



# Jordan Loan Guarantee Corporation

The Small Business Company of Jordan

الشركة الأردنية لضمان القروض  
شركة الأعمال الصغيرة في الأردن

24



**Jordan Loan Guarantee Corporation**  
The Small Business Company of Jordan

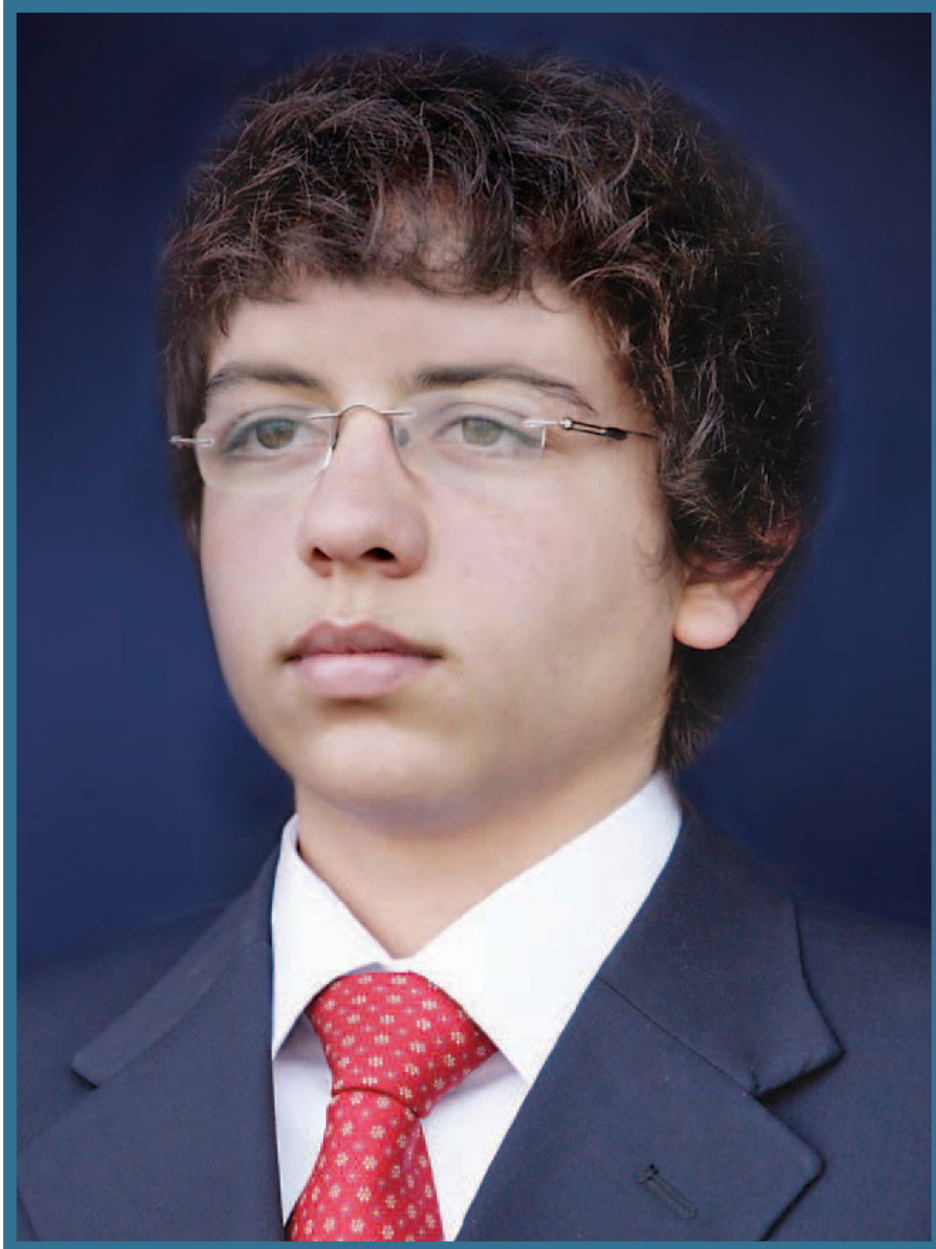
17<sup>th</sup> Annual Report  
2010





His Majesty King Abdullah II Bin Al-Hussein





His Royal Highness Crown Prince Hussein Bin Abdullah



## **Mission Statement**

To enhance sustainable economic growth in Jordan through improving the credit environment available to the economically viable small and medium sized enterprises and national exports by providing them with credit and loan guarantees

## **Jordan Loan Guarantee Corporation**

A Limited, Public Shareholding Company, established under the Jordanian Companies Law and registered in the Public Shareholding Companies Register on 26.03.1994, under No.242, with a declared and paid-up capital of JD 10 million

## **Headquarters**

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# Contents

Message from the Chairman .....	10
Message from the Director General .....	12
1. Main Activities, Location, Number of Employees, & Size of Capital Investment .....	14
2. Subsidiary Companies .....	14
3. Board of Directors & Executive Management .....	15
4. Shareholders .....	19
5. Competitive Position .....	19
6. Dependence on Specific Suppliers and/or Major Clients .....	19
7. Government Protection or Concession .....	19
8. Government Decisions with Material effect on the Company .....	20
9. Organizational Chart, Employees & Qualifications, and Training Programs .....	20
10. Risk Exposure .....	22
11. JLG's Accomplishments Supported by Numbers .....	22
Summary of 2010 Results .....	23
Operational Activities .....	25
Loan Guarantees .....	26
All Loan Guarantees .....	27
Productive Loan Guarantees (Including EJADA) .....	28
Housing & Personal Loan Guarantees .....	29
Ceilings & Utilized Amounts .....	31
Exports & Domestic Sales Credit Guarantees .....	32
Claims .....	34
Paid Indemnifications .....	35
Recoveries .....	36
Re-Scheduling .....	36
Delayed Payments Analysis .....	37
Financial Activities .....	39
Revenues .....	39
Expenses & Profits .....	40

12. Financial Impact of Non- Recurrent Transactions .....	41
13. Realized Profits or Losses, Dividends, Net Equity, & Share Prices .....	41
14. Financial Status Analysis .....	41
15. Future Plan .....	42
16. External Auditing Fees .....	42
17. Company Shares owned by Board Members or Executive Management.....	42
18. Privileges Paid to the Chairman & Members of the Board of Directors and the Executive Management .....	43
19. Donations & Grants .....	44
20. Contracts, Projects & Engagements with Subsidiaries or Affiliates .....	44
21. Contribution to Environmental & Local Community Services .....	44
 Important Activities, and Regional & International Conferences attended by JLGC .....	 45
 Disclosure of the extent of applying the guidelines of the Guide on Corporate Governance..	 47
 The 2010 Financial Statements & Auditor's Report .....	 48
 Representation .....	 70

## Message from the Chairman



I would like to welcome you all for attending the 17th Regular Annual General Assembly Meeting of the Jordan Loan Guarantee Corporation, and I am pleased to present to you on my behalf and on behalf of my fellow members of the board, the 17th Annual Report on the 2010 results and achievements of the Jordan Loan Guarantee Corporation, including the Financial Statements and Auditor's Report for the year ended 31/12/2010.

### Honorable Shareholders,

The Jordanian National Economy showed record achievements at the end of 2010 in both the monetary and the banking sectors, in addition to the positive performance of the external sector and the volume of investments in the Kingdom. The Real Gross Domestic Product during the third quarter of 2010 grew by 3.5% at market prices and by 4.9%, at basic prices in comparison to 1.9% and 2.5% respectively for the same period in 2009.

The balance of foreign currencies reserves at the Central Bank of Jordan grew at the end of 2010 by \$1.362 billion, a record of 12.5% from its level recorded in 2009 to reach \$12.241 billion.

The volume of domestic liquidity at the end of 2010, reached a value of JD 22.307 billion, with a JD 2.293 billion and an 11.5% increase from the level recorded at the end of 2009.

The outstanding balance of credit facilities extended by the licensed banks operating in the Kingdom at the end of 2010, increased by JD 1.134 billion, at a rate of 8.5% over its level at the end of 2009, to reach about JD 14.451 billion by the end of 2010.

On the other hand, the level of bank deposits held by licensed banks operating in the Kingdom at the end of 2010 increased by JD 2.206 billion, an increase of 10.9% compared with the previous year-end 2009 to reach a total of about JD 22.505 billion by the end of 2010.

Interest rates on deposits with licensed banks in the Kingdom registered a decrease during the year 2010, while interest rates on credit facilities with the exception of interest rates on loans and advances increased in comparison with the rates recorded by the end of 2009.

For the volume of investments benefiting from the Investment Promotion Law, the total volume of investments planned in the Kingdom during the year 2010 was about JD 1.661 billion, compared to JD 1.821 billion in 2009. The hotel sector had a 41.6% of these investments to reach JD 690 million during the year 2010, followed by the industrial sector at 35.6%.

At the level of the external sector, cash flows derived from the tourism sector has recorded an increase of 17.2% at the end of 2010 compared with the year 2009, to reach a net income of JD 2.423 billion. As for cash flows to the Kingdom from transfers of Jordanians abroad, the total reached JD 2.585 billion at the end of 2010 to record an increase of 1.2% from its level at the end of the year 2009.

The total exports during the first ten months of 2010 amounted to JD 4.099 billion, with an increase of 8.1% from last year. Imports also increased by 9.5% to JD 9.01 billion, thus impacting the trade deficit to reach a JD 4.9 billion, a 10.7% increase over the 2009 trade deficit.

#### **Dear Shareholders,**

The Board of Directors continued to review and evaluate the performance of the Jordan Loan Guarantee Corporation and the results achieved during the past years, adopting strategic plans for the upcoming years, to go in line with the changes taking place in the national economy amid the financial crisis, and correspond with the achievement of company's goals of providing guarantees to facilitate the financing of Jordanian SMEs & help support the Jordanian exporters, which will eventually add to the GDP and contribute to the process of economic growth through job creation and support of national exports.

Dear Shareholders,

During the year 2010, the Jordan Loan Guarantee Corporation provided loan guarantees through its various programs, for 1078 loans valued at JD 22.3 million, with a guaranteed value of JD 14.8 million. The company also signed 25 policies in the export credit guarantee program worth JD 153.3 million in 2010 which covered nearly 1108 export shipments worth JD 67.8 million with a guaranteed value of JD 65.4 million.

The financial statements of the company indicated a net profit after tax and provisions of JD 317 thousand in 2010 compared with JD 868 thousand in 2009. The total revenues amounted to JD 1.85 million, compared to JD 2.126 million in 2009, while total shareholders' equity totaled JD 14.576 million in 2010 compared to JD 14.777 million in 2009, and total assets amounted to JD 22.91 million in 2010 compared to JD 23.576 million in 2009.

#### **Dear Shareholders,**

Allow me on your behalf to thank my fellow Board members and the Director-General on their dedication and the efforts they have made in achieving the objectives of the company, asking God Almighty to preserve Jordan under the command of His Majesty King Abdullah II, may God protect him.

**Mohammad Said Shahin**  
Chairman of the Board

## Message from the Director General

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The Jordan Loan Guarantee Corporation continued its efforts to achieve its mission of contributing to the economic development and the reduction of unemployment through providing guarantees for loans extended to the small and medium-sized business community, in addition to the guarantee coverage for Jordanian exports.

### Dear Shareholders,

Despite the continuous efforts made by the Jordan Loan Guarantee Corporation to convince commercial banks to finance the needs of small and medium-sized enterprises, which are considered high risk loans for lack of credit information on their owners and the lack of required conventional collateral, and despite the availability of the guarantees provided by the company, the loan portfolio granted to these SMEs is still very modest compared to the total loan portfolio of these banks.

The company is constantly looking to play a greater role in encouraging banks and financing institutions operating in the Kingdom to direct more of their funds, and under the guarantees of the company, toward financing productive, income and employment generating projects, which contribute greatly to reducing unemployment and poverty. The involvement of banks in such activities, clearly reflect their contribution in promoting local communities, and the national economy at large.

### Dear Shareholders,

During 2010, the Jordan Loan Guarantee Corporation provided guarantees, through various loan guarantee programs, for 1078 loans valued at JD 22.3 million, with a guaranteed value of JD 14.8 million, compared with 420 loans worth a JD 18.3 million and a guaranteed value of JD 10.9 million in 2009. The outstanding guaranteed portfolio at the end of 2010, for all loan guarantee programs, reached 3314 loans with guaranteed values of JD 43.8 million, compared with 2861 loans and guaranteed values of JD 44.3 million last year.

In the export and domestic credit guarantee programmes, during the year 2010, the company signed 25 export guarantee policies valued at JD 153.3 million, through which 1108 export shipments were covered valued approximately at JD 67.8 million with a guaranteed value of JD 65.4 million, compared with 28 policies in 2009 for a value of JD 140.3 million, where the company guaranteed 1105 export shipments for a value of JD 55.8 million and a guaranteed value of JD 45.9 million.

The export credit guaranteed portfolio at the end of 2010 was 255 guaranteed shipments valued for JD 9.183 million and a guaranteed value of JD 8.265 million, compared with 140 guaranteed shipments valued for JD 8.902 million and guaranteed value of JD 8.012 million last year.

#### **Dear Shareholders,**

The value of claims submitted by the banks for defaulted loans during the year 2010 was JD 694.4 thousand, compared with JD 369 thousand in 2009. The company paid to banks in 2010 a JD 194.9 thousand in indemnifications in comparison to JD 196.9 thousand paid last year.

The value of recovery from banks during the year 2010 was JD 121.6 thousand, compared with recoveries in 2009, amounted to JD 150.1 thousand.

