Company  
Financial Statements  
31 December 2018**

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P.O. Box: 921879 Amman 11192 Jordan  
T +(962) 6 5151125  
F +(962) 6 5151124  
Email: arabprof@apc-jordan.com

## 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 2018, 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 2018, 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

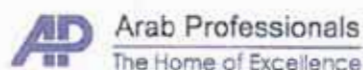
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do 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 2018 financial assets totaling JOD (33,720,425), 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 Guarantee

Included in the accompanying financial statements at the end of the year 2018 provisions against loan guarantee totaling JOD (14,890,058) and the calculation of these provisions based on many hypotheses and estimates, the adequacy of these provisions is considered to be a key audit for us. The audit procedures performed by us to address this key audit matter included inquiring from management about the methodology used in calculating these provisions and assessing the reasonableness of estimates and assumptions used by the management in calculating the provisions amount.



### (3) Deferred Tax Assets

Included in the accompanying financial statements at the end of the year 2018 deferred tax assets totaling JOD (447,199) 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.

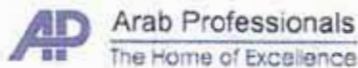
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or 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.

7 February 2019  
Amman - Jordan



  
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Ibrahim Hammoudeh  
License No. (606)

**Jordan Loan Guarantee Corp.**  
Public Shareholding Company  
Statement of Financial Position as at 31 December 2018  
(In Jordanian Dinar)

<b>Assets</b>	<b>Notes</b>	<b>2018</b>	<b>2017</b>
Cash and cash equivalents	4	2,565,464	451,741
Deposits at banks	5	26,822,940	27,581,297
Restricted bank deposits	12,13,14,15	38,784,768	25,605,714
Restricted financial assets measured at amortized cost	12,13,14,15	165,489,888	114,104,720
Financial assets measured at fair value through other comprehensive income	6	1,183,597	1,180,139
Financial assets measured at amortized cost	7	4,282,552	4,590,771
Receivables and other current assets	8	865,065	733,502
Deferred tax assets	9	447,199	214,875
Property and equipment	10	3,195,551	3,225,008
<b>Total Assets</b>		<b>243,637,024</b>	<b>177,687,767</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Provisions against loans guarantee	11	14,890,058	7,795,998
Central Bank of Jordan loan - Industrial loans guarantee program	12	5,160,695	5,160,695
Central Bank of Jordan loan – Export credit guarantee program	13	99,999,277	99,999,277
Ministry of Planning deposit	14	1,248,500	1,248,500
Startup micro projects loans	15	83,588,958	26,498,958
Payables and other current liabilities	16	3,037,346	2,146,599
Income tax provision	9	152,186	137,816
<b>Total Liabilities</b>		<b>208,077,020</b>	<b>142,987,843</b>
<b>Equity</b>			
	18		
Paid in capital		29,080,310	29,080,310
Statutory reserve		1,719,633	1,628,770
Voluntary reserve		2,204,824	2,204,824
Fair value adjustments		496,443	493,158
Retained earnings		2,058,794	1,292,862
<b>Total Equity</b>		<b>35,560,004</b>	<b>34,699,924</b>
<b>Total Liabilities and Equity</b>		<b>243,637,024</b>	<b>177,687,767</b>

“The attached notes from (1) to (29) 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 2018  
(In Jordanian Dinar)

<b>Revenues</b>	<b>Notes</b>	<b>2018</b>	<b>2017</b>
Interest income		1,545,461	1,227,766
Bonds interest income		285,845	224,825
Commissions on guaranteed loans		1,130,926	1,003,811
Commissions on guaranteed exports and domestic buyers		125,724	97,418
Commissions on guaranteed industrial loans and financial leasing		395,645	324,472
Dividends income		68,649	55,494
Other revenues		48,804	31,905
<b>Total Revenues</b>		<b>3,601,054</b>	<b>2,965,691</b>
<b>Deduct :</b>			
Administrative expenses	19	1,608,631	1,370,018
Provisions against loans guarantee	11	1,046,144	548,920
Provision for expected credit loss of deposits and bonds		1,520	-
Provision against end of service indemnity		36,132	28,504
Board of directors' remunerations		43,572	35,000
<b>Total Expenses</b>		<b>2,735,999</b>	<b>1,982,442</b>
<b>Profit for the year before tax</b>		<b>865,055</b>	<b>983,249</b>
Tax expense for the year	9	(167,914)	(252,269)
<b>Profit for the year</b>		<b>697,141</b>	<b>730,980</b>
<b>Basic and diluted earnings per share</b>	<b>20</b>	<b>0,024</b>	<b>0,025</b>

