

**JORDAN LOAN GUARANTEE CORPORATION**  
The Small Business Company of Jordan

20<sup>th</sup> ANNUAL REPORT  
**2013**

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His Majesty King Abdullah II Bin Al-Hussein





His Royal Highness Crown Prince of Jordan





# CONTENTS

Speech of the Chairman	10
Speech of the Director General	12
Summary Results of 2013 Compared to 2012	14
• Summary of Operational Results.	14
• Summary of Financial Results.	16
1. JLGC's Main Activities, Location, Number of Employees & the Size of Capital Investment.	17
2. Subsidiaries.	17
3. Members of the Board of Directors and Top Management.	18
4. Largest Shareholders.	21
5. Competitive Position.	21
6. Dependence on Specific Suppliers and/or Major Clients.	21
7. Government Protection or Concessions Granted to JLGC.	21
8. Any Governmental Decisions with a Material Impact on JLGC	22
9. JLGC's Organizational Structure, Employees, Qualifications, and Training Programs.	22
10. JLGC's Financial Exposure.	24
11. JLGC's Accomplishments Achieved During 2013.	24
12. Financial Impact of Non-recurrent Transactions.	24
13. A Chronology of Realized Profits or Losses, Dividends, Net Equity and Share Prices.	25
14. Analysis of JLGC's Financial Position.	25
15. JLGC's Future Plans.	25
16. External Auditing Fees.	26
17. Securities.	27
18. Privileges Paid to the Board of Directors Members and Top Management.	27
19. Donations and Grants.	28
20. JLGC's Contracts, Projects and Engagements with Subsidiaries or Affiliates.	28
21. JLGC's Contribution to Environmental Protection & Local Community Services.	28
Operational Activities	29
– Loan Guarantees	30-37
• Ceilings & Utilized Amounts.	
• Loan Guarantee Program.	
• Productive Loans and Industrial Finance Loans.	

<ul style="list-style-type: none"> <li>• Real Estate Loans and Individual Loans.</li> <li>- Exports &amp; Domestic Sales Credit Guarantees</li> <li>- Claims, Claims Paid, Recoveries, Re-Scheduling and Delayed Payments Analysis</li> </ul>	<p>38</p> <p>40-43</p>
Revenues and Expenses	44
<ul style="list-style-type: none"> <li>- Operational Revenues.</li> <li>- Realized Financial Revenues.</li> <li>- Total Realized Revenues.</li> <li>- Total Un-Realized Financial Revenues.</li> <li>- General &amp; Administrative Expenses.</li> <li>- Gross Profit.</li> </ul>	<p>45</p> <p>45</p> <p>45</p> <p>45</p> <p>46</p> <p>46</p>
JLGC's Business Activities in 2013.	47
Important Regional and International Meetings and Activities during 2013.	49
Disclosure Related to the Directions of the Guide on Corporate Governance.	51
Representations.	52
Financial statements and auditor's report for the year ended 31 December 2013	53
<ul style="list-style-type: none"> <li>- Independents Auditors' Report.</li> <li>- Statement of Financial Position.</li> <li>- Statement of Income.</li> <li>- Statement of Comprehensive Income.</li> <li>- Statement of Changes in Equity.</li> <li>- Statement of Cash Flows.</li> <li>- Notes to the Financial Statements.</li> </ul>	<p>54</p> <p>55</p> <p>56</p> <p>57</p> <p>57</p> <p>58</p> <p>59</p>



## Jordan Loan Guarantee Corporation

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



### Mission Statement

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

## SPEECH OF THE CHAIRMAN



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

It gives me great pleasure to welcome you to the 20th Annual Ordinary General Assembly Meeting of the Jordan Loan Guarantee Corporation (JLGC) on behalf of the Board of Directors and to present to you the Twentieth Annual Report of the Corporation and its accomplishments during the year 2013, including the financial statements and the external auditor's report for the year ended 31/12/2013.

**Honorable Shareholders,**

The local economy showed some progress during the year 2013. It achieved a real GDP growth of 3% and a decrease of the unemployment rate to around 11% within a stable economic and financial environment. The Central Bank of Jordan continued its efforts during the year 2013 to enhance the competitiveness of banks operating in the Kingdom and emphasizing on the effectiveness of the risk management systems and good governance while maintaining adequate level of capital and liquidity to face unexpected losses and to enable the banking system to play its fundamental role in the economy.

The Central Bank of Jordan directed special efforts during 2013 to mobilize additional financing for small and medium size enterprises; a special credit line created by the World Bank (WB) totaling US 70\$ Million for the local banks on lend for small and medium size enterprises, another US 50 \$ Million from the Arab Fund for Economic and Social Development (AFESD) contracted to the same purpose and based on the same mechanism of the WB credit line. Moreover, the CBJ is working currently with the European Bank for Reconstruction and Development (EBRD) on another line of credit up to US 100 \$ Million for the same purpose. It also directed more advances through Industrial Sector Financing Program to small and medium size industrial companies in recognition of the vital role of these companies in economic growth and job creation.

**Dear Shareholders,**

The Jordan Loan Guarantee Corp. continued cooperating with the Jordanian banks to encourage financing to small

and medium sized projects. The corporation provided guarantees for 719 loans for SMEs with a guaranteed value of JD 28.1 million during 2013 and also signed 19 export guarantees within the export credit guarantee program worth JD 216 million which covered 957 export shipments worth JD 96.3 million.

In terms of the financial performance, the financial statements showed that the Corporation achieved total revenues of JD 1.673 million during 2013, compared with JD 1.554 million in 2012. The Corporation registered a net profit of JD 420 thousand, compared with a net profit of JD 275 thousand in 2012. Total shareholders' equity reached JD 14,402 million in 2013 compared to JD 14.285 million in 2012, and total assets reached JD 24.787 million by the end of 2013 compared to JD 24.024 million a year earlier.

#### **Dear Shareholders,**

The corporation is looking forward to achieving its objectives in a professional, responsible, and corporative commitment. JLGC is keen to continuously improve and expand its services in all levels in collaboration with main partners of the public and private sectors. Particularly financial institutions which showed a great response with the development efforts of the Corporation that enabled JLGC to achieve an obvious growth in the volume and returns of its operations.

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

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

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

# SPEECH OF THE DIRECTOR GENERAL



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

The Jordan Loan Guarantee Corporation (JLGC) continued enhancing its significant role in the Jordanian economy during 2013, in the context of the rapid growth of its operational activities, JLGC kept motivating the local banks and other financial institutions at the kingdom to guide more activities towards financing productive SMEs. A contribution that enables SMEs to create new job opportunities and reduce unemployment rates. The company also sustained supporting the national exports by providing credit guarantees to exporters against the risk of non-payment by the importers and buyers of the Jordanian goods.

## **Dear Shareholders**

The Jordan Loan Guarantee Corporation, and through SMEs loan guarantee programs, offered guarantees to 719 loans with a guaranteed value reached to JD 28.1 million in 2013. Furthermore, the company guaranteed 957 shipments with a guaranteed value exceeded JD 96.3 million through the Export and Domestic Credit Guarantee Programs. These Shipments are segmented to 833 export shipments valued at JD94 million, and 124 domestic sales shipments amounted at JD 2 million. On the other hand, submitted claims for bad loans during 2013 worth JD 766 thousand, compared with JD 620 thousand in 2012. While Compensations paid for bad loans during 2013 amounted JD 331 thousand, compared to JD 365 thousand paid in 2012. The company has recovered JD 129 thousand during 2013, compared with recoveries amounting to JD 209 thousand in 2012.

In light of the current circumstances that the kingdom went through in 2013, and for the purpose of operational sustainability motivation for entrepreneurs, some opportunities for rescheduling were opened. The company re-scheduled defaulted loans worth JD 3.3 million in 2013, compared with re-scheduled loans that worth JD 2.08 million in 2012.

**Dear Shareholders,**

The total revenue of the Jordan Loan Guarantee Corp. increased into JD 1.673 million during 2013, compared with JD 1.554 million in 2012. The increase was referring to the raise of the operational revenues averaged around 11% during 2013, while investment revenues achieved at the same period averaged 4.4%. In terms of the financial performance, the financial statements showed that the company achieved a net profit of JD 420 thousand, compared with a net profit of JD 275 thousand during 2012. The results of this year came consistent with the objectives of the strategic plan was adopted by the Board of Directors in 2012 to preserve the steady progress to reach the operational sustainability by 2016.

**Dear Shareholders,**

In conclusion, I would like to extend my most sincere thanks and appreciation to H.E. the Chairman and to the members of the Board of Directors for their valuable and everlasting support and to all colleagues at JLGC for their immense efforts and dedication. May God Almighty to protect Jordan under the auspices of His Majesty King Abdullah II, May God protect him.

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

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

## SUMMARY RESULTS OF 2013 COMPARED TO 2012

### OPERATIONAL RESULTS

#### - Loan Guarantee Results in 2013 compared to 2012

##### Loans Guaranteed during 2013 compared to 2012

Type of Loan	2013		2012	
	No.	Guaranteed value	No.	Guaranteed value
Productive Loans	719	17,413,264	698	14,505,212
Real Estate and Personal Loans	70	2,667,306	100	3,454,957
Total	789	20,080,570	798	17,960,169

##### Total Loan Guarantees (Executed & In Process) Guaranteed in 2013

Type of Loan	Executed		In process		Total	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
Productive Loans	719	17,413,264	159	5,647,235	878	23,060,499
Real Estate and Personal Loans	70	2,667,306	13	459,811	83	3,127,117
Total	789	20,080,570	172	6,107,046	961	26,187,616

##### Outstanding Loan Guarantee Portfolio at The End of 2013 vs. 2012

Outstanding Loans Guaranteed Portfolio at the end of the year	2013		2012	
	No.	Guaranteed Value	No.	Guaranteed Value
Productive Loans	1,205	13,647,798	908	8,882,143
Housing and Personal Loans	1,944	30,764,259	2,119	33,388,076
Industrial Finance Loans	157	14,682,928	152	12,296,875
Total	3,306	59,094,985	3,179	54,567,094

##### Ceilings Granted to Banks and Utilized

Ceilings Granted to Banks	2013		2012	
	Ceilings	Utilized	Ceilings	Utilized
Productive Loans ceilings	18,487,500	13,647,798	16,167,500	8,882,143
Real Estate and Personal Loans ceilings	40,060,976	30,764,259	42,546,498	33,388,077
Total	58,548,476	44,412,057	58,713,998	42,270,220

## - Summary of Exports & Domestic Sales Credit Guarantees for the Year 2013 Compared to 2012

Executed Guaranteed Shipments	2013		2012	
	No.	Guaranteed Value	No.	Guaranteed Value
Export Credit Guarantees	833	93,873,152	849	102,998,343
Domestic Sales Credit Guarantees	124	2,436,397	74	3,943,282
<b>Total</b>	<b>957</b>	<b>96,309,549</b>	<b>923</b>	<b>106,941,625</b>

Guaranteed Shipments Portfolio	2013		2012	
	No.	Guaranteed Value	No.	Guaranteed Value
Export Credit Guarantees	341	4,724,820	269	2,325,000
Domestic Sales Credit Guarantees	66	148,847	36	175,000
<b>Total</b>	<b>407</b>	<b>4,873,667</b>	<b>305</b>	<b>2,500,000</b>

## Summary of (Claims, Claims Paid, Recoveries, Re-scheduling) for the year 2013 Compared with 2012

Claims	2013	2012	Claims Paid	2013	2012
Loan Guarantee Dept.	271,886	525,102	Loan Guarantee Dept.	204,828	320,188
Industrial Finance Dept.	494,248	95,345	Industrial Finance Dept.	127,083	45,566
Exports Credit Dept.	6,962	36,423	Exports Credit Dept.	--	--
<b>Total</b>	<b>773,096</b>	<b>656,870</b>	<b>Total</b>	<b>331,911</b>	<b>365,754</b>

Re-scheduling	2013	2012	Recoveries	2013	2012
Loan Guarantee Dept.	2,330,209	828,662	Loan Guarantee Dept.	129,494	202,419
Industrial Finance Dept.	1,000,800	1,254,627	Industrial Finance Dept.	0	6,653
Exports Credit Dept.	--	--	Exports Credit Dept.	--	--
<b>Total</b>	<b>3,331,009</b>	<b>2,083,289</b>	<b>Total</b>	<b>129,494</b>	<b>209,072</b>

## SUMMARY RESULTS OF 2013 COMPARED TO 2012

### FINANCIAL RESULTS

#### - Summary of Financial Results

Revenues and Expenses	2013	2012
Operational Revenues	843,044	759,712
Realized Financial Revenues	824,879	720,109
Other Revenues	1,356	700
Total Realized Revenues	1,669,279	1,480,521
Financial Assets measured at fair value through profit or loss of revaluation	4,006	73,816
Total Revenues	1,673,285	1,554,337
(Less) General and Administrative Expenses	927,154	956,772
Gross Profit / (Loss)	746,131	597,565
(less ) Provisions and other fees	245,101	314,338
(less ) income tax	81,334	7,943
Profit (loss )	419,696	275,284



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

### a. Main Activities

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

Productive Loans Guarantee Programs	Max.Loan Amount (JD)	Max. Payment Period (Month)	Guarantee Percentage (%)
SMEs Loan Guarantees	100,000	72	70%
Micro Loan Guarantees	15,000	36	70%
Industrial Loan Guarantees (EJADA)	550,000	96	70%
Leasing Guarantees (EJADA)	550,000	96	70%
Vehicles loan Program	550,000	84	70%
"Kafala" Program	100,000	72	70%
Business loan Program	70,000	60	70%

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

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

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

JLGC offices located in Amman - Shmeisani Area, Bldg. 24 Prince Shaker Bin Zaid Street. Opposite to Citi Bank, next to Talal Abu Ghazaleh). There are no other branches in or outside Amman. The JLGC programs and services are run by a staff of 37 employees.