Guaranteed loans re-scheduled by banks during the year 2010, reached a guaranteed value of JD 5.2 million compared with re-scheduling JD 1.3 million in 2009.

#### **Dear Shareholders,**

Let me in conclusion express my sincere thanks to the Chairman and members of the Board and all the employees in the Jordan Loan Guarantee Corporation for their belonging, dedication and hard work to help achieve the objectives of the company. May God Almighty protect Jordan to meet the challenges facing the consequences of the economic crisis, under the beloved throne of His Majesty King Abdullah II, may God protect him.

**Dr. Jamal Salah**  
Director General

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

### A. JLGC's Main Activities

The company aims to enhance sustainable economic growth in Jordan through improving the credit environment available to the economically viable small and medium sized enterprises and national exports by providing them with the following credit and loan guarantee programmes:

#### I. LOAN GUARANTEE PROGRAMMES

##### I - PRODUCTIVE LOAN GUARANTEE PROGRAMME

- Loan Guarantee Programme for Small & Medium Size Enterprises (SMEs)
- Industrial Modernization Loan Guarantee Programme - EJADA
- Leasing Loan Guarantee Programme - EJADA
- Enhanced Productivity Loan Guarantee Programme - IRADA
- Working Capital Loan Guarantee Programme
- Taxi and Service Car Purchase Loan Guarantee Programme

##### 2 - PERSONAL LOAN GUARANTEE PROGRAMMES

- Housing Loan Guarantee Programme
- Urban Development Housing Loan Guarantee Programme
- Land Purchase Loan Guarantee Programme
- Computer Loan Guarantee Programme

#### II. EXPORT & DOMESTIC CREDIT GUARANTEE PROGRAMMES

- EXPORT CREDIT GUARANTEE PROGRAMME
- DOMESTIC CREDIT GUARANTEE PROGRAMME

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

- JLGC offices are located at Bldg. 24 Prince Zaid Bin Shaker Street in Shmeisani Area in Amman.
- The JLGC programmes and services are run by a staff of 40 employees in 2010.
- There are no other branches for JLGC in or outside Jordan.

### C. Size of Capital Investment

- Total size of investment in 2010 was JD 3,295,945 in comparison with JD 3,170,132 in 2009.

## 2 - A description of the Subsidiary Companies, the nature of their business and their areas of activity

There are no subsidiary companies or any branches within or outside the Kingdom.



### 3 - The members of the Board of Directors names and the names and ranks of Senior Executive Management with a brief resume of each

#### a. Board of Directors

##### Mr. "Mohammad Said" Mohammed Shahin Chairman

- Born 1948
- Masters in Public Administration (Economic Development) Harvard University 1978
- Bachelor Degree in Economics 1973
- Deputy Governor of Central Bank since 16 February 2003
- Managing Director and Board Member of the Deposits Guarantee Corporation
- Head of Investment Department in the Arab Monetary Fund - Abu Dhabi
- Acting Executive Director / Executive Director at the Central Bank of Jordan
- Head of the Investment Department at the Central Bank of Jordan
- Employee / Acting Section Head / Section Head / Assistant Head of the Investment Department at the Central Bank of Jordan

##### Mr. Adel Ibrahim Asa'ad Deputy Chairman (since 15 April 2010)

- Born 1967
- MBA from Saint David's University / USA 1993
- Currently Head for Credit Review at the Housing Bank for Trade & Finance
- Manager of Risk Management at the Housing Bank / 2003-2007
- Worked in Bank of Boston / USA / 2001-2002
- LCs, Transfers, & Internal Auditing at the Housing Bank / 1994-2001

**Mr. Mohammad Sadeq Al Hasan**  
**Deputy Chairman (until 31 March 2010)**

- Born 1963
- Masters Degree in Economics / American University of Cairo 1990
- Manager of Investment Department in the Arab Bank / since 2004
- Head of Project Financing unit in the Arab Bank / 2004
- Economic Researcher in The Arab Bank / 1991-2004

**Mr. Mo'taz Barbour**  
**Board Member**

- Born 1953
- Bachelor Degree in Accounting / High Diploma in Banking Studies
- Executive Manager / Investment and Foreign Operations Department in the Central Bank of Jordan
- Executive Manager Assistant in the Investment and Foreign Operations Department in the Central Bank of Jordan

**Mr. Walid Abdullah Al Absi**  
**Board Member (since 1 April 2010)**

- Born 1967
- Bachelor Degree in Administration / Yarmouk University 1989
- Currently Head of Large Corporate Unit / Arab Bank
- Certified Lender Business Banker (CLBB)
- Corporate Credit Manager / Arab Bank 2010
- Corporate Business Development Executive Manager / Bank of Jordan 2008

**Dr. Ibrahim Nsour**  
**Board Member (until 6 Jan 2010)**

- Born 1953
- PhD in Economics 1984
- General Manager of the Cities & Villages Development Bank
- Deputy General Manager of the Agricultural Credit Corporation
- Head of Research & Banks Supervision Department in the Central Bank of Jordan

**Mr. Abdul Elah Al Hnaiti**  
**Board Member (since 7 Jan 2010)**

- Born 1954
- Bachelor Degree in Law
- General Manager of the Cities & Villages Development Bank since 7/1/2010
- Head of Administration Department in the Ministry of Rural Affairs
- Head of the Internal Auditing Unit in the Ministry of Rural Affairs

**Mr. Ramzi Aref Dahabra****Board Member**

- Born 1962
- 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. Zaidan Ahmad Younes****Board Member (until 10 Mar 2010)**

- Born 1950
- MBA from Birmingham University / UK 1991
- Bachelor Degree in Mechanical Engineering 1975
- High Diploma in Banking Studies 1979
- High Diploma in Industrial Engineering / Jordan University 1990
- General Manager of Al-Mutarabetah Investment Company since 2009
- Previously Acting General Manager of the Industrial Development Bank

**Mr. Tawfik Abdel Qader Mukahall****Board Member (since 11 Mar 2010)**

- Born 1951
- Bachelor Degree in Business Administration / Jordan University
- Deputy General Manager / Banking Group / Jordan Kuwait Bank
- Executive Manager / Credit Marketing / Jordan Kuwait Bank
- Deputy Chairman for the Jordan Mortgage Refinance Company, Board Member for the Jordan Steel Company

**b. Top Management****Dr. Jamal Mohammad Salah****Director General**

- Born 1947
- PhD in Economics 1979 from Keele University / United Kingdom
- Director General / Jordan Loan Guarantee Corporation / Since 1st June 2008
- Advisor / Islamic Development Bank, Saudi Arabia / July 2001 – July 2007
- Advisor / Prime Ministry / Jan 2001 - July 2001
- Sectary General / Ministry of Planning / Nov 1999 - Jan 2001
- Director General / Jordan Loan Guarantee Corporation / April 1994 – Nov 1999
- Executive Director / Research Department / Central Bank of Jordan / Jan 1993 – Apr 1994
- Assistant Executive Director / Central Bank of Jordan / Feb 1988 – Jan 1993
- Economic Advisor / Central Bank of Qatar / Jan 1983 – Feb 1988
- Various Positions / Central Bank of Jordan / Sep 1970 – Jan 1983

### **Mr. Faeq Nassar**

#### **Assistant Director General for Support & Backing Group**

- Born 1957
- Bachelor Degree in Finance & Management in 1980
- Lecturer then Head of Finance and Administration at the Arab Community College
- Administrative Researcher at the Jordan Electricity Authority
- Financial and Administrative Manager at the International Contractors Group
- Personnel Department / The Housing Bank for Trade and Finance
- Credit Officer at the Arab Land Bank
- With JLG since Feb. 1 1996

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

#### **Assistant Director General for Technical & Operational Group**

- Born 1968
- Bachelor Degree in Economics 1993, Masters Degree in Financial Management in 2005
- Credit Officer at the Housing Bank for Trade and Finance
- With JLG since Oct. 1 1995

### **Mr. Jamal Al Jafari**

#### **Loan Guarantee Department Manager**

- Born 1964
- Bachelor Degree in accounting 1998
- Accountant in the Jordan Distribution Agency
- With JLG since Jan 1 1995

### **Mr. Zaid Al Kayed**

#### **Export Credit Guarantee Department Manager**

- Born 1980
- Bachelor Degree in Banking 2002
- Masters Degree in Business Administration / Kent University, UK , 2005
- With JLG since 2003

### **Mr. Hikmat Muhanna**

#### **Industrial Finance Department Manager (EJADA)**

- Born 1962
- Bachelor Degree in Banking 1993, Master Degree in Banking 2002
- Assistant Manager / SME Credit Center / Bank of Jordan 1999-2010
- Head of Foreign Affairs & International Relations / Cairo Amman Bank 1994-1999
- With JLG since 7 June 2010

#### 4 – Largest Shareholders

The names of JLGC's large shareholders in 2010 and the number of shares owned by each of them where such constitutes (5 %) or more in comparison with 2009

Shareholder	2010		% of Share 2009
	Number of Shares 2010	% of Share 2010	
Central Bank of Jordan	4,775,000	47.75%	47.75%
Cities & Villages Development Bank	525,000	5.25%	5.25%
Social Security Corporation	524,000	5.24%	5.24%

#### 5. JLGC's competitive position

Jordan Loan Guarantee Corporation is the only company that offers loan and export credit guarantees in Jordan, therefore JLGC faces no competition in the country. However, there are similar regional companies operating in other Arab countries that guarantee Jordanian exports.

JLGC is committed to pursuing the Best Practices in their core business of Loan Guarantees and Export Credit Guarantees which are usually followed by other similar world class guarantee institutions.

#### 6. The extent of dependence upon 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. Any Government Protection or Concession Granted to JLGC

Participating Banks utilizing the services offered by the Jordan Loan Guarantee Corporation have the following privileges provided by the Central Bank of Jordan:

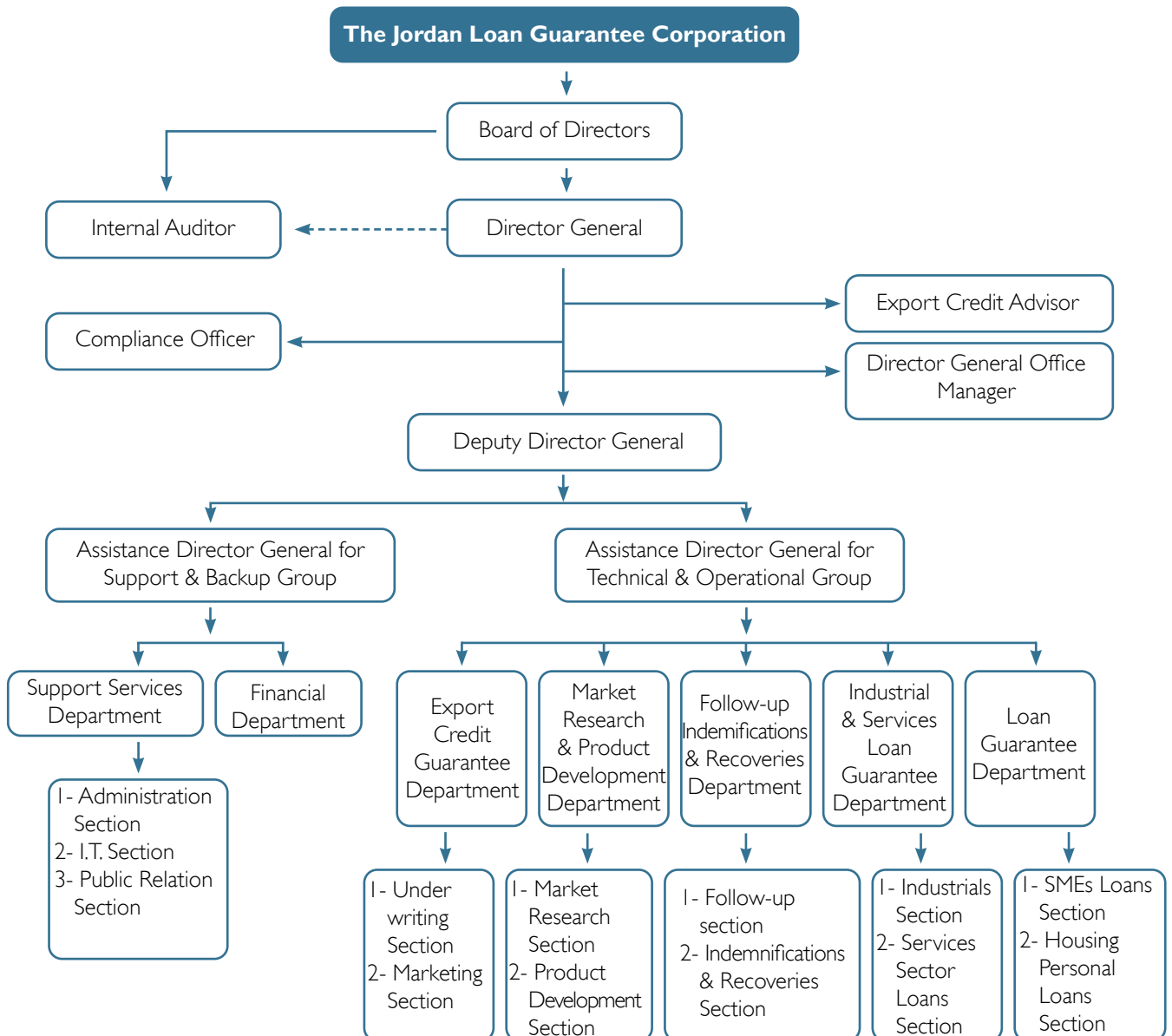
- Loans Guaranteed by JLGC are considered Good loans for which General Provisions required by the Central Bank of Jordan are waived throughout the life of the loan, as for default loans provisions are waived for the first year of default but to be generated from the second year
- The portion of the participating bank's assets of guaranteed loans are considered preferred assets and therefore the Weighted Average of Capital Adequacy required from banks against their loans is decreased.