"The attached notes from (1) to (29) form an integral part of these financial statements"

**Jordan Loan Guarantee Corp.**  
Public Shareholding Company  
Statement of Comprehensive Income for the Year Ended 31 December 2018  
(In Jordanian Dinar)

	<b>2018</b>	<b>2017</b>
<b>Profit for the year</b>	697,141	730,980
<b>Other comprehensive income items</b>		
Changes in fair value of financial assets through other comprehensive income	3,285	383,543
<b>Total comprehensive income for the year</b>	<b>700,426</b>	<b>1,114,523</b>

“The attached notes from (1) to (29) 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 2018  
(In Jordanian Dinar)

	Paid in capital	Reserves		Fair value adjustments	Retained* earnings	Total
		Statutory	Voluntary			
<b>Balance at 1 January 2018</b>	29,080,310	1,628,770	2,204,824	493,158	1,292,862	<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>	<u>29,080,310</u>	<u>1,719,633</u>	<u>2,204,824</u>	<u>496,443</u>	<u>2,058,794</u>	<b><u>35,560,004</u></b>
<b>Balance at 1 January 2017</b>	29,080,310	1,526,945	2,204,824	109,615	663,707	<b>33,585,401</b>
Total comprehensive income for the year	-	-	-	383,543	730,980	<b>1,114,523</b>
Statutory reserve	-	101,825	-	-	(101,825)	-
<b>Balance at 31 December 2017</b>	<u>29,080,310</u>	<u>1,628,770</u>	<u>2,204,824</u>	<u>493,158</u>	<u>1,292,862</u>	<b><u>34,699,924</u></b>

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

"The attached notes from (1) to (29) 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 2018  
(In Jordanian Dinar)

	<b>2018</b>	<b>2017</b>
<b>Operating Activities</b>		
Profit for the year before income tax	865,055	983,249
Depreciation	118,544	102,291
Amortization of deferred grants revenue	(35,116)	(31,905)
Gain from sale of property and equipment	(12,499)	-
Provision against end of service indemnity	36,132	28,504
Change in provisions against loans guarantee	8,608,936	5,512,415
Board of directors' remunerations	43,572	35,000
Provision for expected credit loss of deposits and bonds	1,520	-
<b>Changes in working capital</b>		
Payables and other current liabilities	846,159	171,035
Receivables and other current assets	(131,563)	(26,108)
Net payments for loans guarantees	(1,514,876)	(1,149,126)
Income tax paid	(226,387)	(180,729)
<b>Net Cash Flows From Operating Activities</b>	<b>8,599,477</b>	<b>5,444,626</b>
<b>Investing Activities</b>		
Financial assets measured at amortized cost	308,219	(415)
Property and equipment	(76,588)	(109,643)
<b>Net Cash Flows From (Used in) Investing Activities</b>	<b>231,631</b>	<b>(110,058)</b>
<b>Financing Activities</b>		
Central Bank of Jordan loan – export credit guarantees program	-	99,999,277
Restricted bank deposits	(13,179,054)	(2,331,355)
Restricted financial assets measured at amortized cost	(51,385,168)	(101,525,872)
Deposits at banks	756,837	(1,041,738)
Startup micro projects loans	57,090,000	-
<b>Net Cash Flows Used in Financing Activities</b>	<b>(6,717,385)</b>	<b>(4,899,688)</b>
<b>Net changes in cash and cash equivalents</b>	<b>2,113,723</b>	<b>434,880</b>
Cash and cash equivalents, beginning of year	451,741	16,861
<b>Cash and cash equivalents, end of year</b>	<b>2,565,464</b>	<b>451,741</b>

**Jordan Loan Guarantee Corp.**  
Public Shareholding Company  
Notes to the Financial Statements 31 December 2018  
(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 7 February 2019.