### c. Size of Capital Investment

Total size of Capital investment was JD 3,263,324 in 2013, in comparison with JD 3,189,352 in 2012.

## 2. Subsidiaries

There are no subsidiaries.

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

#### A. Board of Directors

##### H.E. Dr. Maher "Sheikh Hassan"/ Deputy Governor of the Central Bank of Jordan / Chairman

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

##### H.E. Dr. Mohammed Lutfi Al Ja'fari / Vice Chairman

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

##### Mr. Adel Ibrahim Asa'ad / Board Member

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

#### **Mr. Ne'meh Sabagh / Board Member**

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



#### **Mr. Ramzi Aref Dahabreh / Board Member**

- Bachelor Degree in Accounting / Jordan University 1984.
- Aqaba Branch Manager of the Social Security Corporation since 2006 .
- Different other positions at the Social Security Corporation.

#### **Mr. Tawfeek Abdel Kader Mukahal / Board Member**

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

#### **Eng. Haitham Abdul Razzaq Hiyasat / Board Member**

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

\*\*\* The JLGC Board of Directors held 6 meetings during 2013.

## **B. Top Management**

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

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

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

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

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

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

### **Mr. Zaid Al Kayed / Credit Guarantee Department Manager**

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

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

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

#### Mr. Issa Al Tarayra / Finance Section Head

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



### 4. Largest Shareholders

Names of JLGC's largest shareholders owning 5% or more of total company shares by the end of 2013 in comparison with 2012

Shareholder	2013		2012	
	Number of Shares	% of Share	Number of Shares	% of Share
Central Bank of Jordan	4,775,000	47.75%	4,775,000	47.75%
Cities & Villages Development Bank	525,000	5.25%	525,000	5.25%
Social Security Corporation	524,000	5.24%	524,000	5.24%

### 5. Competitive Position

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

### 6. Dependence on Specific Suppliers and/or Major Clients

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

### 7. Government Protection or Concession Granted to JLGC

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

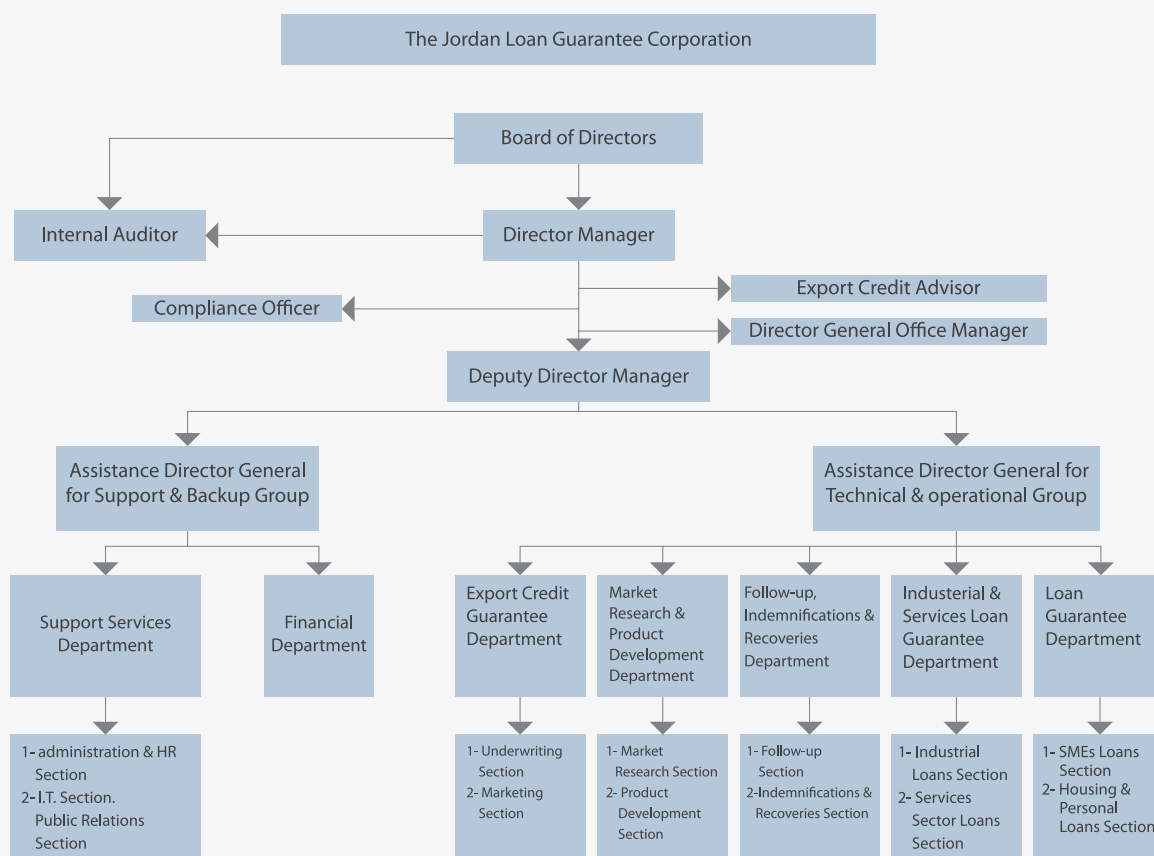
- Generally, loans granted by banks and guaranteed by JLGC considered good and they are exempted from general provisions required by the Central Bank of Jordan. Default loans are also exempted from the special provisions for the first year but have to be provisioned against starting the second year.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

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

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

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

### A. Organizational Structure at The End of 2013



## B. Number of Employees and Their Qualifications at The End of 2013

The Number of employees in 2013 was 37 compared to 35 employees in 2012, distributed according to the academic qualifications as follows:



Year	PhD	Master Degree	High Diploma	Bachelor Degree	Intermediate Diploma	High School	Less than High School	Total
2013	1	4	1	21	3	4	3	37
2012	1	5	1	19	2	4	3	35

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

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

Year	Employees Turnover
2013	31.9%
2012	20.3%
2011	27.7%
2010	22.8%
2009	21.0%

## C. Employees Training in 2013

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

Year	Number of Internal Programs	Number of Participating Employees	Number of External Programs	Number of Participating Employees	Total Training Cost
2013	7	14	9	10	18,840
2012	19	13	7	9	15,187
2011	16	15	4	3	10,979
2010	19	11	4	4	7,727
2009	18	13	3	2	4,898



## 10. JLGC's Financial Exposure

JLGC's provides guarantees for loans extended to small and medium sized enterprises, as well as for export credit. Accordingly, the company is exposed to default risks of SME loans and the non-payment risk of foreign buyers. In 2013 JLGC's payments for default loans reached JD 331,916 compared to JD 365,753 in 2012.

## 11. Accomplishments Achieved During 2013

The Jordan Loan Guarantee Corporation guaranteed 917 loans with a guaranteed value of JD 28.1 million during 2013 through a wide range of loan guarantee programs.

The outstanding guaranteed portfolio reached 3306 loans by the end of 2013 with a guaranteed value of JD 59.1 million, compared to 3179 loans with a guaranteed value of JD 54.56 million by the end of 2012.

The outstanding guaranteed portfolio at the end of the year 2013 consists of 1361 productive loans with a guaranteed value of JD 28.3 million, and 1944 housing and personal loans with a guaranteed value of JD 30.8 million.

Under the export and domestic sales credit guarantee programs, JLGC guaranteed 957 shipments with a value of JD 96 million in 2013 compared with 923 shipments guaranteed in 2012 totaling of JD 106.9 million. The shipments guaranteed in 2013 are divided into 833 export credit shipments worth JD 94 million and 124 domestic sales shipments worth JD 2 million.

JLGC received during 2013 compensation claims from participating banks and lending institutions for bad loans worth JD 766 thousand compared to JD 620 thousand claimed in 2012. Compensation paid by the company for bad loans has also decreased to around JD 331 thousand in 2013 compared with JD 365 thousand paid in 2012.

JLGC has recovered JD 129 thousand in 2013 compared with recoveries amounting to JD 209 thousand in 2012. whereas, the company rescheduled guaranteed loans with a value of JD 3.3 million during 2013, compared to JD 2.08 million rescheduled in 2012.

Total operating revenues for JLGC increased from JD 759.7 thousand in 2012 to JD 843 thousand in 2013 due to the increase in the loan guarantee portfolio and export credit guaranteed shipments. In addition, there was an increase in the company's investment income from JD 720 thousand to JD 825 thousand during the 2013 relative to 2012.

This has resulted into a net profit of JD 420 thousand in 2013 compared to net profit of JD 275 thousand in 2012.

## 12. Financial Impact of Non-Recurrent Transactions

There are no "non-recurrent" transactions.



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

Year	Net Profit before Taxes & other Provisions	Dividends Distributed to Shareholders	Shareholders Net Equity	Share Price
2009	954,607	400,000	14,777,837	0,65
2010	698,557	300,000	14,576,044	0,63
2011	-260,317	0	14,011,458	0,47
2012	304,997	300,000	14,285,490	0,50
2013	535,620	400,000	14,402,850	0,50

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

RATIOS	2013	2012	2011	2010	2009
Earnings per Share	0.042	0.028%	-0.026	0.032	0.087
Return on Investment	1.693%	1.146%	-1.194%	1.38%	3.68%
Return on Shareholder's Equity	2.914%	1.927%	-1.873%	2.17%	5.87%
Return on Paid Up Capital	4.197%	2.753%	-2.624%	3.17%	8.68%
Holding Ratio	58.105%	59.463%	63.741%	63.62%	62.68%
Fixed Assets / Shareholder's Equity	22.657%	22.326%	23.148%	22.61%	21.45%
Rate of Indebtedness	2.429%	1.818%	1.637%	1.90%	2.32%
Liabilities to 3rd parties / Total Assets	41.895%	40.537%	36.259%	36.37%	37.32%
Liabilities to 3rd parties /Shareholder's Equity	72.102%	68.171%	56.884%	57.18%	59.54%
Current Liabilities / Shareholder's Equity	4.181%	3.057%	2.568%	2.99%	3.70%
Revenue / Total Assets	6.751%	6.500%	5.3%	8.1%	9.00%
Circulation Ratio	3506.636%	4689.552%	5124.458%	4436%	3621.53%
Working Capital (JD)	20,514,829	20,045,648	18,075,238	18,873,410	19,250,407

### 15. JLGC's Future Plans

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

1. The Corporation aims to reach operational sustainability during a balanced timeframe by improving operational revenues and controlling the expenditures.
2. Increase the corporate efficiency in loan and credit export guarantees, and improve underwriting systems and risk assessment, pricing and safe allocation of credit portfolios.
3. Increase the internal capacity in financial risks management for the current programs, and increasing the abilities of granting guarantees for amounts exceeding the current limits.