## 8. Any Decision by the Government with a material effect on JLGC

- The Council of Ministers has decided to exempt all JLGC's Export Credit Guarantee contracts and their subsequent claims from relevant stamp duties.
- 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 Chart, Number of Employees their Qualifications, and Training programs

### A . Organizational Chart at the end of 2010





### B. Number of Employees and their Qualifications at the end of 2010

The Number of employees in 2010 was 40 compared to 39 employees in 2009, with their qualifications as follows:

YR	PhD	Master Degree	High Diploma	Bachelor Degree	Junior College	Institute	High School	Less than High School	Total
2010	1	5	1	21	4	0	5	3	40
2009	2	5	1	21	3	0	5	2	39

Positions are filled through the employment committee and the approval of the Director General and through the Board of Director's decision for top management positions. Employees' turnover reached a 22.8 % in 2010 compared with 21 % in 2009.

Note: Some positions in the organizational chart are currently vacant due to cost concerns.

### C. Employees Training in 2010

To increase employee's technical and administrative qualifications, JLGC nominated 11 employees in 2010 for 19 internal training courses and 4 employees for 4 external costing a total of JD 7,727. Compared to 13 employees nominated in 2009 for 18 internal training courses and 2 employees for 3 external costing a total of JD 4,898.

## 10. A Description of JLGC's Risk Exposure

Since the nature of JLGC's work is providing guarantees against loan risks of the small and medium sized enterprises as well as the risks of export credit, the company is exposed to the risk of default for these SME loans and the risk of non-payment of foreign buyers of the Jordanian exports. In 2010 JLGC's paid amounts for default guarantees reached a JD 116,084 compared to JD 196,990 in 2009.

## 11. Accomplishments Supported by Numbers

The Jordan Loan Guarantee Corporation continued to work towards achieving its goals through providing the guarantees needed by the community of small and medium-sized enterprises, and contribute to support the national economy and help provide employment opportunities. During the year 2010, and through all loan guarantee programs, the company has provided guarantees for 1078 loans, of which there were 848 loans under the productive loan guarantee programmes, including the Industrial Finance Programme (EJADA), and 230 loans through the housing and personal loan guarantee programmes.

The total value of loans granted by banks and financial institutions for these loans amounted to JD 22.314 million, of which JD 13.131 million for production loans and JD 9.183 million for housing and personal loans. The value guaranteed by the company for these loans was JD 14.877 million, out of which the share of productive loans was JD 8.563 million, while the guaranteed value of housing loans were JD 6.313 million.

At the end of 2010 the number of outstanding guaranteed loans was 3314 with a guaranteed value of JD 43.798 million, compared to 2861 loans and a guaranteed value of JD 44.311 million at the end of 2009.

As a continuation of the company's approach to focus on the productive loan guarantees, especially those in support of small and medium sized enterprises, the share of productive loans guaranteed out of the outstanding guaranteed loans portfolio at the end of the year 2010 was 1090 with a guaranteed value of JD 12.403 million, compared with 483 productive loans and a guaranteed value of JD 11.675 million at the end of 2009.

JLGC also continued its support of the Jordanian exports through the Export Credit Guarantee Program. In 2010 the programme signed 25 guarantee policies to insure a value of JD 153.3 million, compared with 28 policies worth JD 140.3 million in 2009.

The company has provided guarantees for 1108 export shipments valued at JD 67.851 million and a guaranteed value of JD 65.417 million, compared with 1105 guaranteed export shipments in 2009 valued at JD 55.871 million with a guaranteed value of JD 45.969 million.

At the end of the year 2010 the outstanding guaranteed export credit portfolio covered 255 guaranteed shipments for a total value of JD 9.183 million and a guaranteed value of JD 8.265 million, compared with 140 guaranteed shipments for a total value of JD 8.902 million and a guaranteed value of JD 8.012 million last year.

In 2010 the value of claims made by both banks and exporters against defaulted loans and export shipments increased to JD 694.4 thousand, compared with JD 369 thousand in 2009.

In Indemnifications, the company paid in 2010 to banks and exporters a value of JD 194.9 thousand, compared to JD 196.9 thousand last year.

The value of amounts recovered during the year 2010 was JD 121.6 thousand, compared with JD 150.1 thousand, recovered in 2009.

As for the re-scheduled guaranteed loans during 2010, there were 83 re-scheduled loans with guaranteed value of JD 5.2 million, compared to 44 loans re-scheduled for a guaranteed value of JD 1.3 million in 2009.

On the financial side of the company, operating revenues earned in 2010 from fees collected from banks and exporters on guaranteed loans and export shipments amounted to JD 586.4 thousand, compared with JD 566 thousand in 2009.

The company's financial revenues represented by interests on bank deposits and interests on corporate bonds, in addition to the returns on investments in shares and capital gains from sales of financial assets, amounted to JD 660.7 thousand, compared with JD 1.4 million recorded in 2009.

The total revenue achieved by the company reached JD1.85 million at the end of 2010, compared with JD 2.126 million 2009. The net profit after tax and provisions at the end of 2010 was JD 317 thousand, compared with JD 868 thousand at the end of 2009. Total shareholder's equity reached JD 14.576 million and total assets JD 22.91 million in 2010, compared with JD 14.777 million and JD 23.576 million, respectively, in 2009.

## Summary of 2010 Results vs. 2009

<b>FINANCIAL RESULTS</b>		
	<b>2010</b>	<b>2009</b>
Operational Revenues	586,392	566,008
Realized Financial Revenues	660,692	1,407,968
Canceled Provisions	594,759	-
Other Revenues	2,943	11,589
<b>Total Realized Revenues</b>	<b>1,844,786</b>	<b>1,985,565</b>
Unrealized Revenues (Valuation of Trading Securities)	5,296	141,345
<b>Total Revenues</b>	<b>1,850,082</b>	<b>2,126,910</b>
(Less) General and Administrative Expenses	1,140,233	903,182
<b>Gross Profit / Loss (Unrealized)</b>	<b>709,849</b>	<b>1,223,728</b>
(Less) Provisions & Other Fees	18,278	329,593
(Less) Income Tax	374,552	25,721
<b>Year's Profit /(Loss)</b>	<b>317,019</b>	<b>868,414</b>
<b>TOTAL GUARANTEED PORTFOLIO</b>		
	<b>2010</b>	<b>2009</b>
Total Loan Guarantee Portfolio	43,798,989	44,311,692
Total Credit Guarantee Portfolio	8,265,124	8,012,149
<b>TOTAL PORTFOLIO</b>	<b>52,064,113</b>	<b>52,323,841</b>
<b>TOTAL CEILINGS OFFERED TO BANKS</b>		
	<b>2010</b>	<b>2009</b>
Productive Loans Ceilings	46,926,296	42,188,748
Personal Loans Ceilings	40,184,000	44,767,000
<b>TOTAL CEILINGS</b>	<b>87,110,296</b>	<b>86,955,748</b>

### LOAN GUARANTEES

#### Loans Executed & Under Execution During the Year

Number of Loans	2010	2009
Productive loans	848	245
Personal Loans	230	175
<b>Total</b>	<b>1,078</b>	<b>420</b>

Guaranteed Values	2010	2009
Productive loans	8,563,475	6,636,590
Personal Loans	6,313,664	4,285,019
<b>Total</b>	<b>14,877,139</b>	<b>10,921,609</b>

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

Number of Loans	2010	2009
Productive loans	1,090	483
Personal Loans	2,224	2,378
<b>Total</b>	<b>3,314</b>	<b>2,861</b>

Guaranteed Values	2010	2009
Productive loans	12,403,875	11,675,841
Personal Loans	31,395,114	32,635,851
<b>Total</b>	<b>43,798,989</b>	<b>44,311,692</b>

### Claims

	2010	2009
Loan Guarantee Claims	95,718	114,382
Industrial Finance Claims	0	82,598
Exports Claims	99,195	0
<b>Total Claims</b>	<b>194,913</b>	<b>196,980</b>

### Indemnifications

	2010	2009
Loan Guarantee Indemnifications	121,659	123,845
Industrial Finance Indemnifications	0	0
Exports Indemnifications	0	26,300
<b>Total Indemnifications</b>	<b>121,659</b>	<b>150,145</b>

### CREDIT GUARANTEES

#### Guaranteed Shipments During the Year

Number of Shipments	2010	2009
Export Credit	940	1,035
Domestic Credit	168	70
<b>Total</b>	<b>1,108</b>	<b>1,105</b>

Guaranteed Values	2010	2009
Export Credit	58,703,384	41,893,120
Domestic Credit	6,714,143	4,076,365
<b>Total</b>	<b>65,417,527</b>	<b>45,969,485</b>

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

Number of Shipments	2010	2009
Export Credit	199	125
Domestic Credit	56	15
<b>Total</b>	<b>255</b>	<b>140</b>

Guaranteed Values	2010	2009
Export Credit	6,558,034	7,102,318
Domestic Credit	1,707,090	909,831
<b>Total</b>	<b>8,265,124</b>	<b>8,012,149</b>

### Recoveries

	2010	2009
Loan Guarantee Recoveries	1,947,423	1,058,521
Industrial Finance Recoveries	3,268,547	255,058
Exports Recoveries	-	-
<b>Total Recoveries</b>	<b>5,215,970</b>	<b>1,313,579</b>

### Re-Scheduling

	2010	2009
Loan Guarantee Re-Scheduling	165,114	292,429
Industrial Finance Re-Scheduling	529,310	13,150
Exports Re-Scheduling	0	63,441
<b>Total Re-Scheduling</b>	<b>694,424</b>	<b>369,020</b>

## Operational Activities

### ALL LOAN GUARANTEE PROGRAMMES

#### LOAN GUARANTEES EXECUTED AND UNDER EXECUTION DURING 2010 VS. 2009

Programme	Number of Loans		Value of Loans		Guaranteed Value	
	2010	2009	2010	2009	2010	2009
Productive Loans (Incl. EJADA)	848	245	13,131,058	12,067,341	8,563,475	6,636,590
Housing & Personal Loans	230	175	9,183,279	6,268,565	6,313,664	4,285,019
<b>Total</b>	<b>1,078</b>	<b>420</b>	<b>22,314,337</b>	<b>18,335,906</b>	<b>14,877,139</b>	<b>10,921,609</b>

#### LOAN GUARANTEES EXECUTED DURING 2010 VS. 2009

Programme	Number of Loans		Guaranteed Value	
	2010	2009	2010	2009
Productive Loans (Incl. EJADA)	804	226	6,534,650	5,881,166
Housing & Personal Loans	132	72	3,605,164	1,815,579
<b>Total</b>	<b>936</b>	<b>298</b>	<b>10,139,814</b>	<b>7,696,745</b>

#### LOAN GUARANTEES UNDER EXECUTION DURING 2010 VS. 2009

Programme	Number of Loans		Guaranteed Value	
	2010	2009	2010	2009
Productive Loans (Incl. EJADA)	44	19	2,028,825	755,424
Housing & Personal Loans	98	103	2,708,500	2,469,440
<b>Total</b>	<b>142</b>	<b>122</b>	<b>4,737,325</b>	<b>3,224,864</b>

#### OUTSTANDING PORTFOLIO OF LOAN GUARANTEES AT THE END OF 2010 VS. 2009

Programme	Number of Loans		Guaranteed Value	
	2010	2009	2010	2009
Productive Loans (Incl. EJADA)	1090	483	12,403,875	11,675,841
Housing & Personal Loans	2,224	2,378	31,395,114	32,635,851
<b>Total</b>	<b>3,314</b>	<b>2,861</b>	<b>43,798,989</b>	<b>44,311,692</b>

## PRODUCTIVE LOAN GUARANTEES

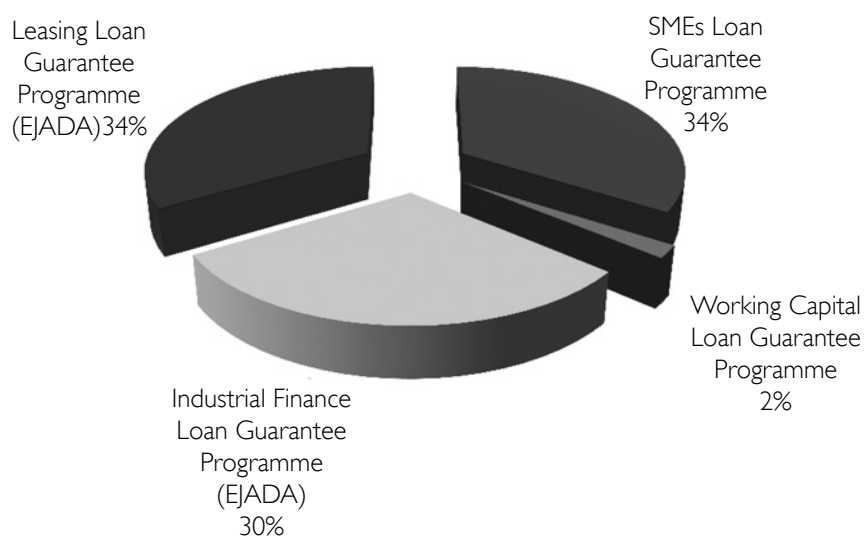
These programmes include SMEs, Micro Finance, and Car Loans, in addition to Exporter's Working Capital Loans and the EJADA programmes for Industrial Finance & Leasing Loans.