## 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. The table below shows the effect on the opening balances as at 1/1/2018 resulted from change in the policy for calculation of impairment loss of financial assets to comply with IFRS (9).

	Balance at 31/12/2017	Impact of adopting IFRS (9)	Balance at 1/1/2018
Deferred tax assets	214,875	159,654	374,529
Retained earnings	1,292,862	159,654	1,452,516

### Adoption of new and revised IFRS standards

The following standards have been published that are mandatory for accounting periods after 31 December 2018. 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 16	Leases	1 January 2019
IFRS 17	Insurance Contracts	1 January 2021

**Jordan Loan Guarantee Corp.**  
**Notes to the Financial Statements (continued)**  
**31 December 2018**

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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.

**Jordan Loan Guarantee Corp.**  
**Notes to the Financial Statements (continued)**  
**31 December 2018**

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

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-

**Jordan Loan Guarantee Corp.**  
**Notes to the Financial Statements (continued)**  
**31 December 2018**

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

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

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

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

### **Grants**

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

### **Accounts payable**

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

### **Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

### **Provision for end of service indemnity**

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

### **Offsetting**

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

**Jordan Loan Guarantee Corp.**  
**Notes to the Financial Statements (continued)**  
**31 December 2018**

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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 revenue 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)  
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### 3. Balances of guaranteed loans and ceilings

	Loans Ceilings		Guaranteed loans	
	2018	2017	2018	2017
Housing loans guarantees	28,435,906	28,940,106	19,328,860	21,976,898
Productive loans guarantees	49,867,134	49,817,134	53,471,047	48,873,435
Export credit guarantees & domestic buyers	4,142,077	3,418,410	4,142,077	3,418,410
Industrial loans guarantees	37,560,080	20,449,609	30,760,080	20,449,609
Finance lease	1,521,833	1,797,377	1,521,833	1,797,377
Business vehicles	42,933	118,943	42,933	118,943

### 4. Cash and cash equivalents

	2018	2017
Cash on hand	1,000	1,000
Cash at banks	679	41,680
Deposits mature within three months	2,565,365	409,061
Provision for expected credit loss	(1,580)	-
	<b>2,565,464</b>	<b>451,741</b>

Annual interest rate for bank deposits ranging between (4.5%) and (5.5%).

### 5. Deposits at banks

Bank deposits mature within (4) to (6) months, with an annual interest rate ranging between (4.25%) and (6.13%), provision for expected credit loss for these deposits as at 31 December 2018 amounted to JOD (41,333).

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

	2018	2017
Investments in listed shares (in Jordan)	934,407	930,949
Investments in unlisted shares (in Jordan)	249,190	249,190
	<b>1,183,597</b>	<b>1,180,139</b>

### 7. Financial assets measured at amortized cost

	2018	2017
Investment in bonds – Jordan	4,290,787	4,590,771
Provision for expected credit loss	(8,235)	-
	<b>4,282,552</b>	<b>4,590,771</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 (5.498%) and (6.75%).

**8. Receivables and other current assets**

	<b>2018</b>	<b>2017</b>
Accrued commissions income	452,283	388,675
Accrued interest income	367,612	267,748
Accounts receivable	20,977	50,969
Prepaid expenses	15,816	17,016
Refundable deposits	7,815	7,865
Others	562	1,229
	<b>865,065</b>	<b>733,502</b>

**9. Income tax**

The movements on the income tax provision are as follows:

	<b>2018</b>	<b>2017</b>
Balance at beginning of the year	137,816	100,676
Current year income tax charge	235,599	217,869
Income tax paid	(221,229)	(180,729)
	<b>152,186</b>	<b>137,816</b>

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

	<b>2018</b>	<b>2017</b>
Income tax expense for the year	235,599	217,869
Prior years income tax	5,158	30,195
Deferred tax	(72,843)	4,205
	<b>167,914</b>	<b>252,269</b>

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

	<b>2018</b>	<b>2017</b>
Provisions against loans guarantee	425,952	210,911
End of service provision	37,145	29,919
Provision for expected credit loss of deposits and bonds	10,230	-
Changes in fair value reserve	(26,128)	(25,955)
	<b>447,199</b>	<b>214,875</b>