4. Provide guarantees to all economically viable sectors that create jobs and enhance economic growth.
5. Improve the human resources system "training and qualifications" to match job description and requirements, and adopt a motivating programs that help developing potentials to increase their efficiency, productivity and corporate loyalty.

### Supportive Policies and Procedures for Future Plans Achievement

- Signing a specialized guarantee program for the borrowers of the Development and Employment Fund (DEF) supported by the Ministry of Planning and International Cooperation (MOPIC).
- Preparing a Memorandum of Understanding with the Ministry of Justice to enable JLGC acquiring information for all cases at the Jordanian courts.
- Targeting companies specialized in financing & leasing and Islamic financial companies.
- Targeting companies specialized in Micro-financing.
- Expanding guarantee programs for the Industrial finance and leasing to include profitable economic sectors beside the industrial and services sector.
- Launching specialized programs with participating banks.
- Launching a guarantee product that is in line with the Islamic Shari'a.
- Introducing a guarantee product for entrepreneurs in association with the Development and Employment Fund (DEF).
- Moving gradually to portfolio guarantees in coordination with banks and financial institutions.
- Delegating authority to certain banks in granting loans without prior approval of the JLGC with specified limits of guarantee.
- Forming a specialized team from the operational departments at the company to handle marketing activities and periodic monitoring reports.
- Adapting a monthly marketing plan to be approved by the top management.
- Activating the role of follow up and recoveries department.
- Further improving of the company's database.
- Analyzing the strength and weakness in dealing with the participating parties in the credit export guarantee program , and studying the possibility of:
  - Establishing a section for underwriting to expand the activities of credit export guarantee department, to include risk operations analysis for different countries and importers.
  - Establishing new programs for credit export guarantee and local sales, and seeking sources to finance as specialized guarantee fund covering political risks.
  - Reconsidering the agreement of the outstanding shares percentage.
  - Dealing with a wider database of reinsurance companies according to an optional reinsurance action to balance between both goals that are to increase returns and decrease risks on the company.
  - Dealing with brokers.

## 16. External Auditing Fees

Similar to the fees paid in 2012, the total amount paid to the "Arab Professionals" as auditing fees in 2013 was JD 9,280 thousand including a 16% sales tax.

## 17. Securities

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

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



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

Shareholder	2013		2012	
	Number of Shares	% of Share	Number of Shares	% of Share
Central Bank of Jordan	4,775,000	47.75%	4,775,000	47.75%
Cities & Villages Development Bank	525,000	5.25%	525,000	5.25%
Social Security Corporation	524,000	5.24%	524,000	5.24%
Arab Bank	350,000	3.50%	350,000	3.50%
Jordan Kuwait Bank	300,000	3.00%	300,000	3.00%
The Housing Bank	278,500	2.785%	278,500	2.785%
<b>Total</b>	<b>6,752,500</b>	<b>67.525%</b>	<b>6,752,500</b>	<b>67.525%</b>

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

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

Total amounts paid as transportation, travel allowance and annual bonus to the Chairman and Members of the Board of Directors was JD 78,990 thousand in 2013 compared to JD 66,520 thousand in 2012.

NAME	*Bonus	Transportation Allowance	Travel Allowance	Committee Allowance	Total
H.E Dr. Maher, "Sheikh Hasan"	4941,430	6,000	0	0	10941,430
H.E Dr. Mohammed Al Jafari	4941,430	6,000	0	0	10941,430
H.E Eng. Haitham Abdul Razzaq Hiyasat	4941,430	6,000	0	800	11741,430
Social Security Corporation	4941,430	6,000	0	0	10941,430
Mr. Adel Ibrahim Asa'ad	4941,430	6,000	0	800	11741,430
Mr. Tawfeek Abdulqader Al Mukahal	4941,430	6,000	0	800	11741,430
Mr. Ne'meh Elias Sabagh	4941,430	6,000	0	0	10941,430
<b>TOTAL</b>	<b>34,590</b>	<b>42,000</b>	<b>0</b>	<b>2,400</b>	<b>78,990</b>

\* Annual bonus paid for the year 2013.

## B. Privileges Paid to Top Management

Total amounts paid as salaries, travel allowance and annual bonus to the top management was JD 241,481 in 2012 compared to JD 282,283 in 2012.

Name and Job Titles	Salaries	Bonus	Travel Allowance	Committee Allowance	Total
*H.E.Dr. Mohammed Al Jafari / Director General	105,815	3,685	2,975	0	112,475
Mr. Mohannad Al Rashdan / Assistant Director General for Technical & Operational Group	49,280	1,578	400	2,400	53,658
Mr. Jamal Al Jafari / Loan Guarantee Department Manager	27,452	876	400	0	28,728
Mrs. Amal Jaradat / Industrial Finance Department Manager	8,688	313	0	0	9,001
Mr. Zaid Al Kayed / Export Credit Guarantee Department Manager	18,442	590	400	0	19,432
Mr. Issa Al Tarayra / Financial section head	17,170	537	480	0	18,187
<b>Total</b>	<b>226,847</b>	<b>7,579</b>	<b>4,655</b>	<b>2,400</b>	<b>241,481</b>

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

## 19. Donations and Grants

No donations or grants paid during 2013 and 2012.

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

There are no contracts, projects or engagements between JLGC and Subsidiaries, Sister Companies or Affiliates or with the Chairman of the Board of Directors, members of the Board of Directors, the Chief Executive Officer or any employee of JLGC or their relatives.

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

### a. Contribution to Environmental Protection

No contribution to environmental protection directly.

### b. Local Community Service

All JLGC programs serve the local community and entrepreneurs.

# OPERATIONAL ACTIVITIES

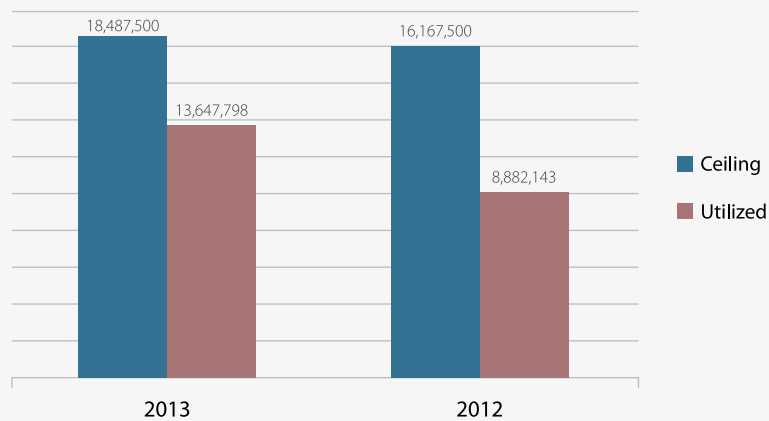
# LOAN GUARANTEES

## Loan Guarantees Ceilings and Utilized Amounts at the end of 2013 compared to 2012

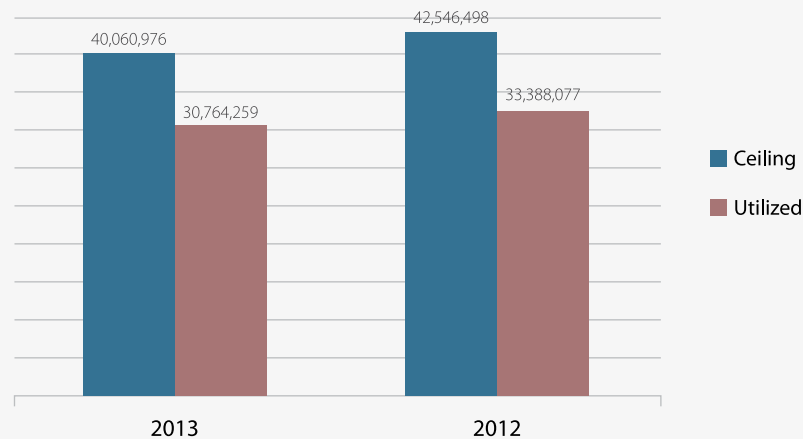
	As on 31/12/2013			As on 31/12/2012			Change	
	Ceiling	Utilized	% Utilized	Ceiling	Utilized	% Utilized	Ceiling	Utilized
*Productive Loans Ceilings	18,487,500	13,647,798	73.82%	16,167,500	8,882,143	54.94%	2,320,000	4,765,655
Real Estate and Personal Loans Ceilings	40,060,976	30,764,259	76.79%	42,546,498	33,388,077	78.47%	2,485,522	2,623,818
Total Ceilings	58,548,476	44,412,057	75.86%	58,713,998	42,270,220	71.99%	-165,522	2,141,837

\* No determined ceilings for Industrial Finance Loans.

### PRODUCTIVE LOANS CEILINGS



### REAL ESTATE LOANS CEILINGS



## Ceilings Offered to Banks & Utilized Amounts at the End of 2013



### According to Banks & Lending Institutions

Banks / Lending Institutions	*Productive Loans		Real estate loans		Total Ceilings	
	Ceiling	Utilized	Ceiling	Utilized	Ceiling	Utilized
Jordan Kuwait Bank	350,000	190,403	50,000	15,033	400,000	205,436
Jordan Investment & Finance Bank	0	0	0	0	0	0
Jordan Ahli Bank	950,000	565,612	10,909,000	5,052,053	11,859,000	5,617,664
Jordan Commercial Bank	1,100,000	515,981	0	0	1,100,000	515,981
Islamic International Arab Bank	0	710,373	0	0	0	710,373
Arab Bank	2,000,000	676,992	28,476	23,875	2,028,476	700,867
Egyptian Arab Land Bank	27,000	0	312,000	138,200	339,000	138,200
Ahli Microfinance company Company	500,000	216,784	0	0	500,000	216,784
Bank al Etihad	500,000	159,048	0	0	500,000	159,048
Bank of Jordan	500,000	418,470	6,025,000	5,142,266	6,525,000	5,560,736
Arab Jordan Investment Bank	150,000	0	150,000	20,627	300,000	20,627
The Housing Bank	10,000,000	6,001,650	-	-	10,000,000	6,001,650
Cairo Amman Bank	760,500	779,921	16,576,500	14,866,992	17,337,000	15,646,914
ABC Bank	200,000	97,760	6,010,000	5,505,213	6,210,000	5,602,973
Societe General Bank	700,000	99,402	0	0	700,000	99,402
Bindar Trading & Investment Co.	250,000	190,075	0	0	250,000	190,075
Development & Employment Fund	0	445,312	0	0	0	445,312
<b>Total</b>	<b>18,487,500</b>	<b>13,647,798</b>	<b>40,060,976</b>	<b>30,764,259</b>	<b>58,548,476</b>	<b>44,412,057</b>

\* No determined ceilings for Industrial Finance program loans.