Following are the numbers & amounts of loans executed & under execution during the year 2010 divided according to programme, and the outstanding guaranteed portfolio for these productive loans programmes divided by programmes and banks.

Productive Loan Guarantees Executed & Under Execution						
Programme	Number of Loans		Value of Loans		Guaranteed Value	
	2010	2009	2010	2009	2010	2009
SMEs Loan Guarantee Programme*	804	210	4,203,187	1,643,195	2,919,268	1,194,947
Working Capital Loan Guarantee Programme	1	1	215,940	215,940	161,955	169,243
Industrial Loan Guarantee Programme (EJADA)	21	12	3,869,500	3,036,500	2,610,650	1,816,600
Leasing Loan Guarantee Programme (EJADA)	22	22	4,842,431	7,171,706	2,871,602	3,455,800
<b>Total</b>	<b>848</b>	<b>245</b>	<b>13,131,058</b>	<b>12,067,341</b>	<b>8,563,475</b>	<b>6,636,590</b>

\* Includes Cars, Pharmacies, & Micro Financing Loans

### 2010 Guaranteed Amounts of Productive Loans



## Productive Loan Guarantees Executed

PRODUCTIVE LOAN GUARANTEES EXECUTED DURING 2010 VS. 2009				
Programme	Number of Loans		Guaranteed Value	
	2010	2009	2010	2009
SMEs Loan Guarantee Programme*	774	195	2,633,601	1,099,323
Working Capital Loan Guarantee Programme	1	1	161,955	169,243
Industrial Loan Guarantee Programme (EJADA)	15	10	1,692,250	1,756,800
Leasing Loan Guarantee Programme (EJADA)	14	20	2,046,844	2,855,800
<b>Total</b>	<b>804</b>	<b>226</b>	<b>6,534,650</b>	<b>5,881,166</b>

\* Includes Cars, Pharmacies, & Micro Financing Loans

## Productive Loan Guarantees Under Execution

PRODUCTIVE LOAN GUARANTEES UNDER EXECUTION DURING 2010 VS. 2009				
Programme	Number of Loans		Guaranteed Value	
	2010	2009	2010	2009
SMEs Loan Guarantee Programme*	30	15	285,667	95,624
Working Capital Loan Guarantee Programme	0	0	0	0
Industrial Loan Guarantee Programme (EJADA)	6	2	918,400	59,800
Leasing Loan Guarantee Programme (EJADA)	8	2	824,758	600,000
<b>Total</b>	<b>44</b>	<b>19</b>	<b>2,028,825</b>	<b>755,424</b>

\* Includes Cars, Pharmacies, & Micro Financing Loans

## Productive Loan Guarantees Outstanding Portfolio

OUTSTANDING PORTFOLIO FOR PRODUCTIVE LOAN GUARANTEES AT THE END OF 2010 VS. 2009				
Programme	Number of Loans		Guaranteed Value	
	2010	2009	2010	2009
*SMEs Loan Guarantee Programme	991	375	3,122,602	2,789,481
Working Capital Loan Guarantee Programme	1	1	161,955	169,243
(Industrial Loan Guarantee Programme (EJADA	55	71	4,026,239	4,580,650
(Leasing Loan Guarantee Programme (EJADA	43	36	5,093,079	4,136,467
<b>Total</b>	<b>1090</b>	<b>483</b>	<b>12,403,875</b>	<b>11,675,841</b>

\* Includes Cars, Pharmacies, & Micro Financing Loans

OUTSTANDING PORTFOLIO FOR PRODUCTIVE LOAN GUARANTEES AT THE END OF 2010 BY BANK										
Bank	SMEs Loan *Guarantees		Working Capital Loan Guarantees		Industrial Finance Loan Guarantees ((EJADA		Leasing Loan Guarantees ((EJADA		Total Outstanding Portfolio	
	#	Guaranteed Amount	#	Guaranteed Amount	#	Guaranteed Amount	#	Guaranteed Amount	#	Guaranteed Amount
Jordan Kuwait Bank	5	70,420	0	0	2	69,680	0	0	7	140,100
Ahli Bank	50	655,497	1	161,955	14	1,402,721	0	0	65	2,220,173
Bank of Jordan	8	134,864	0	0	0	0	10	996,356	18	1,131,220
Housing Bank for Trade & Finance	21	253,333	0	0	4	411,916	0	0	25	665,249
Cairo Amman Bank	7	57,093	0	0	7	436,095	0	0	14	493,188
Arab Bank	9	133,736	0	0	7	443,202	0	0	16	576,938
Commercial Bank	23	196,883	0	0	4	278,930	0	0	27	475,813
ABC	4	41,377	0	0	5	382,171	0	0	9	423,548
Union Bank	0	0	0	0	1	155,606	0	0	1	155,606
Societe General Bank	50	556,875	0	0	9	402,549	0	0	59	959,424
Capital Bank	0	0	0	0	2	43,369	0	0	2	43,369
Arab Leasing Company	0	0	0	0	0	0	2	262,205	2	262,205
Ahlyeh Finance Company	814	1,022,524	0	0	0	0	0	0	814	1,022,524
Al Ahli Leasing Company	0	0	0	0	0	0	31	3,834,518	31	3,834,518
<b>Total</b>	<b>991</b>	<b>3,122,602</b>	<b>1</b>	<b>161,955</b>	<b>55</b>	<b>4,026,239</b>	<b>43</b>	<b>5,093,079</b>	<b>1,090</b>	<b>12,403,875</b>

\* Includes Cars, Pharmacies, & Micro Financing Loans

## HOUSING & PERSONAL LOAN GUARANTEES

These programmes include Housing Loans, Rural Development Loans, Land Purchase Loans, in addition to Computer Loans.

Following are the numbers & amounts of loans executed & under execution during the year 2010 divided according to programme, and the outstanding guaranteed portfolio for these Personal Loans divided by programmes and banks.

HOUSING & PERSONAL LOAN GUARANTEES EXECUTED AND UNDER EXECUTION DURING 2010 VS. 2009						
Programme	Guaranteed Value		Value of Loans		Number of Loans	
	2010	2009	2010	2009	2010	2009
Housing Loan Guarantee Programme	230	174	9,183,279	6,267,850	6,313,664	4,284,411
Land Purchase Loan Guarantee Programme	0	0	0	0	0	0
Computers Loan Guarantee Programme	0	1	0	715	0	608
<b>Total</b>	<b>230</b>	<b>175</b>	<b>9,183,279</b>	<b>6,268,565</b>	<b>6,313,664</b>	<b>4,285,019</b>

Housing & Personal Loan Guarantees Executed				
HOUSING & PERSONAL LOAN GUARANTEES EXECUTED DURING 2010 VS. 2009				
Programme	Number of Loans		Guaranteed Value	
	2010	2009	2010	2009
Housing Loan Guarantee Programme	132	71	3,605,164	1,814,971
Urban Loan Guarantee Programme	0	0	0	0
Land Purchase Loan Guarantee Programme	0	0	0	0
Computers Loan Guarantee Programme	0	1	0	608
<b>Total</b>	<b>132</b>	<b>72</b>	<b>3,605,164</b>	<b>1,815,579</b>

Housing & Personal Loan Guarantees Under Execution				
HOUSING & PERSONAL LOAN GUARANTEES UNDER EXECUTION DURING 2010 VS. 2009				
Programme	Number of Loans		Guaranteed Value	
	2010	2009	2010	2009
Housing Loan Guarantee Programme	98	103	2,708,500	2,469,440
Urban Loan Guarantee Programme	0	0	0	0
Land Purchase Loan Guarantee Programme	0	0	0	0
Computers Loan Guarantee Programme	0	0	0	0
<b>Total</b>	<b>98</b>	<b>103</b>	<b>2,708,500</b>	<b>2,469,440</b>

## Productive Loan Guarantees Outstanding Portfolio

OUTSTANDING PORTFOLIO FOR HOUSING & PERSONAL LOAN GUARANTEES AT THE END OF 2010 VS. 2009				
Programme	Guaranteed Value		Number of Loans	
	2010	2009	2010	2009
*Housing Loan Guarantee Programme	2095	2242	31,269,004	32,442,499
Land Purchase Loan Guarantee Programme	8	11	107,894	169,095
Computers Loan Guarantee Programme	121	125	18,216	24,257
<b>Total</b>	<b>2,224</b>	<b>2,378</b>	<b>31,395,114</b>	<b>32,635,851</b>

\* Includes Urban Development Loans

OUTSTANDING PORTFOLIO FOR HOUSING & PERSONAL LOAN GUARANTEES AT THE END OF 2010 BY BANK										
Bank	Housing Loans		Urban Development Loans		Land Purchase Loans		Computer Loans		Total Outstanding Portfolio	
	#	Guaranteed Amount	#	Guaranteed Amount	#	Guaranteed Amount	#	Guaranteed Amount	#	Guaranteed Amount
Jordan Kuwait Bank	15	70,589	0	0	0	0	0	0	15	70,589
Ahli Bank	432	7,892,581	0	0	1	25,680	34	8,032	467	7,926,293
Bank of Jordan	449	6,301,275	0	0	1	6,798	0	0	450	6,308,073
Arab Egyptian Land Bank	41	243,475	24	97,163	0	0	0	0	65	340,638
Cairo Amman Bank	1014	14,745,865	11	92,029	6	75,416	0	0	1031	14,913,310
Arab Bank	15	90,582	0	0	0	0	0	0	15	90,582
Jordan Arab Investment Bank	1	18,543	0	0	0	0	0	0	1	18,543
ABC	92	1,711,500	1	5,401	0	0	87	10,184	180	1,727,085
<b>Total</b>	<b>2059</b>	<b>31,074,410</b>	<b>36</b>	<b>194,593</b>	<b>8</b>	<b>107,894</b>	<b>121</b>	<b>18,216</b>	<b>2224</b>	<b>31,395,113</b>

## CEILINGS and UTILIZED AMOUNTS

CEILINGS & UTILIZED AMOUNTS FOR ALL LOAN GUARANTEE PROGRAMMES IN 2010 VS. 2009							
Programme	Ceiling (JD)		Change From Last Year (JD)	Utilized (JD)		% Utilized	
	2010	2009		2010	2009	2010	2009
Ceilings for Productive Loan Guarantees	46,926,296	42,188,748	4,737,548	12,407,924	11,676,141	26.44%	27.68%
Ceilings for Personal Loan Guarantee	40,184,000	44,767,000	-4,583,000	31,405,298	32,646,838	78.15%	72.93%
<b>All Ceilings</b>	<b>87,110,296</b>	<b>86,955,748</b>	<b>154,548</b>	<b>43,813,222</b>	<b>44,322,979</b>	<b>50.30%</b>	<b>50.97%</b>

CEILINGS FOR PRODUCTIVE LOAN GUARANTEE PROGRAMMES IN 2010 VS. 2009							
Programme	Ceiling (JD)		Change From Last Year (JD)	Utilized (JD)		% Utilized	
	2010	2009		2010	2009	2010	2009
SMEs Loan Guarantee Programmes*	5,019,700	5,123,700	-104,000	3,122,602	2,789,782	62.21%	54.45%
Working Capital Loan Guarantee Programme	215,940	215,940	0	166,004	169,243	76.88%	78.38%
Industrial Finance Loan Guarantee Programme (EJADA)	26,945,592	24,793,481	2,152,111	4,026,239	4,580,649	14.94%	18.48%
Leasing Loan Guarantee Programme (EJADA)	14,745,064	12,055,627	2,689,437	5,093,079	4,136,467	34.54%	34.31%
<b>All Productive Loan Guarantee Programmes</b>	<b>46,926,296</b>	<b>42,188,748</b>	<b>4,737,548</b>	<b>12,407,924</b>	<b>11,676,141</b>	<b>26.44%</b>	<b>27.68%</b>

\* Including Car Loans & Micro Finance Loans

CEILINGS FOR PERSONAL LOAN GUARANTEE PROGRAMMES IN 2010 VS. 2009							
Programme	Ceiling (JD)		Change From Last Year (JD)	Utilized (JD)		% Utilized	
	2010	2009		2010	2009	2010	2009
Housing & Land Purchase Loan Guarantee Programmes	40,184,000	44,767,000	-4,583,000	31,387,082	32,622,581	78.11%	72.92%
Computer Loan Guarantee Programme *	0	0	0	18,216	24,257	-	-
<b>All Personal Loan Guarantee Programmes</b>	<b>40,184,000</b>	<b>44,767,000</b>	<b>-4,583,000</b>	<b>31,405,298</b>	<b>32,646,838</b>	<b>78.11%</b>	<b>72.92%</b>

\* No ceiling is granted and fees are taken on the utilized amount

## EXPORT & DOMESTIC CREDIT GUARANTEE PROGRAMMES

CONTRACTS SIGNED DURING 2010 VS. 2009				
Programme	Number of Contracts		Value of Contracts (JD)	
	2010	2009	2010	2009
Export Credit Guarantees	21	24	131,250,000	118,389,379
Domestic Credit Guarantees	4	4	22,081,000	21,939,000
<b>TOTAL CREDIT GUARANTEES</b>	<b>25</b>	<b>28</b>	<b>153,331,000</b>	<b>140,328,379</b>

GUARANTEED EXPORT SHIPMENTS & LOCAL SALES DURING 2010 VS. 2009						
Programme	Number of Shipments		Value of Shipments (JD)		Guaranteed Value (JD)	
	2010	2009	2010	2009	2010	2009
Export Credit Guarantees	940	1035	61,000,417	51,469,000	58,703,384	41,893,120
Domestic Credit Guarantees	168	70	6,851,039	4,402,127	6,714,143	4,076,365
<b>TOTAL CREDIT GUARANTEES</b>	<b>1108</b>	<b>1105</b>	<b>67,851,456</b>	<b>55,871,127</b>	<b>65,417,527</b>	<b>45,969,485</b>