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2015.
- The income tax returns for the years 2016 and 2017 have been filed with the Income Tax Department but the Department has not reviewed the Company's records till the date of this report.
- The income tax provision for the year 2018 was 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**

	<b>Lands</b>	<b>Buildings</b>	<b>Furniture &amp; Fixtures</b>	<b>Vehicles</b>	<b>Computers &amp; Software</b>	<b>Payments to purchase software</b>	<b>Total</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	88,673	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>
<b>Cost</b>							
Balance at 1/1/2017	1,688,453	1,526,435	148,171	101,101	463,708	-	3,927,868
Additions	-	29,116	56,554	-	23,973	-	109,643
Balance at 31/12/2017	1,688,453	1,555,551	204,725	101,101	487,681	-	4,037,511
<b>Accumulated depreciation</b>							
Balance at 1/1/2017	-	211,315	126,176	85,688	287,033	-	710,212
Depreciation for the year	-	31,237	9,191	2,985	58,878	-	102,291
Balance at 31/12/2017	-	242,552	135,367	88,673	345,911	-	812,503
<b>Net book value at 31/12/2017</b>	<b>1,688,453</b>	<b>1,312,999</b>	<b>69,358</b>	<b>12,428</b>	<b>141,770</b>	<b>-</b>	<b>3,225,008</b>

**Jordan Loan Guarantee Corp.**  
**Notes to the Financial Statements (continued)**  
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**11. Provisions against loans guarantee**

Provisions against loans guarantee are calculated according to IFRS (9) requirements, and shouldn't be less than total defaulted loans.

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

	<b>2018</b>	<b>2017</b>
Provision for productive loans guarantees	1,692,269	-
Provision for housing loans guarantees	389,727	-
Reserved provision against loans guarantees	47,765	-
Provision for industrial financing	4,315,300	2,020,153
Provision for pioneer projects financing	97,644	393,639
Provision for startup companies financing	3,811,752	1,274,253
Provision for export credit guarantee financing	4,535,601	2,255,124
General provision	-	798,273
Special provision	-	1,054,556
	<b>14,890,058</b>	<b>7,795,998</b>

The movements on these provisions are as follows:

**Provision for productive loans guarantees**

	<b>2018</b>	<b>2017</b>
Transfer from general and special provision to comply with IFRS (9)	1,463,054	-
Charge for the year	986,433	-
Recoveries	153,456	-
Compensations paid	(910,674)	-
	<b>1,692,269</b>	<b>-</b>

**Provision for housing loans guarantees**

	<b>2018</b>	<b>2017</b>
Transfer from general and special provision to comply with IFRS (9)	293,577	-
Charge for the year	59,711	-
Recoveries	122,074	-
Compensations paid	(85,635)	-
	<b>389,727</b>	<b>-</b>

Jordan Loan Guarantee Corp.  
Notes to the Financial Statements (continued)  
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### Reserved provision against loans guarantee

	<b>2018</b>	<b>2017</b>
Transfer from general and special provision to comply with IFRS (9)	<b>47,765</b>	-

### Provision for industrial financing

	<b>2018</b>	<b>2017</b>
Balance at beginning of the year	2,020,153	2,224,514
Charge for the year against Central Bank of Jordan loan's interest	401,538	311,649
Transfer from export credit guarantee provision	2,000,000	-
Recoveries	282,437	11,100
Compensations paid	(315,041)	(42,721)
Income tax	(73,787)	(56,006)
Prior years income tax	-	(428,383)
	<b>4,315,300</b>	<b>2,020,153</b>

### Provision for pioneer projects financing

	<b>2018</b>	<b>2017</b>
Balance at beginning of the year	393,639	395,873
Charge for the year against ministry of planning deposits	84,238	79,082
Compensations paid	(380,233)	-
Income tax	-	(15,816)
Prior years income tax	-	(65,500)
	<b>97,644</b>	<b>393,639</b>