## LOANS GUARANTEED (EXECUTED) DURING THE YEAR 2013 VS. 2012

### Total Loans Guaranteed During 2013 According to the Loan Status

Loan Type	Executed		In Process		Both Executed & in Process	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
Productive Loans	719	17,413,264	159	5,647,235	878	23,060,499
Real estate & Personal Loans	70	2,667,306	13	459,811	83	3,127,117
<b>Total</b>	<b>789</b>	<b>20,080,570</b>	<b>172</b>	<b>6,107,046</b>	<b>961</b>	<b>26,187,616</b>

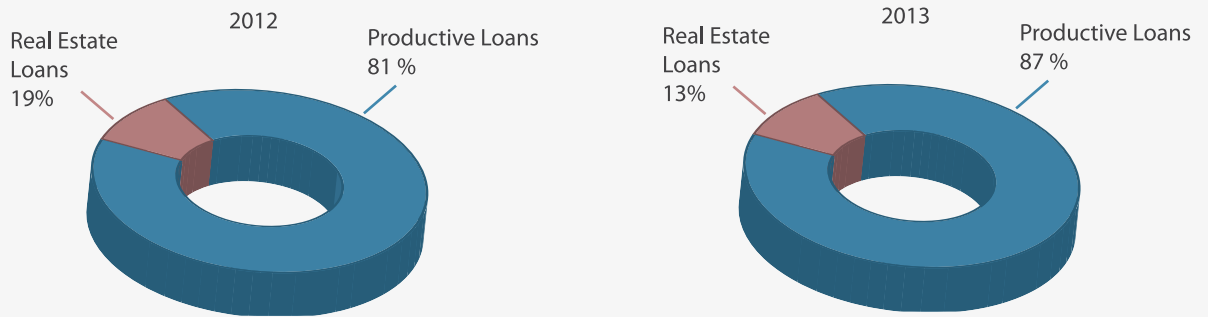
### Guaranteed Loans Executed During the Year According to Loan Type

Productive Programs / SME's	2013		2012		Change (JD)		Change (%)	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
Pharmacies Loans	5	40,000	5	46,400	0	-6,400	0.00%	-13.79%
SMEs Loans	209	4,246,142	233	3,182,018	-24	1,064,124	-10.30%	33.44%
Business Loans	220	4,165,420	298	4,870,250	-78	-704,830	-26.17%	-14.47%
Micro Loans	126	354,993	90	208,842	36	146,151	40.00%	69.98%
Kafala	88	2,083,618	9	122,156	79	1,961,462	877.78%	1605.70%
Entrepreneurship (DEF)	21	513,800	0	0	21	513,800	--	--
<b>Productive Programs Industrial Finance Loans</b>								
Industrial Finance	22	3,354,456	42	4,068,682	-20	-714,226	-47.62%	-17.55%
Leasing	19	2,521,210	21	2,006,864	-2	514,346	-9.52%	25.63%
Vehicles	9	133,625	0	0	9	133,625	--	--
<b>Total</b>	<b>719</b>	<b>17,413,264</b>	<b>698</b>	<b>14,505,212</b>	<b>21</b>	<b>2,908,052</b>	<b>3.01%</b>	<b>20.05%</b>

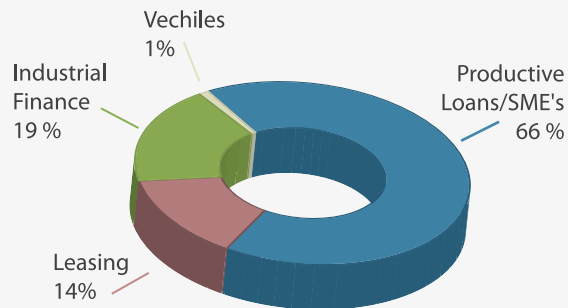
Real Estate and Personal Loans	2013		2012		Change (JD)		Change (%)	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
Housing Loans	68	2,626,006	97	3,346,455	-29	-720,449	-29.90%	-21.53%
Urban Development Loans	0	0	1	22,500	-1	-22,500	-100.00%	-100.00%
Land Purchase Loans	2	41,300	2	86,002	0	-44,702	0.00%	-51.98%
<b>Total</b>	<b>70</b>	<b>2,667,306</b>	<b>100</b>	<b>3,454,957</b>	<b>-30</b>	<b>-787,651</b>	<b>-30.00%</b>	<b>-22.80%</b>



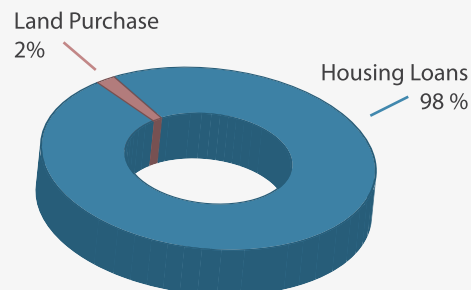
- Charts Display the Distribution of Executed Loans during 2013 vs. 2012



- Real Estate Distribution Chart for the Year 2013



- Executed Guaranteed Productive Loans Distribution Chart by Program for the Year 2013



## Guaranteed Executed Loans Distribution during the Year 2013

Bank / Lending Institution	Productive Loans		Housing and Personal Loans		Industrial Finance Loans		TOTAL	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
Jordan Kuwait Bank	6	154,000	0	0	1	73,850	7	227,850
Jordan Ahli Bank	10	148,501	1	56,251	5	835,560	16	1,040,312
Jordan Commercial Bank	15	454,650	0	0	1	240,918	16	695,568
Islamic International Arab Bank	88	2,083,618	0	0	0	0	88	2,083,618
Arab Bank	33	749,245	0	0	0	0	33	749,245
Ahli Microfinance company	55	226,359	0	0	0	0	55	226,359
Bank al Etihad	3	137,200	0	0	3	647,211	6	784,411
Bank of Jordan	18	446,716	1	11,250	4	389,864	23	847,830
The Housing Bank	292	5,612,950	0	0	12	487,342	304	6,100,292
Cairo Amman Bank	118	709,984	36	1,184,256	5	349,414	159	2,243,654
ABC Bank	0	0	32	1,415,549	0	0	32	1,415,549
Societe General Bank	0	0	0	0	4	853,786	4	853,786
Al Ahli Leasing Co	0	0	0	0	10	1,409,499	10	1,409,499
Tamkeen Leasing Co.	0	0	0	0	4	604,681	4	604,681
Ejara Leasing Co.	0	0	0	0	1	117,166	1	117,166
Bindar Trading & Investment Co.	10	166,950	0	0		0	10	166,950
Development & Employment Fund	21	513,800	0	0	0	0	21	513,800
<b>Total</b>	<b>669</b>	<b>11,403,973</b>	<b>70</b>	<b>2,667,306</b>	<b>50</b>	<b>6,009,291</b>	<b>789</b>	<b>20,080,570</b>

## OUTSTANDING GUARANTEED PORTFOLIO AT THE END OF THE YEAR

### Outstanding Guaranteed Portfolio Distribution According to Program's Type

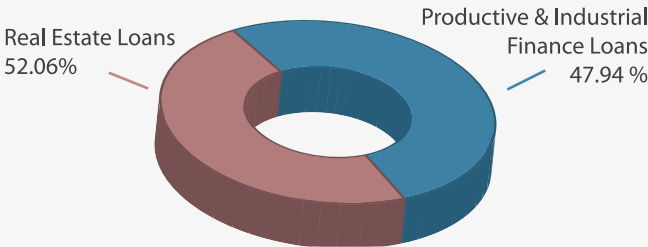
Productive Programs SMEs	2013		2012		Change (JD)		Change (%)	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
Pharmacies Loans	14	100,469	15	150,804	-1	-50,335	-6.67%	-33.38%
* SMEs Loans	417	5,653,074	494	4,073,841	-77	1,579,233	-15.59%	38.77%
Business Loan	474	6,423,033	301	4,385,274	173	2,037,759	57.48%	46.47%
Micro Loans	192	315,537	89	150,068	103	165,469	115.73%	110.26%
Kafala	87	710,373	9	122,156	78	588,217	866.67%	481.53%
Entrepreneurship (DEF)	21	445,312	0	0	21	445,312	--	--
<b>Total</b>	<b>1,205</b>	<b>13,647,798</b>	<b>908</b>	<b>8,882,143</b>	<b>296</b>	<b>4,765,655</b>	<b>32.60%</b>	<b>53.65%</b>
<b>Industrial Finance Dept. Loans</b>								
Industrial Finance	80	8,344,491	86	7,072,440	-6	1,272,051	-6.98%	17.99%
Leasing	68	6,204,812	66	5,224,435	2	980,377	3.03%	18.77%
Vehicles program	9	133,625	0	0	9	133,625	--	--
<b>Total</b>	<b>157</b>	<b>14,682,928</b>	<b>152</b>	<b>12,296,875</b>	<b>5</b>	<b>2,386,053</b>	<b>3.29%</b>	<b>19.40%</b>
<b>Total Productive Loans</b>	<b>1,362</b>	<b>28,330,726</b>	<b>1,060</b>	<b>21,179,018</b>	<b>302</b>	<b>7,151,708</b>	<b>28.49%</b>	<b>33.77%</b>

Real Estate and Personal Loans	2013		2012		Change (JD)		Change (%)	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
Housing Loans	1,905	30,489,680	2,076	33,111,771	-171	-2,622,091	-8.24%	-7.92%
Urban Development Loans	19	102,517	25	130,761	-6	-28,244	-24.00%	-21.60%
Land Purchase Loans	10	169,593	8	143,334	2	26,259	25.00%	18.32%
PC Loans	10	2,470	10	2,211	0	259	0.00%	11.69%
<b>Total</b>	<b>1,944</b>	<b>30,764,259</b>	<b>2,119</b>	<b>33,388,077</b>	<b>-175</b>	<b>-2,623,818</b>	<b>-8.26%</b>	<b>-7.86%</b>

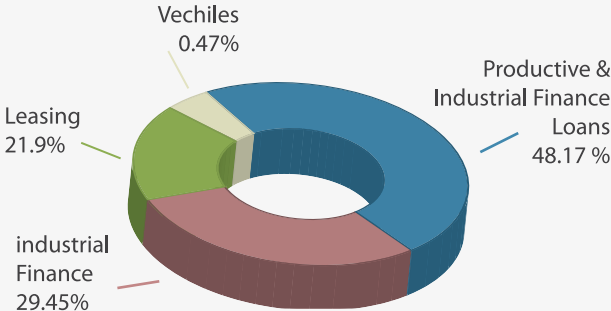
TOTAL	2013		2012		Change (JD)		Change (%)	
	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value	No.	Guaranteed Value
ALL PROGRAMS	3,306	59,094,985	3,179	54,567,095	126	4,527,890	3.96%	8.30%

# BREAKDOWN OF THE OUTSTANDING GUARANTEES

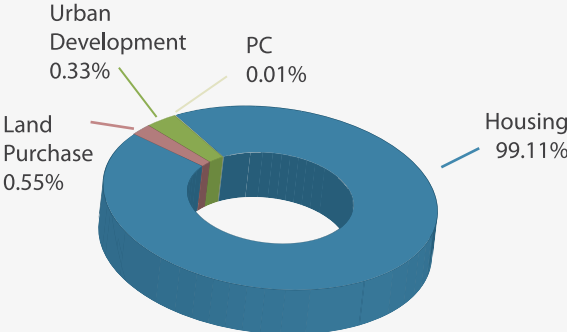
- Total Guarantees Outstanding



- Productive and Industrial Finance loans



- Real Estate Loans



## Outstanding Guaranteed Portfolio Distribution According to Participated Banks / Lending Institutions



Bank / Lending Institutions	Productive Loans		Real Estate and Personal Loans		Industrial Finance Loans		TOTAL	
	Number of loans	Guaranteed Value	Number of loans	Guaranteed Value	Number of loans	Guaranteed Value	Number of loans	Guaranteed Value
Jordan Ahli Bank	43	565,612	329	5,052,053	19	1,945,104	391	7,562,768
Cairo Amman Bank	152	779,921	1,011	14,866,992	18	1,502,320	1,181	17,149,234
The Housing Bank	649	8,581,666	0	0	17	1,158,797	666	9,740,463
Bank of Jordan	25	418,470	378	5,142,266	20	1,028,901	423	6,589,637
Bank al Etihad	9	159,048	0	0	4	693,948	13	852,996
ABC Bank	3	97,760	183	5,505,213	5	339,785	191	5,942,758
Jordan Kuwait Bank	13	190,403	5	15,033	3	191,214	21	396,650
Jordan Commercial Bank	29	515,981	0	0	6	685,098	35	1,201,079
Arab Bank	39	676,992	6	23,875	5	559,741	50	1,260,608
Islamic International Arab Bank	87	710,373	0	0	0	0	87	710,373
Societe General Bank	14	99,402	0	0	10	1,323,024	24	1,422,426
Egyptian Arab Land Bank	0	0	31	138,200	0	0	31	138,200
Arab Jordan Investment Bank	0	0	1	20,627	0	0	1	20,627
Al Ahli Leasing Co	0	0	0	0	36	3,638,468	36	3,638,468
Arab National Leasing Company	0	0	0	0	1	91,969	1	91,969
Ejara Leasing Co.	0	0	0	0	1	117,166	1	117,166
Tamkeen Leasing Co.	0	0	0	0	12	1,407,393	12	1,407,393
Bindar for Trading & Investment Co.	9	190,075	0	0	0	0	9	190,075
Ahli Microfinance company Company	112	216,784	0	0	0	0	112	216,784
Development & Employment Fund	21	445,312	0	0	0	0	21	445,312
<b>Total</b>	<b>1,205</b>	<b>13,647,798</b>	<b>1,944</b>	<b>30,764,259</b>	<b>157</b>	<b>14,682,928</b>	<b>3,306</b>	<b>59,094,985</b>