OUTSTANDING EXPORT SHIPMENTS & LOCAL SALES AT THE END OF 2010 VS. 2009						
Programme	Number of Shipments		Value of Shipments (JD)		Guaranteed Value (JD)	
	2010	2009	2010	2009	2010	2009
Export Credit Guarantees	199	125	7,286,705	7,891,465	6,558,034	7,102,318
Domestic Credit Guarantees	56	15	1,896,766	1,010,923	1,707,090	909,831
<b>TOTAL CREDIT GUARANTEES</b>	<b>255</b>	<b>140</b>	<b>9,183,471</b>	<b>8,902,388</b>	<b>8,265,124</b>	<b>8,012,149</b>

## GRAPHICAL DISTRIBUTION OF GUARANTEED SHIPMENT in 2010 vs. 2009

Area	2010 %	2009 %
Far East	58%	43.58%
Europe	8.34%	7.38%
Middle East & Gulf	17.63%	31.33%
USA & Canada	9.4%	15.78%
UK	5.17%	1.18%
Africa	1.46%	0.75%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

## SECTORIAL DISTRIBUTION OF GUARANTEED SHIPMENT in 2010 vs. 2009

Sector	2010 %	2009 %
Fertilizers	69%	55.7%
Food	10.4%	12.29%
Textile & Clothing	8.3%	14.26%
Hygienic paper	5.5%	7.07%
Metal	0.28%	1.28%
Chemical	2.54%	2.17%
Fruits & Vegetables	1.57%	1.96%
Air Conditioning	0.59%	1.24%
Office Furniture	0.69%	3.34%
Medicine	0%	0%
Stone	0.59%	0.56%
Printing	0.42%	0%
Cosmetics	0.12%	0.13%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

## CLAIMS

LOAN GUARANTEE CLAIMS DURING 2010 vs. 2009						
Programme	Number			Amount		
	2010	2009	Change	2010	2009	Change
SMEs Productive Loan Guarantee Programme	1	3	-2	8,014	34,241	-26,227
Housing & Personal Loan Guarantee Programme	5	16	-11	157,100	258,188	-101,088
Industrial Loan Guarantee Programme (EJADA)	1	1	0	319,310	13,150	306,160
Leasing Loan Guarantee Programme (EJADA)	1	0	1	210,000	0	210,000
<b>Total</b>	<b>8</b>	<b>20</b>	<b>-12</b>	<b>694,424</b>	<b>305,579</b>	<b>388,845</b>

EXPORT & DOMESTIC CREDIT GUARANTEE CLAIMS DURING 2010 vs. 2009					
Number of Claims			Amount of Claims		
2010	2009	Change	2010	2009	Change
0	8	-8	0	63,441	-63,441

## PAID INDEMNIFICATIONS

LOAN GUARANTEE INDEMNIFICATIONS PAID DURING 2010 vs. 2009						
Programme	Number			Amount		
	2010	2009	التغير	2010	2009	التغير
SMEs Productive Loan Guarantee Programme	0	2	-2	0	3,705	-3,705
Housing & Personal Loan Guarantee Programme	4	5	-1	95,718	110,677	-14,959
Industrial Loan Guarantee Programme (EJADA)	0	1	-1	0	82,598	-82,598
Leasing Loan Guarantee Programme (EJADA)	0	0	0	0	0	0
<b>Total</b>	<b>4</b>	<b>8</b>	<b>-4</b>	<b>95,718</b>	<b>196,980</b>	<b>-101,262</b>

EXPORT & DOMESTIC CREDIT GUARANTEE INDEMNIFICATIONS PAID DURING 2010 vs. 2009					
Number of Indemnifications			Amount of Indemnifications		
2010	2009	Change	2010	2009	Change
4	0	4	99,195	0	99,195

Share of Indemnifications	Amount of Indemnifications
Company Share	20,233
Re-Insurer Share	78,962
<b>Total Indemnifications</b>	<b>99,195</b>

Geographical Distribution of Export Indemnifications during 2010		
Area	Number of Indemnifications	Amount of Indemnifications
Middle East & Gulf	3	95,247
UK	1	3,948
<b>Total</b>	<b>4</b>	<b>99,195</b>

## RECOVERIES

LOAN GUARANTEE RECOVERIES DURING 2010 vs. 2009						
Programme	Number			Amount		
	2010	2009	Change	2010	2009	Change
SMEs Productive Loan Guarantee Programme	8	13	-5	70,279	21,543	48,736
Housing & Personal Loan Guarantee Programme	5	8	-3	51,380	102,302	-50,922
Industrial Loan Guarantee Programme (EJADA)	0	0	0	0	0	0
Leasing Loan Guarantee Programme (EJADA)	0	0	0	0	0	0
<b>Total</b>	<b>13</b>	<b>21</b>	<b>-8</b>	<b>121,659</b>	<b>123,845</b>	<b>-2,186</b>

EXPORT & DOMESTIC CREDIT GUARANTEE RECOVERIES DURING 2010 vs. 2009					
Number of Recoveries			Amount of Recoveries		
2010	2009	Change	2010	2009	Change
0	2	-2	0	26,300	-26,300

## RE-SCHEDULING

LOAN GUARANTEE LOANS RE-SCHEDULED DURING 2010 vs. 2009						
Programme	Number			Amount		
	2010	2009	Change	2010	2009	Change
SMEs Productive Loan Guarantee Programme	28	25	3	514,832	400,897	113,935
Housing & Personal Loan Guarantee Programme	40	17	23	1,432,591	657,624	774,967
Industrial Loan Guarantee Programme (EJADA)	7	4	3	1,208,482	255,058	953,424
Leasing Loan Guarantee Programme (EJADA)	8	0	8	2,060,065	0	2,060,065
<b>Total</b>	<b>83</b>	<b>46</b>	<b>37</b>	<b>5,215,970</b>	<b>1,313,579</b>	<b>3,902,391</b>

## DELAYED PAYMENTS ANALYSIS OF GUARANTEED LOANS

ALL LOANS Payment delays						
Debt Delay Rating	Delay	Payments Overdue	Guaranteed Balance	Payments Overdue/ Balance of Outstanding Loans	Guaranteed Balance / Outstanding Guaranteed Portfolio	Guaranteed Balance / Total Guaranteed Portfolio Historically
Early Warning	60-89 Days	144,616	2,442,470	0.230%	5.596%	1.596%
Below Average	90-179 Days	556,509	935,465	0.886%	2.143%	0.611%
Doubtful	180-359 Days	1,634,683	1,300,085	2.602%	2.979%	0.850%
Bad	Over 360 Days	1,159,676	941,703	1.846%	2.158%	0.615%
<b>Balance of Outstanding Loans =</b>		<b>62,828,553</b>				
<b>Outstanding Guaranteed Portfolio =</b>		<b>43,647,218</b>				
<b>Total Guaranteed Portfolio Historically =</b>		<b>153,001,099</b>				

SME & PRODUCTIVE LOANS Payment delays						
Debt Delay Rating	Delay	Payments Overdue	Guaranteed Balance	Payments Overdue/ Balance of Outstanding Loans	Guaranteed Balance / Outstanding Guaranteed Portfolio	Guaranteed Balance / Total Guaranteed Portfolio Historically
Early Warning	60-89 Days	16,529	87,512	0.380%	2.803%	0.327%
Below Average	90-179 Days	253,923	214,979	5.833%	6.885%	0.804%
Doubtful	180-359 Days	75,847	105,631	1.742%	3.383%	0.395%
Bad	Over 360 Days	183,912	159,566	4.225%	5.110%	0.597%
<b>Balance of Outstanding Loans =</b>		<b>4,353,451</b>				
<b>Outstanding Guaranteed Portfolio =</b>		<b>3,122,602</b>				
<b>Total Guaranteed Portfolio Historically =</b>		<b>26,728,418</b>				

HOUSING & PERSONAL LOANS Payment delays						
Debt Delay Rating	Delay	Payments Overdue	Guaranteed Balance	Payments Overdue/ Balance of Outstanding Loans	Guaranteed Balance / Outstanding Guaranteed Portfolio	Guaranteed Balance / Total Guaranteed Portfolio Historically
Early Warning	60-89 Days	82,475	1,556,741	0.191%	4.957%	1.545%
Below Average	90-179 Days	291,663	644,604	0.677%	2.053%	0.640%
Doubtful	180-359 Days	171,641	279,319	0.398%	0.547%	0.277%
Bad	Over 360 Days	954,151	766,101	2.215%	2.439%	0.760%
<b>Balance of Outstanding Loans =</b>		<b>43,075,536</b>				
<b>Outstanding Guaranteed Portfolio =</b>		<b>31,405,298</b>				
<b>Total Guaranteed Portfolio Historically =</b>		<b>100,789,034</b>				

EJADA LOANS Payment delays						
Debt Delay Rating	Delay	Payments Overdue	Guaranteed Balance	Payments Overdue/ Balance of Outstanding Loans	Guaranteed Balance / Outstanding Guaranteed Portfolio	Guaranteed Balance / Total Guaranteed Portfolio Historically
Early Warning	60-89 Days	45,612	798,218	0.296%	8.753%	3.132%
Below Average	90-179 Days	10,923	75,882	0.071%	0.832%	0.298%
Doubtful	180-359 Days	1,387,195	915,135	9.008%	10.035%	3.591%
Bad	Over 360 Days	21,613	16,037	0.140%	0.176%	0.063%
<b>Balance of Outstanding Loans =</b>		<b>15,399,566</b>				
<b>Outstanding Guaranteed Portfolio =</b>		<b>9,119,318</b>				
<b>Total Guaranteed Portfolio Historically =</b>		<b>25,483,646</b>				

## FINANCIAL ACTIVITIES

### REVENUES

Operational Revenues in 2010 vs. 2009			
Operational Revenue	JD		
	2010	2009	Change
Housing Loan Guarantee Fees	286,152	293,433	-7,281
Productive Loan Guarantee Fees	77,629	73,843	3,786
Working Capital Loan Guarantee Fees	5,137	3,296	1,841
Industrial Finance & Leasing Loan Guarantee Fees	76,631	62,498	14,133
Export Credit Guarantee Fees	106,770	103,591	3,179
Domestic Credit Guarantee Fees	34,073	29,347	4,726
<b>Total Operational Revenues</b>	<b>586,392</b>	<b>566,008</b>	<b>20,384</b>

Realized Financial Revenues in 2010 vs. 2009			
Financial Revenue	JD		
	2010	2009	Change
Interest on Bank Deposits	389,464	490,125	-100,661
Interest on Debentures	69,600	113,567	-43,967
Returns from Investment in Shares & Bonds	79,423	55,015	24,408
Gain from Sale of Financial Assets	122,205	749,261	-627,056
<b>Total Realized Financial Revenue</b>	<b>660,692</b>	<b>1,407,968</b>	<b>-747,276</b>

Total Realized Revenues in 2010 vs. 2009			
Financial Revenue	JD		
	2010	2009	Change
Operational Revenues	586,392	566,008	20,384
Realized Financial Revenues	660,692	1,407,968	-747,276
Un-needed Provisions	594,759	-	594,759
Other Revenues	2,943	11,589	-8,646
<b>Total Realized Revenue</b>	<b>1,844,786</b>	<b>1,985,565</b>	<b>-140,779</b>

Un-Realized Financial Revenues in 2010 vs. 2009			
Revenue	JD		
	2010	2009	Change
Profit from Valuation of Trading Securities	5,296	141,345	-136,049
<b>Total Un-Realized Financial Revenue</b>	<b>5,296</b>	<b>141,345</b>	<b>-136,049</b>

## EXPENSES & PROFITS

General & Administrative Expenses in 2010 vs. 2009			
Expense	JD		
	2010	2009	Change
Salaries and wages	525,205	440,230	84,975
JLGC's contribution in saving fund	46,837	39,014	7,823
ytiruces laicos ni noitubirtnoc s'CGLJ	43,548	34,377	9,171
Medical and insurance expenses	39,305	29,036	10,269
Employees bonus	21,030	27,000	-5,970
Board of Directors' transportation	47,061	46,600	461
Rent	119,951	110,770	9,181
Depreciation	95,562	29,590	65,972
Obligations against terminated contracts	50,000	0	50,000
Maintenance	5,375	3,887	1,488
Vehicle expenses	9,844	8,906	938
Marketing expenses	11,295	11,319	-24
Professional fees	16,348	26,386	-10,038
Official duties and training courses	23,985	30,919	-6,934
Stationary and printing	9,846	10,654	-808
Subscriptions	29,772	18,678	11,094
retaw & ,yticirtcele ,enohpelet ,tsoP	31,297	23,401	7,896
sesnepxe rehtO	13,972	12,415	1,557
<b>Total General and Administrative Expenses</b>	<b>1,140,233</b>	<b>903,182</b>	<b>237,051</b>

GROSS PROFIT IN 2010 vs. 2009			
Gross Profit	JD		
	2010	2009	Change
Total Revenues	1,850,082	2,126,910	-276,828
(less) General and Administrative Expenses	1,140,233	903,182	237,051
<b>Gross Profit / Loss</b>	<b>709,849</b>	<b>1,223,728</b>	<b>-513,879</b>

## 12. The Financial Impact of Non-Recurrent Transactions

As a result of the cancellation of loan guarantees for the Jordan Dubai Islamic Bank (formerly the Industrial Development Bank), no longer needed provisions reflected as an increase on the company's 2010 revenues for the amount of JD 594,759.