### Provision for startup companies financing

	<b>2018</b>	<b>2017</b>
Balance at beginning of the year	1,274,253	438,957
Charge for the year against startup micro projects loans	4,299,955	1,153,859
Compensations paid	(59,990)	-
Interest on loans for startup companies guarantee financing	(745,492)	-
Income tax	(635,704)	(230,771)
Stamps expenses	(321,270)	-
Prior years income tax	-	(87,792)
	<b>3,811,752</b>	<b>1,274,253</b>

**Jordan Loan Guarantee Corp.**  
**Notes to the Financial Statements (continued)**  
**31 December 2018**

**Provision for export credit guarantee financing**

	<b>2018</b>	<b>2017</b>
Balance at beginning of the year	2,255,124	-
Charge for the year against Central Bank of Jordan loan	7,350,581	4,741,706
Interest on Central Bank of Jordan loan	(1,999,984)	(1,322,801)
Transfer to industrial financing provision	(2,000,000)	-
Income tax	(1,070,120)	(563,781)
Stamps expenses	-	(600,000)
	<b>4,535,601</b>	<b>2,255,124</b>

**General provision**

	<b>2018</b>	<b>2017</b>
Balance at beginning of the year	798,273	673,718
Transfer to loans guarantee and expected credit loss provisions (q) to comply with IFRS	(798,273)	-
Charge for the year	-	124,555
	<b>-</b>	<b>798,273</b>

**Special provision**

	<b>2018</b>	<b>2017</b>
Balance at beginning of the year	1,054,556	1,059,904
Transfer to loans guarantee and expected credit loss provisions to (q) comply with IFRS	(1,054,556)	-
Charge for the year	-	424,365
Recoveries	-	404,871
Compensations paid	-	(834,584)
	<b>-</b>	<b>1,054,556</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 (9,521,838) and JOD (7,236,845) as at 31 December 2018 and 2017 respectively.

**Jordan Loan Guarantee Corp.**  
**Notes to the Financial Statements (continued)**  
**31 December 2018**

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**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, for the purpose of strengthen the Company's ability to provide guarantees for exporters of value added industries against the risk of importers' default, through the use of loan proceeds to purchase governmental securities and retain investment income after deducting interest expense as a provision to meet any obligations arising from the granted guarantees .

The restricted balance presented under assets in the statement of financial position amounted to JOD (105,400,259) as at 31 December 2018 and JOD (102,818,180) as at 31 December 2017, all financial assets at amortized cost are mortgaged against Central Bank of Jordan loan, and their book value amounted to JOD (100,001,220).

**14. Ministry of Planning deposit**

The Company signed an agreement with the Ministry of Planning and Development and Employment fund whereby, the Ministry will provide an amount of JOD (1,250,000) for setting up a loan guarantee scheme for the loans granted by the Development and Employment Fund to finance pioneer projects. guarantees given under this scheme will cover up to maximum of (80%) of the principal value of a guaranteed loan and of the interest accrued up to maximum of (181) days, funds transferred to the Company under this agreement plus accrued interest shall be used to cover the guaranteed portion of defaulted loans.

The fund balance as at 31 December 2018 amounted to JOD (1,248,500) and the restricted balance presented under assets in the statement of financial position amounted to JOD (1,346,144) as at December 2018 (2017: JOD 1,657,957).

**15. Startup micro projects loans**

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

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

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 after (3) years grace period, 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 (88,006,415) as at 31 December 2018 (2017: JOD 27,997,452) part of it is mortgaged against Central Bank of Jordan loan amounted to JOD (63,179,502).

**Jordan Loan Guarantee Corp.**  
**Notes to the Financial Statements (continued)**  
**31 December 2018**

**16. Payables and other current liabilities**

	<b>2018</b>	<b>2017</b>
Income tax payable on provision against restricted assets	1,497,916	866,374
Unearned commissions	773,163	580,839
Reinsurers	225,057	247,100
Provision for end of service indemnity	185,727	149,595
Accrued expenses	173,438	111,782
Shareholders Withholdings	80,626	82,759
Deferred grant income	54,510	72,922
Provision for Board of Directors' remunerations	45,714	35,000
Others	1,195	228
	<b>3,037,346</b>	<b>2,146,599</b>

**17. Grant from World Bank**

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

Total amount used from the grant till end of 2018 was JOD (170,681) to purchase property and equipment and JOD (538,319) to cover other expenses related to the grant purposes.