## EXPORT AND DOMESTIC CREDIT GUARANTEE

### Outstanding Guaranteed Portfolio Distribution According to Major Cities

City	Productive Loans		Housing & Personal Loans		Industrial Finance Loans		TOTAL	
	Number of loans	Guaranteed Amounts	Number of loans	Guaranteed Amounts	Number of loans	Guaranteed Amounts	Number of loans	Guaranteed Amounts
Amman	662	7,438,958	1,408	24,276,118	151	14,440,902	2,221	46,155,978
Balqa	48	553,464	65	673,701	1	12,200	114	1,239,365
Irbid	220	2,502,230	118	1,476,434	2	187,401	340	4,166,065
Karak	35	533,486	51	547,483	1	6,816	87	1,087,785
Ma'an	11	167,565	22	191,750	1	23,152	34	382,467
Tafleh	17	219,167	15	102,012	0	0	32	321,179
Zarqa	118	1,104,760	69	880,838	1	12,457	188	1,998,055
Mafraq	39	449,237	29	467,949	0	0	68	917,185
Madaba	15	167,035	26	270,848	0	0	41	437,883
Jerash	13	156,987	34	354,013	0	0	47	511,000
Ajloun	7	129,060	7	49,167	0	0	14	178,226
Aqaba	20	225,851	100	1,473,946	0	0	120	1,699,797
Total	1,205	13,647,798	1,944	30,764,259	157	14,682,928	3,306	59,094,985

### Export and Domestic Credit Guarantee

- **Guaranteed Contracts**

Guaranteed Contracts Signed during 2013 vs. 2012

Program	Number		Value (JD)	
	2013	2012	2013	2012
Export Credit	14	17	199,022,000	139,000,000
Domestic Sales Credit	5	2	17,000,000	16,166,700
TOTAL	19	19	216,022,000	155,166,700

- **Guaranteed Shipments**

#### 1- By Program

Guaranteed Export Shipments and Domestic Sales during 2013 vs. 2012

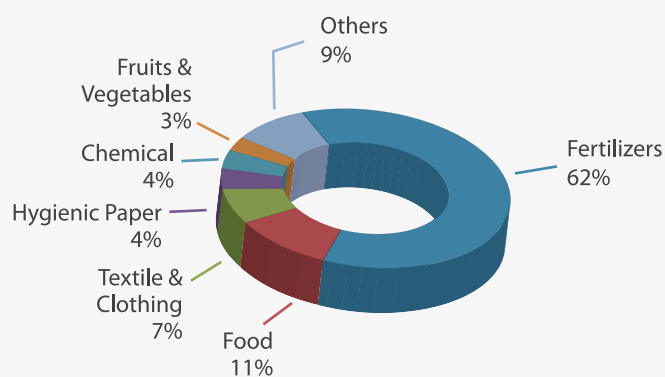
Program	Number		Value (JD)		Guaranteed Value (JD)	
	2013	2012	2013	2012	2013	2012
Export Credit	833	849	96,720,230	105,998,343	93,873,152	102,998,343
Domestic Sales Credit	124	74	3,420,220	4,530,564	2,436,397	3,943,282
TOTAL	957	923	100,140,450	110,528,907	96,309,549	106,941,625

## 2- By Sector

### SECTORIAL DISTRIBUTION OF GUARANTEED SHIPMENTS



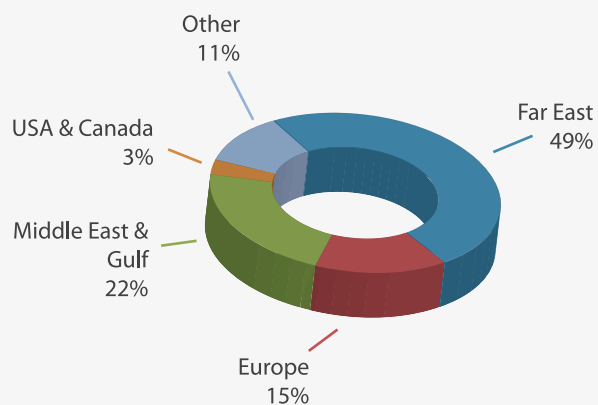
Sector	2013	2012
Fertilizers	62%	68%
Food	11%	9%
Textile & Clothing	7%	7%
Hygienic paper	4%	2%
Chemical	4%	4%
Fruits & Vegetables	3%	1%
Others	9%	9%
TOTAL	100%	100%



## 3- By Geographical Area

### GRAPHICAL DISTRIBUTION OF GUARANTEED SHIPMENTS

Area	2013	2012
Far East	49%	52%
Europe	15%	14%
Middle East & Gulf	22%	23%
USA & Canada	3%	3%
Other	11%	8%
TOTAL	100%	100%



## Outstanding Guaranteed Shipments at the End of 2013 vs. 2012

Program	Number of Shipments		Guaranteed Value (JD)	
	2013	2012	2013	2012
Export Credit	341	269	4,724,820	2,325,000
Domestic Sales Credit	66	36	148,847	175,000
<b>TOTAL</b>	<b>407</b>	<b>305</b>	<b>4,873,667</b>	<b>2,500,000</b>

## Claims Paid, Recoveries, Re-Scheduled Loans

### Loan Guarantee Programs

#### 1- By Program

Loan Type	Claims	Claims Paid	Recoveries	Re-scheduling
Real Estate	163,153	162,571	115,254	441,413
Productive	46,959	31,391	14,240	1,187,930
Pharmacies	0	0	0	85,000
Kafala	0	0	0	160,000
Business	59,827	8,919	0	438,354
Micro Finance	1,947	1,947	0	17,512
Industrial Finance	108,992	102,083	0	733,255
Leasing	385,256	25,000	0	267,545
<b>TOTAL</b>	<b>766,134</b>	<b>331,911</b>	<b>129,494</b>	<b>3,331,009</b>



## 2- By Bank / Lending Institutions

Bank / Lending Institution	Claims	Claims Paid	Recoveries	Recoveries
Jordan Ahli Bank	36,302	90,512	3,137	830,550
Jordan Commercial Bank	9,894	0	0	0
Bank of Jordan	58,564	0	18,748	82,320
Arab Bank	0	0	650	52,625
The Housing Bank	90,027	40,310	4,427	659,580
Egyptian Arab Land Bank	7,790	16,537	8,747	9,795
Ahli Microfinance Company	0	0	640	0
Cairo Amman Bank	178,301	159,552	93,145	1,099,094
Societe General Bank	0	0	0	0
Bank al Etihad	0	0	0	169,500
Islamic International Arab Bank	0	0	0	160,000
ABC Bank	0	0	0	0
Tamkeen leasing Co.	256,683	0	0	0
Al Ahli Leasing Co	128,573	25,000	0	138,545
Arab National Leasing Company	0	0	0	129,000
<b>TOTAL</b>	<b>766,134</b>	<b>331,911</b>	<b>129,494</b>	<b>3,331,009</b>

## 3- By Major Cities

City	Claims	Claims Paid	Recoveries	Re-scheduling
Amman	700,408	321,161	93,125	2,638,382
Irbid	13,938	8,189	29,736	485,260
Zarqa	31,079	0	602	29,315
Balqa	0	0	0	61,497
Jerash	2,561	2,561	0	0
Mafraq	0	0	0	65,555
rusaifa	8,254	0	2,895	0
Madaba	0	0	0	6,000
Ramtha	9,894	0	0	0
Aqaba	0	0	3,136	45,000
<b>TOTAL</b>	<b>766,134</b>	<b>331,911</b>	<b>129,494</b>	<b>3,331,009</b>

## DELAYED PAYMENTS ANALYSIS

### Productive Loans / SMEs Delays

Category	Delay Days	Payments Overdue	Guaranteed Balance	Payments Overdue/ Balance of Outstanding Loans	Guaranteed Balance / Outstanding Guaranteed Portfolio
Early Warning	60-89 Days	25,649	261,026	0.13%	1.91%
Below Average	90-179 Days	149,005	281,530	0.75%	2.06%
Doubtful	180-359 Days	157,515	252,023	0.79%	1.85%
Bad	Over 360 Days	126,297	97,633	0.63%	0.72%
Balance of Outstanding Loans =		19,918,090			
Outstanding Guaranteed Portfolio =		13,647,798			

### Industrial Finance Loans Delay

Category	Delay Days	Payments Overdue	Guaranteed Balance	Payments Overdue/ Balance of Outstanding Loans	Guaranteed Balance / Outstanding Guaranteed Portfolio
Early Warning	60-89 Days	89,167	624,741	0.36%	4.25%
Below Average	90-179 Days	105,344	368,885	0.43%	2.51%
Doubtful	180-359 Days	768,726	993,202	3.14%	6.76%
Bad	Over 360 Days	4,264	3,151	0.02%	0.02%
Balance of Outstanding Loans =		24,505,975			
Outstanding Guaranteed Portfolio =		14,682,928			

### Housing & Personal Loans Delay

Category	Delay Days	Payments Overdue	Guaranteed Balance	Payments Overdue/ Balance of Outstanding Loans	Guaranteed Balance / Outstanding Guaranteed Portfolio
Early Warning	60-89 Days	65,202	1,508,064	0.15%	4.90%
Below Average	90-179 Days	365,393	619,577	0.85%	2.01%
Doubtful	180-359 Days	135,650	136,820	0.32%	0.44%
Bad	Over 360 Days	493,277	243,609	1.15%	0.79%
Balance of Outstanding Loans =		42,783,515			
Outstanding Guaranteed Portfolio =		30,764,259			

## All Guaranteed Loans Payment delays



Category	Delay Days	Payments Overdue	Guaranteed Balance	Payments Overdue/ Balance of Outstanding Loans	Guaranteed Balance /Outstanding Guaranteed Portfolio
Early Warning	60-89 Days	180,018	2,393,831	0.21%	4.05%
Below Average	90-179 Days	619,742	1,269,992	0.71%	2.15%
Doubtful	180-359 Days	1,061,891	1,382,045	1.22%	2.34%
Bad	Over 360 Days	623,838	344,393	0.72%	0.58%
Balance of Outstanding Loans =		87,207,580			
Outstanding Guaranteed Portfolio =		59,094,985			

## Credit Export & Domestic Sales Program

### Credit Export and Domestic Sales Claims during 2013 compared to 2012

Number of claims			Value of Claims		
2013	2012	Change	2013	2012	Change
1	1	0	6,962	36,423	-29,461

For export and domestic sales program, no indemnifications, recoveries and rescheduling made during the years 2013 and 2012.

## EXPENSES & REVENUES



### Operational Revenues in 2013 vs. 2012

Revenues	JD		
	2013	2012	Change
Housing Loan Guarantee Fees	274,542	286,916	-12,374
Productive Loan Guarantee Fees	230,153	158,752	71,401
Working Capital Loan Guarantee Fees	0	945	-945
Industrial Finance & Leasing Loan Guarantee Fees	139,107	114,488	24,619
Export & Domestic Credit Guarantee Fees	199,242	198,611	631
<b>Total Operational Revenues</b>	<b>843,044</b>	<b>759,712</b>	<b>83,332</b>

### Realized Financial Revenues in 2013 vs. 2012

Revenues	JD		
	2013	2012	Change
Interest on Deposits	132,464	174,543	-42,079
Returns from Investment in Shares	36,000	0	36,000
Interest from Investment in Bonds	656,415	542,085	114,328
Gain from Sale of Financial Assets	0	3,481	-3,481
<b>Total Realized Financial Revenues</b>	<b>824,879</b>	<b>720,109</b>	<b>104,770</b>

### Total Realized Revenues in 2013 vs. 2012

Revenues	JD		
	2013	2012	Change
Operational Revenues	843,044	759,712	83,332
Realized Financial Revenues	824,879	720,109	104,770
Other Revenues	1,356	700	656
<b>Total Realized Revenues</b>	<b>1,669,279</b>	<b>1,480,521</b>	<b>188,758</b>

### Total Un-Realized Financial Revenues in 2013 vs. 2012

Revenues	JD		
	2013	2012	Change
Financial assets measured at fair value through profit or loss of revaluation	4,006	73,816	-69,810
<b>Total Un-Realized Financial Revenues</b>	<b>4,006</b>	<b>73,816</b>	<b>-69,810</b>

## General & Administrative Expenses in 2013 vs. 2012

Expenses	(JD)		
	2013	2012	Change
Salaries and wages	563,287	574,215	-10,928
JLGC's contribution in saving fund	43,951	44,825	-874
JLGC's contribution in social security	55,389	56,785	-1,396
Official duties abroad	11,364	14,843	-3,479
Training courses	18,849	15,189	3,660
Rent	787	785	2
Water & Electricity	17,594	17,823	-229
Post & Telephone	10,564	12,695	-2,131
Depreciation	51,829	55,959	-4,130
Marketing expenses	19,438	17,757	1,681
Professional fees	18,243	28,230	-9,987
Maintenance	12,377	9,471	2,906
Vehicle expenses	11,035	8,441	2,594
Subscriptions	24,676	33,147	-8,471
Stationary and printing	10,548	11,095	-547
Hosting	5,161	3,500	1,661
Board Members Transportation	46,800	46,800	0
Other expenses	5,262	5,212	50
<b>Total General and Administrative Expenses</b>	<b>927,154</b>	<b>956,772</b>	<b>-29,618</b>

## Gross Profit in 2013 vs. 2012

Gross Profit	(JD)		
	2013	2012	Change
Total Revenues	1,673,285	1,554,337	118,948
(less) General and Administrative Expenses	927,154	956,772	-29,618
<b>Gross Profit / Loss</b>	<b>746,131</b>	<b>597,565</b>	<b>148,562</b>

## JLGC'S BUSINESS ACTIVITIES IN 2013

### New Agreements / Programs: -

The Jordan Loan Guarantee Corporation signed a number of loan guarantee agreements and export credit programs with many local and international institutions. The agreements focused on guaranteeing loans granted by local banks, financing companies and leasing companies to support small and medium size enterprises. Some of the signed agreements build on previously launched ones that were signed during 2012 but completed in 2013.