## 13. A Chronology of the Realized Profits or Losses, Dividends, Shareholders' Net Equity and Prices of Securities issued by JLGC

Year	Net Profit before Taxes & other Provisions	Dividends Distributed to Shareholders	Shareholders Net Equity	Share Price
2000	781,166	-	12,180,468	-
2001	647,883	500,000	13,051,558	-
2002	494,280	350,000	13,151,984	-
2003	1,297,527	700,000	14,295,001	-
2004	1,116,355	600,000	15,000,699	-
2005	3,027,045	700,000	17,531,279	1.58
2006	(161,462)	500,000	16,680,780	1.19
2007	1,075,733	600,000	17,012,200	1.24
2008	(1,205,485)	500,000	15,133,003	0.70
2009	954,607	400,000	14,777,837	0.65
<b>2010</b>	<b>698,557</b>	<b>*300,000</b>	<b>14,576,044</b>	<b>0.63</b>

**Note:** Company Shares were quoted from the Second Amman Financial Market early 2005

\* Suggested Dividends to Shareholders

## 14. Analysis of JLGC's Financial Status

Ratios	2010	2009	2008	2007	2006
Earning per Share	0.032	0.087	-0.105	0.072	0.024
Return on Investment	1.38%	3.68%	-4.60%	2.80%	1%
Return on Shareholder's Equity	2.17%	5.87%	-6.92%	4.20%	1.41%
Return on Paid Up Capital	3.17%	8.68%	-10.47%	7.20%	2.35%
Holding Ratio	63.62%	62.68%	64.52%	67.20%	68.50%
Fixed Assets / Shareholder's Equity	22.61%	21.45%	1%	0.64%	0.80%
Rate of Indebtedness	1.90%	2.32%	2.64%	3.10%	2.50%
Liabilities to 3rd parties / Total Assets	36.37%	37.32%	35.50%	32.80%	31.50%
Liabilities to 3rd parties / Shareholder's Equity	57.18%	59.54%	55.11%	48.80%	45.90%
Current Liabilities / Shareholder's Equity	2.99%	3.70%	4.17%	4.60%	3.60%
Revenue / Total Assets	8.1%	9.00%	7.30%	9.07%	2.40%
Circulation Ratio	4436%	3621.53%	3623.51%	3187.50%	3980.20%
Working Capital (JD)	18,873,410	19,250,407	22,259,535	24,179,794	23,236,892

## 15. JLGC's Future Plan

Following is a summary of JLGC's future plan:

- Continue to promote the loan guarantee culture and methodology to banks and financial institutions, in addition to further raising the awareness of the importance of the export and domestic credit guarantees among the Jordanian exporters and manufacturers through field visits, seminars, conferences and workshops.
- Coordinate mechanisms and flexible guarantee programs to meet the requirements of new bank products.
- Persuading banks to guarantee their entire SME loans portfolio with the company to increase the size of business and serve a greater range of financed projects.
- Apply a delegation of authority mechanism with some of the participating banks, allowing them to process and provide the loan guarantee on behalf of JLGC in order to accelerate the financing process.
- Continue to work with the government to establish a mechanism to guarantee the political risks for Jordanian exports to countries that are not covered by the re-insurers in the international market.
- Expand the activities of the Export & Domestic Credit Guarantee Department to include operations for risk analysis of various importers and their countries through the establishment of an Underwriting section.
- Continue to work on improving the electronic system used in all operational, financial, and administrative activities of the company, and continue working on the conversion of all processes and procedures between banks and financing institutions toward electronic communication, which will increase speed and efficiency.
- Continuous training and development of human resources in the company to increase efficiency and productivity.
- Expansion of offering guarantees to specialized institutions dealing with micro-lending (Micro Finance).
- Continue to cooperate with Donors Agencies, the Ministry of Planning, and the Central Bank of Jordan, to achieve company goals, and in particular to accelerate the implementation of the Service Sector Modernization Program (JSMP), in collaboration with the Jordan Enterprise Development Corporation (JEDCO).

## 16. External Auditing Fees

The total amount paid to the "Arab Professionals" as auditing fees in 2010 was JD 8,700 including a 16% sales tax.

## 17. Number of Securities issued by JLGC which are owned by any member of its Board of Directors or its Senior Executive Management

No Member of JLGC's Board of Directors, Senior Executive Management, or any of their relatives own any securities issued by JLGC.

## 18. The privileges paid to the Chairman & the Board of Directors and to the Senior Executive Management

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

Total amounts paid as transportation & travel allowance and annual bonus to the Chairman & Members of the Board of Directors in 2010 was JD 82,633 compared to JD 45,280 in 2009.

Name	Bonus *	Transportation Allowance **	Travel Allowance	Committee Allowance	Total
Mr. M.Said Shahin	5,000	6,000	0	0	11,000
Dr. Ibrahim M. Nsour	5,000	100	0	600	5,700
Mr. M. Mousa Dawood	2,778	0	0	0	2,778
Social Security Corporation	5,000	6,000	0	200	11,200
Mr. Mo'taz Barbour	5,000	6,000	0	800	11,800
Mr. Abdel Elah Al Hunaiti	0	6,000	0	1,400	7,400
Mr. Zaidan Younes	5,000	1,000	0	0	6,000
Mr. Adel Asa'ad	5,000	6,000	0	800	11,800
Mr. M Sadeq Al Hasan	2,222	1,500	0	300	4,022
Mr. Tawfeek Mukahal	0	4,833	0	200	5,033
Mr. Walid Al Absi	0	4,500	0	1,400	5,900
<b>Total</b>	<b>35,000</b>	<b>41,933</b>	<b>0</b>	<b>5,700</b>	<b>82,633</b>

\* 2009 Bonus was paid in 2010 after approval

\*\* Transportation Allowance for 2010

**Note:** The Board of Directors decided not to grant any bonus for the Board Members for 2010.

### b. Privileges paid to the Senior Executive Management

Total amounts paid as salaries, travel allowance and annual bonus to the senior executive management was JD 270,869 in 2010 compared to JD 194,708 in 2009.

Name and Title	Salaries	Bonus	Travel Allowance	Committee Allowance	Total
Dr. Jamal Salah / Director General *	109,500	7,500	10,559	1,800	129,359
Mr. Mohannad Al Rashdan / Assistant Director General for Technical & Operational Group	42,382	2,700	973	1,800	47,855
Mr. Faeq Nassar / Assistant Director General for Support & Backing Group	33,268	2,000	0	0	35,268
Mr. Jamal Jaafri / Loan Guarantee Department Manager	23,760	1,500	700	1,800	27,760
Mr. Hikmat Muhanna / Industrial Finance Department Manager	10,455	600	0	0	11,055
Mr. Zaid Al Kayed / Export Credit Guarantee Department Manager	15,750	1,000	2,822	0	19,572
<b>Total</b>	<b>235,115</b>	<b>15,300</b>	<b>15,054</b>	<b>5,400</b>	<b>270,869</b>

\* The Director General has a company car & a cell phone privileges.

## **19. Donations and Grants**

No donations were made during 2010 in comparison with JD 2000 donated in 2009 for the Jordanian Hashimite Committee for the support of Gaza.

## **20. JLGC's Contracts, Projects and Engagements with its Subsidiaries, Sister Companies 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**

There are no contribution to environmental protection

### **b. Local Community Service**

All JLGC activities from Loan and Export Credit Guarantees aim in the first place to serve the local community in Jordan.

## Important Activities and Regional & International Meetings



### Annual Conference of the Credit Alliance in Paris

Following the invitation of the French company COFACE, Director General Dr. Jamal Salah attended the annual conference of the Credit Alliance in Paris during the period 18-19/1/2010, where the latest world developments in the Credit Guarantee industry were discussed. JLG is a member in the Credit Alliance, sponsored by COFACE.

And since the Jordan Loan Guarantee re-insures its Export Credit Guarantees with the COFACE, some outstanding issues between the two companies were discussed.

### Conference of the U.S. Agency for International Development in Cairo

Assistant Director-General for Operations and Technical Affairs Mr. Mohannad Al-Rashdan attended a Conference on the Global Engagement on Access to Finance held by the Agency for International Development USAID in Cairo during the period 2,3 / 2 / 2010.

The conference discussed President Obama's plan to USAID aimed at supporting small and medium enterprises. The conference was attended by representative countries from the Middle East, Africa, South and Central and East Asia.

### Arab European Cooperation Conference in Damascus

Mr. Jamal Al-Jafari Manager of the Loan Guarantee Department, accompanied by Head of SMEs Loan Guarantee section Mr. Rami Alsamardli attended the first session of the Conference of Arab-European Cooperation in support of small and medium enterprises during the period 20-21/2/2010 in the Syrian Arab Republic.

The Conference was conducted by the Arab Organization for Industrial Development and Mining in collaboration with the Syrian Business & Enterprise Center, for the purpose of strengthening cooperation and partnership between Arab and European countries, and achieve maximum benefit from the funds and programs launched by the two regions for the rehabilitation and development of small and medium enterprises, and increase their competitiveness and promote exports in particular with the repercussions of the global financial crisis.

## **Visits to “Kafalat” Guarantee Company in Beirut & Oseo and Socama Companies in Paris**

Arranged by the European Union and the Jordan Enterprise Development Corporation JEDCO, a delegation from the Jordan Loan Guarantee Corporation, headed by the Director General Dr. Jamal Salah visited the Lebanese Loan guarantee company “Kafalat” in Beirut on 22 and 23/2/2010, and two other loan guarantee companies in France, Socama and Oseo during the period 24-26/2/2010.

The JLGC delegation was briefed on the mechanisms used by these companies in the process of granting loan guarantees, and the approach of delegation of authority to participating banks for certain loan purposes and within set ceilings.

These visits came in preparation to launch the loan guarantee scheme within the Services Sector Modernization Programme to be managed under the JLGC umbrella and the supervision of Jordan Enterprise Development Corporation JEDCO, within the grant from the European Union for The Service Sector Modernization Program in Jordan

## **Autumn 2010 Prague Club meeting**

His Excellency Dr. Jamal Salah the Director General of the Jordan Loan Guarantee Corporation attended the autumn 2010 Prague Club meeting which was held in Zagreb, Croatia during the period of 26-29/9/2010.

The Prague Club is an information exchange network for new and maturing insurers of export credit and investment. It was established to support members to develop their export credit and investment insurance schemes and facilities. It provides this support by hosting technical discussions at two yearly meetings, as well as facilitating ad-hoc information exchanges. The Prague Club currently has 33 members from across the globe including JLGC.

During the meeting, Dr. Jamal presented a paper entitled “Selling Credit Insurance after the Crises” which represented the challenges of the latest financial crises on the credit insurance industry throughout the world and in Jordan.

## **Agreement Signed with the Al Ahli Leasing Company**

On Sunday, 17 October 2010, at the JLGC headquarters, a working agreement was signed between the Jordan Loan Guarantee Corporation & Ahli Leasing Company, under which the risks of leases offered by the Ahli Company will be guaranteed by JLGC.

The agreement was signed by Director General of the Jordan Loan Guarantee Corporation, Dr. Jamal Salah, and Mr. Nibal Freihah, General Manager of the Ahli Leasing Company.

The signing of this agreement is a continuation of the JLGC efforts to guarantee the risk of various forms of financing offered to the different economic projects, including leasing which is considered to be one of the best ways of funding used in the world's developed countries to finance capital assets associated with the operational productivity, support, and that contributes to the development and support of various economic sectors.

This agreement will contribute to increase the size of credit facilities granted by Al Ahli Leasing Company to productive economic projects, based on the feasibility and cash flow of projects through financing various assets.

Al Ahli Leasing Company is a private shareholding company registered with a capital of JD 20 million owned by the Ahli Bank. The company commenced work in the Jordanian banking market since the beginning of 2010 to meet the needs for leasing to various economic sectors, to achieve development and increase the efficiency of these sectors and that of the Jordanian economy.

The Jordan Loan Guarantee Corporation continues to adapt to the new markets of the financing institutions to finance the different economic projects and open the doors to guarantee the risks of this type of financing, which leads to the acquisition. The JLGC guarantees increase the degree of dependence on the feasibility of the financed projects, instead of relying on the availability of traditional collaterals to qualify for adequate financing.

### **A World Bank Delegation visits JLGC**

Under a study conducted by the World Bank on the financing of small and medium size enterprises, a World Bank delegation visited the offices of the Jordan Loan Guarantee Corporation to examine the Jordanian loan guarantee experience, which is the only company of its kind operating in Jordan. JLGC's primary objective is to facilitate the financing for small and medium enterprises, through banks and other financing institutions.

The aim of this study by the World Bank is finding the best ways to support these small and medium-sized projects, which are considered the main driver of economic development all over the world. This study includes all countries in the Middle East and North Africa.

Facilitating the financing of SMEs through loan guarantee mechanisms is considered an integral part of the Financial aspect of the World Bank study. Other aspects include the legislation and the role of the government relating to the small and medium enterprises.

### **Second Annual Meeting of AMAN UNION in Tunisia**

Dr. Jamal Salah, Director General of JLGC accompanied by Mr. Zaid Al Kayed Manager of the Export Credit Guarantee Department attended the second annual meeting of the Aman Union in the city of Tunisia during the period between 23rd - 24th Nov. 2010 and with the participation of export guarantee institutions working in the Arab and Muslim countries.

During the two day meetings, many topics of importance were discussed concerning collection, the repercussions of the Basel 3, and building an information base for members of the Union.