Revenues from the grant were deducted from their related expenses.

**18 . Equity Capital**

The Company's authorized capital is JOD (30) Million and the subscribed and paid in capital is JOD (29,080,310) divided equally into (29,080,310) shares with par value of JOD (1) each as at 31 December 2018 and 2017.

**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.

**Jordan Loan Guarantee Corp.**  
**Notes to the Financial Statements (continued)**  
**31 December 2018**

**19. Administrative expenses**

	<b>2018</b>	<b>2017</b>
Salaries and wages	904,581	754,723
Company's contribution in social security	99,049	88,058
Company's contribution in saving fund	76,149	66,685
Depreciation (Note 10)	118,544	102,291
Subscriptions	74,796	61,114
Marketing expenses	30,496	51,295
Medical and health insurance expenses	48,704	50,831
Board of Directors' transportation	64,550	45,500
Post, telephone, water and electricity	35,670	37,442
Official duties and training courses	35,525	34,827
Professional fees	22,199	22,183
Stationary and printings	16,399	15,932
Maintenance	47,118	12,131
Rent	2,850	850
Vehicles expenses	5,992	9,196
Others	26,009	16,960
	<b>1,608,631</b>	<b>1,370,018</b>

**20. Basic and diluted earnings per share**

	<b>2018</b>	<b>2017</b>
Profit for the year	697,141	730,980
Weighted average number of shares	29,080,310	29,080,310
	<b>0.024</b>	<b>0.025</b>

**21. 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.

The par value of Fund's shares registered in the name of the Company as at 31 December 2018 is (14,194,962) JOD/ Share.

**22. Executive management remuneration**

The salaries and remunerations of the executive management amounted to JOD (469,331) and JOD (370,136) during 2018 and 2017 respectively.

**Jordan Loan Guarantee Corp.**  
**Notes to the Financial Statements (continued)**  
**31 December 2018**

**23. Legalization**

The Company appears as a defendant in a law suits relating to export guarantees amounting to JOD (702,994) the Company's share from these suits is JOD (124,134), and a labor law suits amounting to JOD (83,465) the company recorded a provision for JOD (41,733) against this suit, the management believes that this case will have no effect on the financial position of the Company.

**24. 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.

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>
Financial assets measured at fair value through other comprehensive income	-	1,183,597	<b>1,183,597</b>
Restricted financial assets measured at amortized cost	-	165,489,888	<b>165,489,888</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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2017	Up to one year	More than one year	Total
<b>Assets</b>			
Cash and cash equivalents	451,741	-	<b>451,741</b>
Deposits at banks	27,581,297	-	<b>27,581,297</b>
Restricted bank deposits	-	25,605,714	<b>25,605,714</b>
Financial assets measured at fair value through other comprehensive income	-	1,180,139	<b>1,180,139</b>
Restricted financial assets measured at amortized cost	-	114,104,720	<b>114,104,720</b>
Financial assets measured at amortized cost	300,000	4,290,771	<b>4,590,771</b>
Receivables and other current assets	733,502	-	<b>733,502</b>
Deferred tax assets	-	214,875	<b>214,875</b>
Property and equipment	-	3,225,008	<b>3,225,008</b>
<b>Total assets</b>	<b>29,066,540</b>	<b>148,621,227</b>	<b>177,687,767</b>
<b>Liabilities</b>			
Provisions against loans guarantee	-	7,795,998	<b>7,795,998</b>
Central Bank of Jordan loan – Industrial loans guarantee program	-	5,160,695	<b>5,160,695</b>
Central Bank of Jordan loan – Export credit guarantee program	-	99,999,277	<b>99,999,277</b>
Ministry of Planning deposit	-	1,248,500	<b>1,248,500</b>
Startup micro projects loans	-	26,498,958	<b>26,498,958</b>
Payables and other current liabilities	2,146,599	-	<b>2,146,599</b>
Income tax provision	137,816	-	<b>137,816</b>
<b>Total liabilities</b>	<b>2,284,415</b>	<b>140,703,428</b>	<b>142,987,843</b>