### Main agreements signed during 2013 are the followings:-

- **SMEs Guarantee Agreement with Capital Bank:**

The Jordan loan Guarantee Corp. signed a guarantee agreement with Capital Bank on the 2nd April, 2013 to guarantee SMEs loans granted by the Bank.

The new polices of the company based on developing a financing programs that fulfill the needs of the project's owners in cooperation with the local banks. Therefore, the signing of the agreement with Capital bank came in line with the company's mandate to direct its guarantees for SMEs to enable them to obtain the required financing to enhance their business abilities based on the feasibility and cash flow of those projects.

- **Launching new four SMEs loan specialized programs with the Arab Bank:**

On the 7th April, 2013 the Jordan Loan Guarantee Corporation and the Arab Bank signed the second addendum of the loan Guarantee agreement; to launch four SME's specialized programs. Through this agreement JLGC guarantees the Arab Bank financing to SMEs, and provides guarantees aimed at serving the new four programs with finance reach to JD 100,000 and a maturity date up to 5 years.

The four programs are: "Auto- loan", "Renewed loan for pharmacies" and "renewed bonded loan" with a guarantee percentage of 70%. Whereas, the last program is the "Jordanian Exports Support loan" with a guarantee percentage of 90%.

It is worth pointing out that the first addendum was signed in October 2012 and launched the first two programs, "Express Loan" and "SMEs Business Loan".

- **A Guarantee Agreement with Bindar Trading & Investment Company**

The Jordan Loan Guarantee Corporation signed an agreement with Bindar Trading and Investment Company on the 24th April, 2013. According to this agreement, JLGC guaranteed loans granted to SMEs as an implementation of its strategic plan to expand its network to include finance companies providing credit to SMEs and entrepreneurs to develop their business activities. The guaranteed is expected to contribute to the national effort aiming at poverty alleviation and job creation, with an overall vision for both parties being the advancement of national economy growth.

- **The " Commercial Business Program " to finance SMEs with Jordan Commercial Bank**

Through joint efforts, the Jordan Loan Guarantee Corporation and the Jordan Commercial Bank signed an agreement to launch the "Commercial Business Program" on the 29th May, 2013. The program aimed for financing small and medium-sized enterprises with a targeted ceiling of JD 10 million to be reached by the end of 2013, as well as facilitating procedures, terms and conditions for granting credit at competitive rates to the owners of SMEs operating in all parts of the Kingdom in different types of businesses. The loan limits one hundred thousand JDs, and the term goes to 5 years. These loans will be provided at a competitive interest rate to enhance the chances of success of the loan programs and take the proper credit decision to replace the traditional collaterals with the well-studied guarantees of JLGC.

- **Cooperation Agreement with The International Finance Corporation (IFC, WB Group)**

On the 15th of September 2013, The Jordan Loan Guarantee Corporation signed an agreement with the International Finance Corporation (IFC) in cooperation with The World Bank Group to help increase lending to smaller enterprises in Jordan. The signing ceremony took place at the Central Bank of Jordan under the patronage and attendance of CBJ Governor H.E.Dr. Ziad Fareez and a number of high-profile members from CBJ, IFC, WB and JLGC. The advisory agreement aimed to support the Jordan Loan Guarantee Corporation to scale up its guaranteeing operations and assisting JLGC for building its institutional capacity, maximize its outreach, and develop new financial products that cater to the needs of small businesses and entrepreneurs.

On the other hand, the partnership with the IFC enabled JLGC to enhance its loan guarantee program to help more creditworthy firms get the financing they need to grow their business for the active role JLGC used to play in giving the banks and financial institutions trust in the granting operations, it also dedicating its efforts to develop collaboration with the international institutions specialized in SMEs widely.

- **Agency Agreement with The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC/ Member of IDB)**

The Jordan Loan Guarantee Corporation signed an agency agreement with The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), a member of the Islamic Development Bank (IDB) Group on the 6th of October 2013. The agreement enabled JLGC to promote and introduce export credit insurance products in accordance with Islamic Shari'ah principles, among Jordanian Exporters, investors and banks. The products originally provided by The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC).

On the other hand, the agreement gave JLGC the chance to expand its services to Jordanian exporters, and enable them, for the first time, to provide the service of insuring letters of Credit (LCs), which are issued in favor of Jordanian banks, as well as, enabling local banks to confirm LCs with higher limits for Jordanian exporters and allow them to export to new markets.

Signing the agreement assured the role of JLGC as a strategic partner among other national insurance agencies and members. Furthermore, it focused on the main contribution of the company to improve its ability for the increase of the volume of national exports that attracts more investments through the fast activation of the deals with ICIEC and the appropriate promotion of their products.



## Important Regional and International Meetings and Activities during 2013

- **4<sup>th</sup> Annual Global Export and Agency Finance – Asia Pacific**

The Director General Dr. Mohammed Al Ja'fari attended the "4<sup>th</sup> Annual Global Export and Agency Finance – Asia Pacific" that was organized by Euromoney Seminars and held in Jakarta /Indonesia on March 29<sup>th</sup> & 30<sup>th</sup> January, 2013.



Dr. Al Ja'fari participated as a speaker in the third panel discussion about the Local currency funding for project financing and the role of export credit financing in supporting finance with local currencies.

- **The Economic Development Forum at TAG**

Under the patronage of His Majesty King Abdullah II, The Economic Development Forum at Talal Abu Ghazaleh Knowledge Forum in partnership with World Trade Organization arranged the "Arab Regional Debate Forum" on the 11<sup>th</sup> February, 2013. The forum created an opportunity to share some points of views between WTO and a number of attendees to present alternatives and clarifications to solve obstacles found in the global trading system. The Director General Dr. Mohammed Al Ja'fari represented JLGK at the forum.

- **CreditAlliance Regional Meeting for Mediterranean and Africa Region**

Dr. Mohammed al-Ja'fari, the Director General represented JLGK at the "CreditAlliance Regional Meeting for Mediterranean and Africa Region" held in Dubai – UAE on the 15<sup>th</sup> and 16<sup>th</sup> April, 2013. He also attended the " Coface Country Risk Conference 2013" held during the first day of CreditAlliance Regional Meeting, and highlighted the risks faced by Mediterranean and Africa region to help decision's makers to take the best choices regarding the exports and investment findings.

- **IFC SME Banking Conference 2013 in partnership with AMF**

JLGK was invited to join fellow banking professionals to discuss global best practices in SME banking. IFC in partnership with Arab Monetary Fund (AMF) held "SME Banking Conference 2013, Building a high performance SME business in the MENA region" in Dubai, UAE from 7<sup>th</sup> to 8<sup>th</sup> May, 2013. Mrs. Nour Al Abbadi / Credit Officer in Follow Up, Indemnifications & Recoveries Section attended the conference and met with peers from all over the region to discuss the importance of making SME banking a strategic priority to build a competitive and sustainable SME business and scale up its operations.

- **AECM General Assembly and Annual Seminar**

JLGK delegated Mr. Mohannad Al Rashdan / Assistant Director General for Technical & Operational group and Mr. Jamal Al Ja'fari / Loan Guarantee Dept. Manager to participate in "The International Round Table on non-EU guarantee institutions" took place during the period of 20<sup>th</sup> to 22<sup>nd</sup> June, 2013 in Rome, Italy. The meeting highlighted the future vision on some guarantee methods and programs due to Basel III regulations, and introduced new techniques of the guarantee services through sharing experiences with similar companies working in SMEs field.

- **UAB Workshop "Risk Based Internal Audit"**

The Union of Arab Banks UAB organized a banking workshop in Erbil, Iraq during the period of 24th to 27th June, 2013. The Head of Internal Audit Mr. Ahmad Al Soufi participated in the workshop entitled with "Risk Based Internal Audit" that discussed the main challenges faced by auditors as a result of the changeable economic circumstances in the world that caused financial crisis and risks. The workshop focused on bringing a systematic, disciplined approaches and mechanisms to evaluate and improve the effectiveness of risk management, control, and governance processes as well as developing the skills of auditors in their corporations.

- **Financial Accounting Training Program**

A specialized training program entitled "Recent Trends in Auditing and Financial Control Modern" which was held in Dubai - UAE on the 15TH to 19th September, 2013. Mr. Issa Al Tarayra, Head of Financial Section attended the program which aimed to spread new methodologies in finance administration, accounting, banking, monitoring reports, and budgetary set up to follow the accelerated developments in financial and accounting criteria.

- **SMEs Training in Kuwait**

The International Monetary Fund (IMF) organized a training entitled with "Improving Access to Finance for SMEs in the MENA area" held in Kuwait on 25th to 28th November, 2013.

Mr. Rami Al Samardali, Head of Follow Up, Indemnifications & Recoveries Section and Mr. Mohammad Alawi, Credit Officer in the Loan Guarantee Dept. attended the training that covered areas focusing on matters related to SMEs policies and procedures and some opportunities of SME financing. A general presentation was showed to clarify the challenges of SMEs Financing in the Mediterranean and Africa region.

- **The 4<sup>th</sup> Annual Meeting of AMAN UNION**

Dr. Mohamed Al Ja'fari took part in "The fourth Annual Meeting of AMAN UNION" which was held in Doha, Qatar during the period of 8th to 11th December, 2013. Hosted by Qatar Development Bank in coordination with the special business unit at the bank called "TASDEER" established in 2011. The meeting was also attended by experts from credit and political risk insurance, reinsurance, banking and credit information agencies. Participants shared their ideas and experiences on the credit insurance business and its best practices.

JLGC was one of the founding members of the AMAN UNION and the membership has now grown to include many other Arab and Islamic countries.