The meetings were opened under the patronage of the Tunisian Minister of Finance, and welcoming speeches of Mr. Fahad Rashed Al Ibrahim General Manager of Dhaman in Kuwait, Mr. Abdel Rahman Taha, Executive Director of ICIEC in Saudi Arabia, and Mr. Habib Daldoul General Manager of "COTUNACE" in Tunis.

The importance of this annual meeting comes from the benefits to the participants from sharing in the experiences of members in the field of export credit and networking between them.

## **Disclosure of the extent of applying the guidelines of the Guide on Corporate Governance of listed companies in the 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 prepare 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 the reason is:

There is an internal 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.

## **Board of Directors Meetings**

The Board of Directors of the Jordan Loan Guarantee Corporation held nine meetings during 2010.

**Jordan Loan Guarantee Corp.**  
**Public Shareholding Company**

**Financial Statements as at 31 December 2010**  
**Together With**  
**Independent Auditors' Report**

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

# Contents

Independent Auditors' Report .....	50
Statement of Financial Position .....	51
Statement of Income .....	52
Statement of Changes in Equity .....	53
Statement of Cash Flows .....	54
Notes to the Financial Statements .....	55

## 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 2010, 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 2010, 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  
10 February 2011

Arab Professionals

**Jordan Loan Guarantee Corp.**  
Public Shareholding Company

## Statement of financial position as at 31 December 2010

(In Jordanian Dinars)

Assets	Notes	2010	2009
Cash & cash equivalents		10,604,975	8,986,537
Restricted bank deposits	4	6,263,844	6,047,575
Trading financial assets	12	1,194,187	2,208,751
Available for sale financial assets	5	606,940	826,380
Held to maturity financial assets	6	334,640	1,444,640
Receivables and other current assets	7	304,084	283,173
Deferred tax assets	8	305,429	609,212
Property and equipment	9	3,295,945	3,170,132
<b>Total Assets</b>	<b>10</b>	<b>22,910,044</b>	<b>23,576,400</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Provisions for loans guarantee	11	2,738,045	3,091,219
Central Bank of Jordan loan	12	5,160,695	5,160,695
Payables and other current liabilities	13	369,503	382,247
Income tax provision	9	65,757	164,402
<b>Total Liabilities</b>		<b>8,334,000</b>	<b>8,798,563</b>
<b>Equity</b>			
	<b>14</b>		
Paid in capital		10,000,000	10,000,000
Statutory reserve		1,314,708	1,244,852
Voluntary reserve		2,204,824	2,065,112
Fair value adjustments		48,263	167,075
Retained earnings		1,008,249	1,300,798
<b>Total Equity</b>		<b>14,576,044</b>	<b>14,777,837</b>
<b>Total Liabilities and Equity</b>		<b>22,910,044</b>	<b>23,576,400</b>

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

**Jordan Loan Guarantee Corp.**  
Public Shareholding Company

**Statement of income for the year ended 31 December 2010**

(In Jordanian Dinars)

	Note	2010	2009
<b>Revenues</b>			
Interest income		389,464	490,125
Commissions on guaranteed loans		363,781	367,276
Commissions on guaranteed export loans and domestic buyers		140,843	136,234
Commissions on guaranteed industrial loans and financial leasing		81,768	62,498
Unneeded provisions	11	594,759	-
Gain from sale of financial assets		122,205	749,261
Trading financial assets revaluation		5,296	141,345
Bonds interest income		69,600	113,567
Dividends income		79,423	55,015
Other revenues		2,943	11,589
<b>Total revenues</b>		<b>1,850,082</b>	<b>2,126,910</b>
<b>Less</b>			
Administrative expenses	15	1,140,233	903,182
Special provision	11	-	260,612
Provision for end of service indemnity		11,292	8,509
Fees and other expenses	16	6,986	60,472
<b>Total Expenses</b>		<b>1,158,511</b>	<b>1,232,775</b>
<b>Profit for the year before income tax</b>		<b>691,571</b>	<b>894,135</b>
Income tax expense	9	(374,552 )	(25,721 )
<b>Profit for the year</b>		<b>317,019</b>	<b>868,414</b>
Earnings per share	17	0,032	0,087
Profit for the year	317,019	868,414	868,414
Other comprehensive income			
<b>Available for sale financial assets valuation</b>	<b>(118,812)</b>	<b>(723,580)</b>	<b>(723,580)</b>
<b>Total comprehensive income for the year</b>	<b>198,207</b>	<b>144,834</b>	<b>144,834</b>

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

**Jordan Loan Guarantee Corp.**  
Public Shareholding Company

**Statement of changes in equity for the year ended 31 December 2010**

(In Jordanian Dinars)

	Paid in capital	Reserves		Fair value adjustments	Retained* earnings	Total
		Statutory	Voluntary			
Balance as at 1 January 2010	10,000,000	1,244,852	2,065,112	167,075	1,300,798	14,777,837
Dividends paid	-	-	-	-	(400,000)	(400,000)
Comprehensive income for the year	-	-	-	(118,812)	317,019	198,207
Reserves	-	69,856	139,712	-	(209,568)	-
<b>Balance as at 31 December 2010</b>	<b>10,000,000</b>	<b>1,314,708</b>	<b>2,204,824</b>	<b>48,263</b>	<b>1,008,249</b>	<b>14,576,044</b>
Balance as at 1 January 2009	10,000,000	1,149,391	1,874,190	890,655	1,218,767	15,133,003
Dividends paid	-	-	-	-	(500,000)	(500,000)
Comprehensive income for the year	-	-	-	(723,580)	868,414	144,834
Reserves	-	95,461	190,922	-	(286,383)	-
<b>Balance as at 31 December 2009</b>	<b>10,000,000</b>	<b>1,244,852</b>	<b>2,065,112</b>	<b>167,075</b>	<b>1,300,798</b>	<b>14,777,837</b>

\* Retained earnings of the company as at the end of 2010 include unrealized gains related to portfolio of trading securities amounted to JD 5,296.

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

**Jordan Loan Guarantee Corp.**  
Public Shareholding Company

**Statement of cash flows for the year ended 31 December 2010**

(In Jordanian Dinars)

<b>Cash Flows From Operating Activities</b>	<b>2010</b>	<b>2009</b>
Profit for the year before income tax	691,571	894,135
Depreciation	95,562	29,590
Change in fair value of trading financial assets	(5,296)	(141,345)
Gain on sale of available for sale financial assets	(105,392)	(700,442)
Provision for end of service indemnity	11,292	8,509
Provisions for loans guarantee	(367,102)	614,952
<b>Change in working capital</b>		
Trading financial assets	(24,036)	42,810
Receivables and other current assets	(20,911)	(21,930)
Payables and other current liabilities	1,019,860	4,754,645
Net payments for loans guarantee	13,928	(71,318)
Income taxes paid	(160,026)	(196,789)
<b>Net Cash Flows From Operating Activities</b>	<b>1,149,450</b>	<b>5,212,817</b>
<b>Cash Flows From Investing Activities</b>		
Redemption of held to maturity financial assets	1,110,000	205,000
Property & equipment	(221,375)	(3,049,745)
Available for sale financial assets	196,632	1,062,704
<b>Net Cash Flows From Investing Activities</b>	<b>1,085,257</b>	<b>(1,782,041)</b>
<b>Cash Flows From Financing Activities</b>		
Increase in restricted bank deposits	(216,269)	(254,025)
Dividends paid	(400,000)	(500,000)
<b>Net Cash Flows From Financing Activities</b>	<b>(616,269)</b>	<b>(754,025)</b>
<b>Change in cash &amp; cash equivalents</b>	<b>1,618,438</b>	<b>2,676,751</b>
Cash & cash equivalents at beginning of the year	8,986,537	6,309,786
<b>Cash &amp; cash equivalents at end of the year</b>	<b>10,604,975</b>	<b>8,986,537</b>

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

## Jordan Loan Guarantee Corp.

Public Shareholding Company  
Notes to the Financial Statements  
31 December 2010

(In Jordanian Dinars)

### I. 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 10 February 2011 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 trading and available for sale financial assets, which have been measured at fair value.

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

#### Adoption of new and revised IFRS standards

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

The Company has adopted the following new interpretations, revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Company's financial statements for the annual period beginning 1 January 2010:

Standard No.	Subject
IAS 39	Financial Instruments – Recognition & Measurement

The following amendments to existing standards have been published that are mandatory for accounting periods after 31 December 2010. The Directors anticipate that the adoption of these Standards in future periods will have no material impact on the financial statements of the Company.

Standard No.	Subject	Effective Date
IFRS 9	Financial Instruments - Classification & Measurement	January 2013
IFRS 7	Financial Instruments - Disclosures	July 2011
IAS 24	Related party disclosure	January 2011
IAS 32	Financial Instruments - Presentation	February 2010

### 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 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.

### Trading financial assets

These are initially recognized at cost and subsequently remeasured at fair value. All related realized and unrealized gains and losses resulting from the changes in fair value upon the translation of non-monetary assets in foreign currencies are taken to the income statement. Interest earned is included in interest income and dividends received are included in dividends income.

### Available for sale financial assets

Available for sale financial assets are initially measured at cost, which is the fair value of the consideration given for them, including transaction costs.

Available for sale financial assets are subsequently carried at fair value without any deduction for transaction costs by reference to their quoted market price at the financial position date. Investments for which fair value cannot be reliably determined are stated at cost. Impairment loss is recognized in the statement of income

Gains or losses on measurement to fair value of available for sale financial assets are recognized directly in the fair value reserve in shareholders equity, until the investment is sold or otherwise disposed of, or until it is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the statement of income.

Available-for-sale financial assets are classified as current assets if management intends to realize them within twelve months of the financial position date.

#### **Held to maturity financial assets**

These are initially recognized at cost, being the fair value of the consideration given including directly attributable transaction costs. Financial assets classified as held-to-maturity with fixed or determinable payments and fixed maturity are carried at amortized cost less a provision for impairment.

#### **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 financial position date. For investments which are listed in inactive stock markets, traded in small quantities or have no current prices, the fair value is measured using the current value of cash flows or any other method adopted. If there is no reliable method for the measurement of these investments, then they are stated at cost less any impairment in their value.

#### **Impairment of Financial Assets**

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in profit or loss in the carrying amount of the allowance account are recognized in the statement of income.

#### **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 the fixed assets 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:

Building	2%
Furniture & equipment	10 – 20%
Vehicles	15%
Computers & software	20%

The useful life and depreciation method are reviewed annually to ensure that the method and period of deprecation 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.

### **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 financial position when there is a legally enforceable right to offset the recognized amounts and the Bank intends to either settle them on a net basis, or to realize the asset and settle the liability simultaneously.

### **Revenues**

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.

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

Interest on central bank of Jordan loan is recognized when realized and provision, equivalent to the value of realized interest is provided to cover any losses that might result from industrial financing loans doubtful debts.

Commissions on loan guarantees are recognized annually on the guaranteed ceilings granted to banks and financial institutions.

Commissions on post-shipment export credit guarantees are recognized annually on the

guaranteed ceilings after deducting the reinsurance Company share.

Dividends are recognized when the shareholders' 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 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 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 Dinars 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	
	2010	2009	2010	2009
Housing loans guarantees	40,184,000	44,767,000	31,387,082	32,622,581
Productive loans guarantees	5,019,700	5,132,700	3,122,602	2,789,483
Computer purchase financing	1,000,000	1,000,000	18,216	24,257
Working capital guarantees	215,940	215,940	166,004	161,955
Export credit guarantees (domestic buyers)	1,993,069	1,790,727	1,993,069	1,790,727
Industrial loans guarantees	26,945,592	24,793,481	4,026,239	4,570,325
Financial leasing	14,745,064	11,730,627	5,093,079	3,908,139

#### 4. Cash and cash equivalents

	2010	2009
Cash on hand	883	1,000
Current bank accounts	9,815	5,378
Bank deposits	10,594,277	8,980,159
	<b>10,604,975</b>	<b>8,986,537</b>

Bank deposits mature within period between month to five months, with an annual interest rate ranging between (3.65%) and (4.5%).

#### 5. Trading financial assets

	2010	2009
Investment funds	304,880	1,344,081
Investment portfolios	889,307	864,670
	<b>1,194,187</b>	<b>2,208,751</b>

#### 6. Available for sale financial assets

	2010	2009
Investments in quoted shares (in Jordan)	56,940	276,380
Investments in unquoted shares (in Jordan)	550,000	550,000
	<b>606,940</b>	<b>826,380</b>

The following represents movement on the cumulative change in fair value:

	2010	2009
Balance as at 1 January	167,075	890,655
Net unrealized gain (loss)	143	(62,486)
Net change resulting from sold shares	(118,955)	(661,094)
	<b>48,263</b>	<b>167,075</b>

#### 7. Held to maturity financial assets

	2010	2009
<b>Investment in bonds – Jordan</b>	<b>334,640</b>	<b>1,444,640</b>

Investment in bonds mature up to the year 2015 with an annual interest rate ranging between (7%) and (8.03%).

#### 8. Receivables and other current assets

	2010	2009
Accrued commission income	189,549	164,352
Accrued interest income	98,725	98,239
Prepaid expenses	7,402	16,862
Refundable deposits	7,815	3,230
Others	593	490
	<b>304,084</b>	<b>283,173</b>

## 9. Income tax

The movements on the income tax provision are as follows:

	2010	2009
Balance as at 1 January	164,402	206,268
Current income tax charge	23,652	167,582
Prior year's tax adjustments	37,729	(12,659)
Income tax paid	(160,026)	(196,789)
	<b>65,757</b>	<b>164,402</b>

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

	2010	2009
Current income tax charge	(23,652)	(167,582)
Deferred tax relating to revaluation gain of trading financial assets	8,834	(8,834 )
Prior year's tax adjustment	(37,729)	12,659
Deferred tax relating to provisions for loans guarantee	(322,161)	135,909
Deferred tax relating to end of service indemnity provision	156	2,127
	<b>(374,552)</b>	<b>(25,721 )</b>

Due to the change in the Income Tax law and applying new temporary law No. 28 of 2009 as at 01/01/2010, in which tax rate become 14% instead of 25%, deferred tax assets have been revalued resulting in increase in income tax expense by JD 268,053.