**Jordan Loan Guarantee Corp.**  
**Notes to the Financial Statements (continued)**  
**31 December 2018**

**25. 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.

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>
Financial assets measured at fair value through other comprehensive income	-	-	165,489,888	<b>165,489,888</b>
Restricted financial assets measured at amortized cost	-	-	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 2018

2017	Up to one year	More than one year	Non-interest bearing	Total
<b>Assets</b>				
Cash and cash equivalents	409,061	-	42,680	451,741
Deposits at banks	27,581,297	-	-	27,581,297
Restricted bank deposits	-	-	25,605,714	25,605,714
Financial assets measured at fair value through other comprehensive income	-	-	1,180,139	1,180,139
Restricted financial assets measured at amortized cost	-	-	114,104,720	114,104,720
Financial assets measured at amortized cost	300,000	4,290,771	-	4,590,771
Receivables and other current assets	-	-	733,502	733,502
Deferred tax assets	-	-	214,875	214,875
Property and equipment	-	-	3,225,008	3,225,008
<b>Total assets</b>	<b>28,290,358</b>	<b>4,290,771</b>	<b>145,106,638</b>	<b>177,687,767</b>
<b>Liabilities</b>				
Provisions against loans guarantee	-	-	7,795,998	7,795,998
Central Bank of Jordan loan - Industrial loans guarantee program	-	-	5,160,695	5,160,695
Central Bank of Jordan loan – Export credit guarantee program	-	-	99,999,277	99,999,277
Ministry of Planning deposit	-	-	1,248,500	1,248,500
Startup micro projects loans	-	-	26,498,958	26,498,958
Payables and other current liabilities	-	-	2,146,599	2,146,599
Income tax provision	-	-	137,816	137,816
<b>Total liabilities</b>	<b>.</b>	<b>.</b>	<b>142,987,843</b>	<b>142,987,843</b>
<b>Interest rate re-pricing gap</b>	<b>28,290,358</b>	<b>4,290,771</b>	<b>2,118,795</b>	<b>34,699,924</b>

**Jordan Loan Guarantee Corp.**  
**Notes to the Financial Statements (continued)**  
**31 December 2018**

**26. 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	
	2018	2018
Revenue from loans guarantee	1,526,571	1,328,283
Revenue from guarantee of exports and domestic buyers	125,724	97,418
Revenue from investing in financial securities	1,899,955	1,508,085
Assets related to guarantee of loans and export sector	204,726,939	140,099,109
Assets related to investment in financial securities	35,220,486	34,176,696

**27. Fair Value of Financial Instruments**

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

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.

2018	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	934,407	145,000	104,190	<b>1,183,597</b>
2017	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	930,949	145,000	104,190	<b>1,180,139</b>

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)  
31 December 2018

## 28. Financial Risk Management

### 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:

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

**Jordan Loan Guarantee Corp.**  
**Notes to the Financial Statements (continued)**  
**31 December 2018**

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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 (147,148) during 2018 (2017: JOD 139,952).

**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**

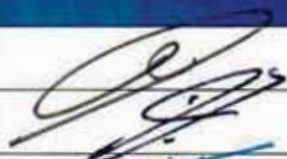





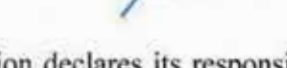
Equity price risk result from the change in the fair value of equity securities. The Company manages these risks through the diversification of investments in several geographical areas and economic sectors. If the quoted market price of listed equity securities had increased or decreased by 10%, the comprehensive income for the year would be increased / reduced by JOD (88,769) during 2018 (2017: JOD 88,440).

**29. Capital Management**





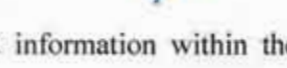
The Company manages its capital structure with the objective of safeguarding the entity's ability to continue as a going concern and providing an adequate return to shareholders by pricing products and services commensurately with the level of risk.

## Representations

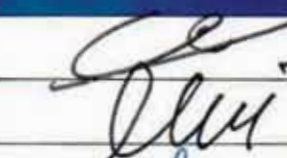

1.The Board of Directors of the Jordan loan Guarantee Corporation declares to that no material issues might influence the continuity of the corporation during the upcoming fiscal year 2018.

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

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

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

3.We the undersigned declare that the financial statements and information within the Annual Report 2017 are correct.

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