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

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

- **Item 1:**

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

This item is applied in part and reason is:

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

## REPRESENTATION

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

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



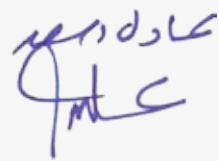
**Deputy Chairman**  
**Dr. Moh'd Al Ja'fari**



**Member**



**Member**



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

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



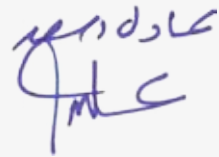
**Deputy Chairman**  
**Dr. Moh'd Al Ja'fari**



**Member**



**Member**



3. We the undersigned declare that all Financial Statements and Information within this report is correct.

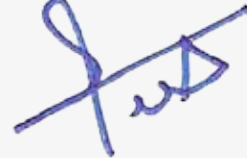
**Chairman of the Board**  
**Dr. Maher "Sheikh Hasan"**



**Deputy Chairman**  
**Dr. Moh'd Al Ja'fari**



**Financial Section Head**  
**Issa Tarayrah**



# FINANCIAL STATEMENTS AND AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

**Arab Professionals**  
(Member firm within Grant Thornton International Ltd)

# INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Jordan Loan Guarantee Corp. which comprise the statement of financial position as at 31 December 2013, the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Jordan Loan Guarantee Corp. as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Report on the Legal and Regulatory Requirements

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

Amman – Jordan  
11 February 2014

Arab Professionals

**Guarantee Corp. Jordan Loan - Public Shareholding Company**  
**Statement of financial position as at 31 December 2013**  
(In Jordanian Dinar)

	Note	2013	2012
<b>Assets</b>			
Cash and cash equivalents	4	2,626,520	2,452,576
Restricted bank deposits	12, 14	5,169,921	4,816,702
Restricted financial assets measured at amortized cost	14,12	2,885,742	2,885,815
Financial assets measured at fair value through profit or loss	5	72,764	259,281
Financial assets measured at fair value through other comprehensive income	6	600,288	602,709
Financial assets measured at amortized cost	7	9,276,040	8,972,894
Receivables and other current assets	8	485,756	492,438
Deferred tax assets	9	407,213	352,313
Property and equipment	10	3,263,324	3,189,352
<b>Total assets</b>		<b>24,787,568</b>	<b>24,024,080</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Provisions against loans guarantee	11	3,373,321	2,892,628
Central Bank of Jordan loan	12	5,160,695	5,160,695
Payables and other current liabilities	13	484,388	370,482
Ministry of planning deposit	14	1,248,500	1,248,500
Income tax provision	9	117,814	66,285
<b>Total liabilities</b>		<b>10,384,718</b>	<b>9,738,590</b>
<b>Equity</b>			
	15		
Paid in capital		10,000,000	10,000,000
Statutory reserve		1,398,770	1,345,208
Voluntary reserve		2,204,824	2,204,824
Fair value adjustments		41,931	44,267
Retained earnings		757,325	691,191
<b>Total equity</b>		<b>14,402,850</b>	<b>14,285,490</b>
<b>Total liabilities and equity</b>		<b>24,787,568</b>	<b>24,024,080</b>

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

**Guarantee Corp. Jordan Loan - Public Shareholding Company**  
**Statement of income for the year ended 31 December 2013**  
(In Jordanian Dinar)

	Note	2013	2012
<b>Revenues</b>			
Bonds interest income		656,415	542,085
Interest income		132,464	174,543
Commissions on guaranteed loans		504,695	446,613
Commissions on guaranteed exports and domestic buyers		199,242	198,611
Commissions on guaranteed industrial loans and financial leasing		139,107	114,488
Revaluation of financial assets measured at fair value through profit or loss		4,006	73,816
Profit from sale of financial assets measured at amortized cost		-	3,481
Dividends income		36,000	-
Other revenues		1,356	700
<b>Total revenues</b>		<b>1,673,285</b>	<b>1,554,337</b>
<b>Deduct :</b>			
Administrative expenses	16	927,154	956,772
Provisions against loans guarantee	11	189,571	275,149
Provision against end of service indemnity		20,940	17,419
Board of directors' remunerations		34,590	21,770
<b>Total expenses</b>		<b>1,172,255</b>	<b>1,271,110</b>
Profit for the year before income tax		501,030	283,227
Income tax expense	9	(81,334)	(7,943)
<b>Profit for the year</b>		<b>419,696</b>	<b>275,284</b>
<b>Basic and diluted earnings per share</b>	17	<b>0.042</b>	<b>0.028</b>

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



**Guarantee Corp. Jordan Loan - Public Shareholding Company**  
Statement of comprehensive income for the year ended 31 December 2013  
(In Jordanian Dinar)

	2013	2012
Profit for the year	419,696	275,284
Other comprehensive income		
Change in fair value of financial assets through other comprehensive income	(2,336)	(1,252)
<b>Total comprehensive income for the year</b>	<b>417,360</b>	<b>274,032</b>

**Guarantee Corp. Jordan Loan - Public Shareholding Company**  
Statement of changes in equity for the year ended 31 December 2013  
(In Jordanian Dinar)

	Paid in capital	Reserves		Fair value adjustments	Retained earnings	Total
		Statutory	Voluntary			
Balance at 1 January 2013	10,000,000	1,345,208	2,204,824	44,267	691,191	14,285,490
Dividends paid	-	-	-	-	(300,000)	(300,000)
Comprehensive income for the year	-	-	-	(2,336)	419,696	417,360
Statutory reserve	-	53,562	-	-	(53,562)	-
<b>Balance at 31 December 2013</b>	<b>10,000,000</b>	<b>1,398,770</b>	<b>2,204,824</b>	<b>41,931</b>	<b>757,325</b>	<b>14,402,850</b>
Balance at 1 January 2012	10,000,000	1,314,708	2,204,824	45,519	446,407	14,011,458
Comprehensive income for the year	-	-	-	(1,252)	275,284	274,032
Statutory reserve	-	30,500	-	-	(30,500)	-
<b>Balance at 31 December 2012</b>	<b>10,000,000</b>	<b>1,345,208</b>	<b>2,204,824</b>	<b>44,267</b>	<b>691,191</b>	<b>14,285,490</b>

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

**Guarantee Corp. Jordan Loan - Public Shareholding Company**  
**Statement of cash flows for the year ended 31 December 2013**  
(In Jordanian Dinar)

	2013	2012
<b>Operating Activities</b>		
Profit for the year before income taxes	501,030	283,227
Depreciation	51,829	55,959
Revaluation of financial assets measured at fair value through profit or loss	(4,006)	(73,816)
Profit from sale of financial assets measured at amortized cost	-	(3,481)
Provision against end of service indemnity	20,940	17,419
Provisions against loans guarantee	683,115	599,485
Board of directors' remunerations	34,590	21,770
<b>Change in working capital</b>		
Payables and other current liabilities	58,377	1,703
Receivables and other current assets	6,682	(91,065)
Financial assets measured at fair value through profit or loss	190,523	9,950
Net payments for loans guarantee	(202,422)	(156,702)
Income tax paid	(84,621)	(20,676)
<b>Net Cash Flows From Operating Activities</b>	<b>1,256,037</b>	<b>643,773</b>
<b>Investing Activities</b>		
Financial assets measured at amortized cost	(303,146)	(4,941,468)
Property and equipment	(125,801)	(1,952)
<b>Net Cash Flows Used In Investing Activities</b>	<b>(428,947)</b>	<b>(4,943,420)</b>
<b>Financing Activities</b>		
Increase in restricted bank deposits	(353,219)	(314,806)
Restricted financial assets measured at amortized cost	73	(1,207,852)
Ministry of planning deposit	-	1,248,500
Dividends paid	(300,000)	-
<b>Net Cash Flows Used in Financing Activities</b>	<b>(653,146)</b>	<b>(274,158)</b>
Net change in cash and cash equivalents	173,944	(4,573,805)
Cash and cash equivalents, beginning of the year	2,452,576	7,026,381
<b>Cash and cash equivalents, end of the year</b>	<b>2,626,520</b>	<b>2,452,576</b>

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

## Guarantee Corp. Jordan Loan - Public Shareholding Company

Notes to the Financial Statements 31 December 2013

(In Jordanian Dinar)

### 1. General

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

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

These financial statements were authorized for issue by the Company's Board of Directors in their meeting held on 11 February 2014 and it is subject to the General Assembly approval.

### 2. Significant Accounting Policies

Basis of preparation

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

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

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

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

Adoption of new and revised IFRS standards

A number of new and revised standards are effective for annual periods beginning on 1 January 2013. Information on these new standards is presented below.

Standard	Title of Standards
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 19	Employee Benefits (Revised 2011)
IAS 27	Separate Financial Statements (Revised 2011)
IAS 28	Investments in Associates and Joint Ventures (Revised 2011)

The following standards have been published that are mandatory for accounting periods after 31 December 2013.

Standard	Title of Standards
IAS 32	Offsetting Financial Assets and Financial Liabilities
IAS 36	Recoverable Amount Disclosures for Non-Financial Assets

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

#### **Use of Estimates**

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

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

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

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

#### **Financial Instruments**

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

Debt investments are measured at amortized cost only if both of the following criteria are met: the objective of the Company's business model is to hold the asset to collect the contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. If either of the two criteria above is not met, debt investments are measured at fair value through profit or loss.

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

#### Trading and settlement date accounting

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

#### Fair value

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

#### Property and equipment

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

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

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

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

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

#### Accounts payable

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

#### Provisions

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

## **Jordan Loan Guarantee Corp.**

Notes to the Financial Statements (continued)

31 December 2013

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

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

### **Offsetting**

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

### **Revenues**

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

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

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

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

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

### **Income tax**

Income tax expenses represent accrued taxes and deferred taxes.

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

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

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

### **Foreign Currency**

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

### 3. Balances of guaranteed loans and ceilings

	Ceilings		Guaranteed	
	2013	2012	2013	2012
Housing loans guarantees	40,060,976	42,692,042	30,764,259	33,388,076
Productive loans guarantees	18,487,500	16,450,309	13,647,797	8,882,143
Export credit guarantees & domestic buyers	4,724,000	2,500,000	4,724,000	2,500,000
Industrial loans guarantees	8,344,491	7,072,439	8,344,491	7,072,439
Financial leasing	6,204,812	5,224,434	6,204,812	5,224,434
Business vehicles	133,625	-	133,625	-

### 4. Cash and cash equivalents

	2013	2012
Cash on hand	1,000	510
Current bank accounts	8,555	2,032
Bank deposits	2,616,965	2,450,034
	<b>2,626,520</b>	<b>2,452,576</b>

Bank deposits mature from one to six months, with an annual interest rate ranging between (3.4%) and (6.25%) yearly.

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

	2013	2012
Investment funds	72,764	72,764

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

	2013	2012
Investments in quoted shares (in Jordan)	350,288	352,709
Investments in unquoted shares (in Jordan)	250,000	250,000
	<b>600,288</b>	<b>602,709</b>

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

	2013	2012
Investment in bonds – Jordan	9,553,780	9,250,634
Deduct: impairment provision	(277,740)	(277,740)
	9,276,040	8,972,894

Investment in bonds mature up to the year 2018 with an annual interest rate ranging between (6.114 %) and (8.6%) yearly.

**8. Receivables and other current assets**

	2013	2012
Accrued commissions income	264,611	292,932
Accrued interest income	217,024	194,984
Prepaid expenses	7,537	8,087
Refundable deposits	7,815	7,815
Others	576	427
Deduct : provision against impairment in accrued interest	(11,807)	(11,807)
	485,756	492,438

**9. Income tax**

The movements on the income tax provision are as follows:

	2013	2012
Balance at beginning of the year	66,285	30,155
Current income tax charge	136,150	56,806
Income tax paid	(84,621)	(20,676)
	117,814	66,285

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

	2013	2012
Current income tax charge	(136,150)	(56,806)
Deferred tax relating to provisions against loans guarantee	51,884	46,424
Deferred tax relating to end of service indemnity provision	2,932	2,439
	(81,334)	(7,943)



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

	2013	2012
Provisions against loans guarantee	361,745	309,860
Provision against impairment of financial assets measured at amortized cost	40,537	40,537
End of service provision	6,452	3,521
Change in fair value reserve	(1,521)	(1,605)
	407,213	352,313

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2009.
- The Income Tax return for the years 2010, 2011 and 2012 has 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 2013 was calculated in accordance with the Income Tax Law.

## 10. Property & Equipment

	Lands	Buildings	Furniture & Fixtures	Vehicles	Computers & Software	Advance payments to purchase software	Total
<b>Cost</b>							
Balance as at 1/1/2013	1,688,453	1,522,285	139,759	95,721	196,538	-	3,642,756
Additions	-	-	4,532	-	894	120,427	125,853
Disposals	-	-	(6,736)	-	(12,921)	-	(19,657)
Balance as at 31/12/2013	1,688,453	1,522,285	137,555	95,721	184,511	120,427	3,748,952
<b>Accumulated depreciation</b>							
Balance as at 1/1/2013	-	89,495	102,201	78,642	183,066	-	453,404
Depreciation for the year	-	30,446	8,443	7,080	5,860	-	51,829
Disposals	-	-	(6,693)	-	(12,912)	-	(19,605)
Balance as at 31/12/2013	-	119,941	103,951	85,722	176,014	-	485,628
Net book value as at 31/12/2013	1,688,453	1,402,344	33,604	9,999	8,497	120,427	3,263,324
<b>Cost</b>							
Balance as at 1/1/2012	1,688,453	1,522,285	138,517	95,721	195,828	-	3,640,804
Additions	-	-	1,242	-	710	-	1,952
Balance as at 31/12/2012	1,688,453	1,522,285	139,759	95,721	196,538	-	3,642,756
<b>Accumulated depreciation</b>							
Balance as at 1/1/2012	-	58,966	91,875	71,543	175,061	-	397,445
Depreciation for the year	-	30,529	10,326	7,099	8,005	-	55,959
Balance as at 31/12/2012	-	89,495	102,201	78,642	183,066	-	453,404
Net book value as at 31/12/2012	1,688,453	1,432,790	37,558	17,079	13,472	-	3,189,352

**Jordan Loan Guarantee Corp.**

Notes to the Financial Statements (continued)

31 December 2013

**11. Provisions against loans guarantee**

The general provision is computed at 3% of the guaranteed productive loans and the guaranteed portion of export credit, and 1% of the guaranteed housing loans portfolio. The special provision is computed against loans defaulted for more than (180) days for productive loans and (360) days for housing loans.

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

	2013	2012
General provision	789,427	679,337
Special provision	871,558	867,411
Provision for industrial financing	1,597,187	1,338,892
Provision for pioneer projects financing	115,149	6,988
	<b>3,373,321</b>	<b>2,892,628</b>

The movements on these provisions are as follows:

## General provision

	2013	2012
Balance at beginning of the year	679,337	568,155
Charge for the year	110,090	111,182
	<b>789,427</b>	<b>679,337</b>

## Special provision

	2013	2012
Balance at beginning of the year	867,411	821,215
Charge for the year	79,481	163,967
Recoveries	129,494	202,416
Compensations paid	(204,828)	(320,187)
	<b>871,558</b>	<b>867,411</b>

Provision for industrial financing	2013	2012
Balance at beginning of the year	1,338,892	1,060,475
Charge for the year	385,383	317,348
Recoveries	-	6,635
Compensations paid	(127,088)	(45,566)
	<b>1,597,187</b>	<b>1,338,892</b>

Provision for pioneer projects financing	2013	2012
Balance at beginning of the year	6,988	-
Charge for the year	108,161	6,988
	<b>115,149</b>	<b>6,988</b>

#### 12. Central Bank of Jordan loan

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

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

The restricted balance presented under assets in the statement of financial position amounted to JOD 6,692,182 and JOD 6,447,105 as at 31 December 2013 and 2012, respectively.

#### 13. Payables and other current liabilities

	2013	2012
Reinsurers	203,118	212,651
Provision for end of service indemnity	46,088	25,148
Accrued expenses	50,703	24,793
Provision for Board of Directors' remunerations	34,590	21,770
Unearned commissions	78,300	16,608
Shareholders Withholdings	71,173	59,542
Others	416	9,970
	<b>484,388</b>	<b>370,482</b>

#### **14. Ministry of planning deposit**

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

The fund balance as at 31 December 2013 amounted to JOD 1,248,500 and the restricted balance presented under assets in the statement of financial position amounted to JOD 1,363,481 (2012: JOD 1,255,412).

#### **15. Equity**

##### **Paid in Capital**

The Company's authorized and paid in capital is JOD (10) Million divided equally into (10) Million shares with par value of JOD (1) each as at 31 December 2013 & 2012.

##### **Statutory Reserve**

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

##### **Voluntary Reserve**

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

##### **Proposed Dividends**

- The board of directors will propose to the general assembly in its meeting which will be held during 2014 to distribute 4% cash dividends to shareholders.
- The board of directors has resolved in its meeting held on 11 March 2013 to distribute 3% cash dividends to shareholders.

**16. Administrative expenses**

	2013	2012
Salaries and wages	508,820	519,432
Company's contribution in social security	55,389	56,785
Company's contribution in saving fund	43,951	44,825
Board of Directors' transportation	46,800	46,800
Medical and health insurance expenses	54,467	54,783
Depreciation	51,829	55,959
Maintenance	12,377	9,471
Vehicles expenses	11,035	8,441
Marketing expenses	19,438	17,757
Professional fees	18,243	28,230
Official duties and training courses	30,213	30,032
Stationary and printings	10,548	11,095
Subscriptions	24,676	33,147
Post, telephone, water and electricity	28,158	30,518
Rent	787	785
Others	10,423	8,712
	927,154	956,772

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

	2013	2012
Profit for the year	419,696	275,284
Weighted average number of shares	10,000,000	10,000,000
	0,042	0,028

**18. Executive management remuneration**

The salaries and remunerations of the executive management amounted to JOD 241,481 and JOD 282,283 during 2013 and 2012 respectively.

**19. Legalization**

The Company appears as a defendant in a law suit relating to export guarantee amounting to JOD 240,414 the Company's share is JOD 40,870, the management believes that this case will have no effect on the financial position of the Company.

## 20. Analysis of the maturities of assets and liabilities

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

2013	Less than 1 year	More than 1 year	Total
<b>Assets</b>			
Cash and cash equivalents	2,626,520	-	2,626,520
Restricted bank deposits	-	5,169,921	5,169,921
Restricted financial assets measured at amortized cost	-	2,885,742	2,885,742
Financial assets measured at fair value through profit or loss	72,764	-	72,764
Financial assets measured at fair value through other comprehensive income	-	600,288	600,288
Financial assets measured at amortized cost	3,380,941	5,895,099	9,276,040
Receivables and other current assets	485,756	-	485,756
Deferred tax assets	-	407,213	407,213
Property and equipment	-	3,263,324	3,263,324
<b>Total assets</b>	<b>6,565,981</b>	<b>18,221,587</b>	<b>24,787,568</b>
<b>Liabilities</b>			
Provisions against loans guarantee	-	3,373,321	3,373,321
Central Bank of Jordan loan	-	5,160,695	5,160,695
Payables and other current liabilities	484,388	-	484,388
Ministry of planning deposit	-	1,248,500	1,248,500
Income tax provision	117,814	-	117,814
<b>Total liabilities</b>	<b>602,202</b>	<b>9,782,516</b>	<b>10,384,718</b>
<b>2012</b>			
	Less than 1 year	More than 1 year	Total
<b>Assets</b>			
Cash and cash equivalents	2,452,576	-	2,452,576
Restricted bank deposits	-	4,816,702	4,816,702
Restricted financial assets measured at amortized cost	-	2,885,815	2,885,815
Financial assets measured at fair value through profit or loss	259,281	-	259,281
Financial assets measured at fair value through other comprehensive income	-	602,709	602,709
Financial assets measured at amortized cost	-	8,972,894	8,972,894
Receivables and other current assets	492,438	-	492,438
Deferred tax assets	-	352,313	352,313
Property and equipment	-	3,189,352	3,189,352
<b>Total assets</b>	<b>3,204,295</b>	<b>20,819,785</b>	<b>24,024,080</b>
<b>Liabilities</b>			
Provisions against loans guarantee	-	2,892,628	2,892,628
Central Bank of Jordan loan	-	5,160,695	5,160,695
Payables and other current liabilities	370,482	-	370,482
Ministry of planning deposit	-	1,248,500	1,248,500
Income tax provision	66,285	-	66,285
<b>Total liabilities</b>	<b>436,767</b>	<b>9,301,823</b>	<b>9,738,590</b>

**21. Interest rate re-pricing gap**

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

2013	Less than 1 year	More than 1 year	Non-interest bearing	Total
<b>Assets</b>				
Cash and cash equivalents	2,616,965	-	9,555	2,626,520
Restricted bank deposits	-	-	5,169,921	5,169,921
Restricted financial assets measured at amortized cost	-	-	2,885,742	2,885,742
Financial assets measured at fair value through profit or loss	-	-	72,764	72,764
Financial assets measured at fair value through other comprehensive income	-	-	600,288	600,288
Financial assets measured at amortized cost	3,380,941	5,895,099	-	9,276,040
Receivables and other current assets	-	-	485,756	485,756
Deferred tax assets	-	-	407,213	407,213
Property and equipment	-	-	3,263,324	3,263,324
<b>Total assets</b>	<b>5,997,906</b>	<b>5,895,099</b>	<b>12,894,563</b>	<b>24,787,568</b>
<b>Liabilities</b>				
Provisions against loans guarantee	-	-	3,373,321	3,373,321
Central Bank of Jordan loan	-	-	5,160,695	5,160,695
Payables and other current liabilities	-	484,388	-	484,388
Ministry of planning deposit	-	-	1,248,500	1,248,500
Income tax provision	-	117,814	-	117,814
<b>Total liabilities</b>	<b>-</b>	<b>602,202</b>	<b>9,782,516</b>	<b>10,384,718</b>
<b>Net</b>	<b>5,997,906</b>	<b>5,895,099</b>	<b>2,509,845</b>	<b>14,402,850</b>

**Jordan Loan Guarantee Corp.**  
Notes to the Financial Statements (continued)  
31 December 2013

2012	Less than 1 year	More than 1 year	Non-interestbearing	Total
<b>Assets</b>				
Cash and cash equivalents	2,450,034	-	2,542	2,452,576
Restricted bank deposits	-	-	4,816,702	4,816,702
Restricted financial assets measured at amortized cost	-	-	2,885,815	2,885,815
Financial assets measured at fair value through profit or loss	-	-	259,281	259,281
Financial assets measured at fair value through other comprehensive income	-	-	602,709	602,709
Financial assets measured at amortized cost	-	8,972,894	-	8,972,894
Receivables and other current assets	-	-	492,438	492,438
Deferred tax assets	-	-	352,313	352,313
Property and equipment	-	-	3,189,352	3,189,352
<b>Total assets</b>	<b>2,450,034</b>	<b>8,972,894</b>	<b>12,601,152</b>	<b>24,024,080</b>
<b>Liabilities</b>				
Provisions against loans guarantee	-	-	2,892,628	2,892,628
Central Bank of Jordan loan	-	-	5,160,695	5,160,695
Payables and other current liabilities	-	-	370,482	370,482
Ministry of planning deposit	-	-	1,248,500	1,248,500
Income tax provision	-	-	66,285	66,285
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>9,738,590</b>	<b>9,738,590</b>
<b>Net</b>	<b>2,450,034</b>	<b>8,972,894</b>	<b>2,862,562</b>	<b>14,285,490</b>

## 22. Operating segments

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

	2013	2012
	Local	Local
Revenue from loans guarantee	643,802	561,101
Revenue from guarantee of exports and domestic buyers	199,242	198,611
Revenue from investing in financial securities	828,885	793,925
Assets related to guarantee of loans and export sector	8,320,274	7,995,449
Assets related to investment in financial securities	12,771,274	12,468,098

## 23. Financial Instruments

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



#### Fair Value

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

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

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

2013	Level 1	Level 2	Level 3	Total
assets				
Financial assets at fair value through profit or loss	72,764	-	-	72,764
Financial assets at fair value through other comprehensive income	350,288	-	250,000	600,288
	423,052	-	250,000	673,052
2012	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	259,281	-	-	259,281
Financial assets at fair value through other comprehensive income	352,709	-	250,000	602,709
	611,990	-	250,000	861,990

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

#### Credit Risk

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

#### Liquidity Risk

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

## Jordan Loan Guarantee Corp.

### Notes to the Financial Statements (continued)

31 December 2013

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:

2013	Less than one year	More than one year	Total
Provisions against loans guarantee	-	3,373,321	3,373,321
Central Bank of Jordan loan	-	5,160,695	5,160,695
Payables and other current liabilities	-	1,248,500	1,248,500
Ministry of planning deposit	484,388	-	484,388
Income tax provision	117,814	-	117,814
	602,202	9,782,516	10,384,718

2012	Less than one year	More than one year	Total
Provisions against loans guarantee	-	2,892,628	2,892,628
Central Bank of Jordan loan	-	5,160,695	5,160,695
Payables and other current liabilities	-	1,248,500	1,248,500
Ministry of planning deposit	370,482	-	370,482
Income tax provision	66,285	-	66,285
	436,767	9,301,823	9,738,590

#### Loans and exports guarantee risks

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

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

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of its holdings of financial instruments, interest rates ranging from 3.4% to 6.25% annually. To avoid this risk, the company's deposits are short term and have fixed interest rates, if interest rates had increased or decreased by 0.5% annually the net result for the year would have been reduced / increased by JOD 13,085 during 2013 (2012: JOD 12,250).

#### 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 33,803 during 2013 (2012: JOD 34,036).

#### 24. Capital Management

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