Deferred tax assets presented in the statement of financial position consists of:

	2010	2009
Provisions for loans guarantee	303,784	625,945
End of service provision	3,395	3,239
Revaluation on trading financial assets	-	(8,834 )
Change in fair value reserve	(1,750 )	(11,138 )
	<b>305,429</b>	<b>609,212</b>

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2008.
- The Income Tax return for the year 2009 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 2010 was calculated in accordance with the Income Tax Law.

## 10. Property & Equipment

	Lands	Buildings	Furniture & Fixtures	Vehicles	Computers & Software	Total
<b>Cost</b>						
Balance as at 1/1/2010	1,688,453	1,356,547	176,625	95,721	226,495	3,543,841
Additions	-	165,738	37,530	-	18,117	221,385
Disposals	-	-	(79,356)	-	(49,513)	(128,869)
<b>Balance as at 31/12/2010</b>	<b>1,688,453</b>	<b>1,522,285</b>	<b>134,799</b>	<b>95,721</b>	<b>195,099</b>	<b>3,636,357</b>
<b>Accumulated depreciation</b>						
Balance as at 1/1/2010	-	-	115,406	57,383	200,920	373,709
Depreciation for the year	-	28,520	45,365	7,080	14,597	95,562
Disposals	-	-	(79,355)	-	(49,504)	(128,859)
<b>Balance as at 31/12/2010</b>	<b>-</b>	<b>28,520</b>	<b>81,416</b>	<b>64,463</b>	<b>166,013</b>	<b>340,412</b>
<b>Netbookvalue as at 31/12/2010</b>	<b>1,688,453</b>	<b>1,493,765</b>	<b>53,383</b>	<b>31,258</b>	<b>29,086</b>	<b>3,295,945</b>
<b>Cost</b>						
Balance as at 1/1/2009	-	-	176,990	144,424	237,505	558,919
Additions	1,688,453	1,356,547	710	-	4,324	3,050,034
Disposals	-	-	(1,075)	(48,703)	(15,334)	(65,112)
<b>Balance as at 31/12/2009</b>	<b>1,688,453</b>	<b>1,356,547</b>	<b>176,625</b>	<b>95,721</b>	<b>226,495</b>	<b>3,543,841</b>
<b>Accumulated depreciation</b>						
Balance as at 1/1/2009	-	-	103,018	99,007	206,917	408,942
Depreciation for the year	-	-	13,188	7,078	9,324	29,590
Disposals	-	-	(800)	(48,702)	(15,321)	(64,823)
<b>Balance as at 31/12/2009</b>	<b>-</b>	<b>-</b>	<b>115,406</b>	<b>57,383</b>	<b>200,920</b>	<b>373,709</b>
<b>Netbookvalue as at 31/12/2009</b>	<b>1,688,453</b>	<b>1,356,547</b>	<b>61,219</b>	<b>38,338</b>	<b>25,575</b>	<b>3,170,132</b>

## 11. Provisions for loans guarantee

The general provision was computed at 3% of the guaranteed production loans and the guaranteed portion of working capital loans, and 1% of the guaranteed housing loans portfolio. The specific provision was determined as the remaining balance after deducting the general provision.

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

	2010	2009
General provision	568,155	587,440
Special provision	1,036,443	1,597,989
Provision for industrial financing	1,133,447	905,790
	<b>2,738,045</b>	<b>3,091,219</b>

The movements on these provisions are as follows:

### General provision

	2010	2009
Balance as at 1 January	587,440	587,440
Charge (unneeded provision) for the year	(19,285 )	-
	<b>568,155</b>	<b>587,440</b>

### Special provision

	2010	2009
Balance as at 1 January	1,597,989	1,326,097
Charge (unneeded provision) for the year	(575,474)	260,612
Recoveries	130,012	125,662
Compensations paid	(116,084)	(114,382)
	<b>1,036,443</b>	<b>1,597,989</b>

### Provision for industrial financing

	2010	2009
Balance as at 1 January	905,790	634,048
Charge for the year	227,657	354,340
Compensations paid	-	(82,598)
	<b>1,133,447</b>	<b>905,790</b>

Part of provision for loans guarantees amounting to JD 594,759 reversed as a result of cancelation the agreement and guaranteed loans portfolio for Jordan Dubai Islamic Bank (Formerly Industrial Development Bank) which resulted in an increase in the Company's revenues with same amount .

### 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 loan the Company a non interest bearing grant by the European commission of an amount equivalent to JD 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 financial position amounted to JD 6,263,844 and JD 6,047,575 as at 31 December 2010 and 2009, respectively.

### 13. Payables and other current assets

	2010	2009
Re-insurers	33,825	102,521
Accrued reinsurance fees	136,025	110,410
Jordanian universities' fees provision	-	35,000
Provision for end of service indemnity	6,986	9,546
Accrued expenses	24,247	12,955
Employees bonus provision	65,926	15,947
Technical and vocational education and training fund	23,500	27,000
Board of Directors' remuneration	-	9,546
Scientific research provision	-	6,380
Others	78,994	52,942
	<b>369,503</b>	<b>382,247</b>

### 14. Equity

#### Paid in Capital

The Company's authorized and paid in capital is JD (10) Million divided equally into (10) Million shares with par value of JD (1) each as at 31 December 2010 & 2009.

#### 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 2011 to distribute 3% cash dividends to the shareholders.

The General Assembly has resolved in its meeting held in 11 March 2010 to distribute 4% cash dividends to the shareholders.

**15. Administrative expenses**

	2010	2009
Salaries and wages	525,205	440,230
Company's contribution in saving fund	46,837	39,014
Company's contribution in social security	43,548	34,377
Board of Directors' transportation	47,061	46,600
Rent	119,951	110,770
Obligations against terminated contracts	50,000	-
Medical and health insurance expenses	39,305	29,036
Depreciation	95,562	29,590
Employees bonus	21,030	27,000
Maintenance	5,375	3,887
Vehicles expenses	9,844	8,906
Marketing expenses	11,295	11,319
Professional fees	16,348	26,386
Official duties and training courses	23,985	30,919
Stationary and printings	9,846	10,654
Subscriptions	29,772	18,678
Post, telephone, water and electricity	31,297	23,401
Others	13,972	12,415
	<b>1,140,233</b>	<b>903,182</b>

**16. Fees and other expenses**

	2010	2009
Jordanian Universities' fees	-	35,000
Scientific research fees	6,986	9,546
Technical and vocational education and training fund	-	6,380
Board of Directors' remunerations	-	9,546
	<b>6,986</b>	<b>60,472</b>

**17. Earning per share**

	2010	2009
Profit for the year	317,019	868,414
Weighted average number of shares	10,000,000	10,000,000
	<b>0,032</b>	<b>0,087</b>

**18. Related party transactions**

The salaries and remunerations of the executive management amounted to JD 255,569 and JD 192,245 during 2010 and 2009 respectively.

## 19. Legalization

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

## 20. Productivity enhancement program

Under the productivity enhancement program, the company signed an agreement with the ministry of planning whereby, the ministry will provide an amount of JD 1,000,000 for the purpose of setting up a loan guarantee scheme with local commercial banks to provide medium and long term loans to small and medium size enterprises. 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 should be segregated from the company's assets. The interest is recorded as income in the company's records.

The fund balances as of 31 December 2010 and 2009 amounted to JD 250,000.

## 21. 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.

2010	Less than 1 year	More than 1 year	Total
<b>Assets</b>			
Cash & cash equivalents	10,604,975	-	10,604,975
Restricted bank deposits	-	6,263,844	6,263,844
Trading financial assets	1,194,187	-	1,194,187
Available for sale financial assets	-	606,940	606,940
Held to maturity financial assets	135,000	199,640	334,640
Receivables and other current assets	304,084	-	304,084
Deferred tax assets	-	305,429	305,429
Property and equipment	-	3,295,945	3,295,945
<b>Total Assets</b>	<b>12,238,246</b>	<b>10,671,798</b>	<b>22,910,044</b>
<b>Liabilities</b>			
Provisions for loans guarantee	-	2,738,045	2,738,045
Central Bank of Jordan loan	-	5,160,695	5,160,695
Payables and other current liabilities	369,503	-	369,503
Income tax provision	65,757	-	65,757
<b>Total Liabilities</b>	<b>435,260</b>	<b>7,898,740</b>	<b>8,334,000</b>
<b>Net</b>	<b>11,802,986</b>	<b>2,773,058</b>	<b>14,576,044</b>

2010	Less than 1 year	More than 1 year	Total
<b>Assets</b>			
Cash & cash equivalents	8,986,537	-	8,986,537
Restricted bank deposits	-	6,047,575	6,047,575
Trading financial assets	2,208,751	-	2,208,751
Available for sale financial assets	-	826,380	826,380
Held to maturity financial assets	1,309,640	135,000	1,444,640
Receivables and other current assets	283,173	-	283,173
Deferred tax assets	-	609,212	609,212
Property and equipment	-	3,170,132	3,170,132
<b>Total Assets</b>	<b>12,788,101</b>	<b>10,788,299</b>	<b>23,576,400</b>
<b>Liabilities</b>			
Provisions for loans guarantee	-	3,091,219	3,091,219
Central Bank of Jordan loan	-	5,160,695	5,160,695
Payables and other current liabilities	382,247	-	382,247
Income tax provision	164,402	-	164,402
<b>Total Liabilities</b>	<b>546,649</b>	<b>8,251,914</b>	<b>8,798,563</b>
<b>Net</b>	<b>12,241,452</b>	<b>2,536,385</b>	<b>14,777,837</b>

## 22. 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.

2010	Less than 1 year	More than 1 year	Non-interest bearing	Total
<b>Assets</b>				
Cash & cash equivalents	10,594,277	-	10,698	10,604,975
Restricted bank deposits	-	-	6,263,844	6,263,844
Trading financial assets	-	-	1,194,187	1,194,187
Available for sale financial assets	-	-	606,940	606,940
Held to maturity financial assets	135,000	199,640	-	334,640
Receivables and other current assets	-	-	304,084	304,084
Deferred tax assets	-	-	305,429	305,429
Property and equipment	-	-	3,295,945	3,295,945
<b>Total Assets</b>	<b>10,729,277</b>	<b>199,640</b>	<b>11,981,127</b>	<b>22,910,044</b>
<b>Liabilities and Equity</b>				
Provisions for loans guarantee	-	-	2,738,045	2,738,045
Central Bank of Jordan loan	-	-	5,160,695	5,160,695
Payables and other current liabilities	-	-	369,503	369,503
Income tax provision	-	-	65,757	65,757
<b>Total Liabilities</b>	-	-	<b>8,334,000</b>	<b>8,334,000</b>
<b>Net</b>	<b>10,729,277</b>	<b>199,640</b>	<b>3,647,127</b>	<b>14,576,044</b>

2010	Less than 1 year	More than 1 year	Non-interest bearing	Total
<b>Assets</b>				
Cash & cash equivalents	8,980,159	-	6,378	8,986,537
Restricted bank deposits	-	-	6,047,575	6,047,575
Trading financial assets	-	-	2,208,751	2,208,751
Available for sale financial assets	-	-	826,380	826,380
Held to maturity financial assets	1,309,640	135,000	-	1,444,640
Receivables and other current assets	-	-	283,173	283,173
Deferred tax assets	-	-	609,212	609,212
Property and equipment	-	-	3,170,132	3,170,132
<b>Total Assets</b>	<b>10,289,799</b>	<b>135,000</b>	<b>13,151,601</b>	<b>23,576,400</b>
<b>Liabilities and Equity</b>				
Provisions for loans guarantee	-	-	3,091,219	3,091,219
Central Bank of Jordan loan	-	-	5,160,695	5,160,695
Payables and other current liabilities	-	-	382,247	382,247
Income tax provision	-	-	164,402	164,402
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>8,798,563</b>	<b>8,798,563</b>
<b>Net</b>	<b>10,289,799</b>	<b>135,000</b>	<b>4,353,038</b>	<b>14,777,837</b>

## 23. Financial Instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets of the Company include deposits at banks, and financial securities. Financial liabilities of the Company include Central Bank of Jordan loan and accounts payable.

### 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.

### Credit Risk

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

### Liquidity Risk

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

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date:

2010	Less than one year	More than one year	Total
Provisions for loans guarantee	-	2,738,045	2,738,045
Central Bank of Jordan loan	-	5,160,695	5,160,695
Payables and other current liabilities	369,503	-	369,503
Income tax provision	65,757	-	65,757
	<b>435,260</b>	<b>7,898,740</b>	<b>8,334,000</b>

### Loans and exports guarantee risks

The company guarantees 70% of productive loans to the low and medium income applicants not exceeding JD 70,000 and guarantees 75% of housing loans to the low and medium income applicants provided that the loan does not exceed JD 75,000. The company guarantees 70% of industrial loans and financial leasing up to JD 430,000 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. As most of the Company's financial instruments have fixed interest rate and carried at amortized cost, the sensitivity of the Company's results or equity to movements in interest rates is not considered significant. If the interest rate had increased or decreased by 5%, the net result for the year would be increased /reduced in net income by JD 52,971 during 2010 (2009: JD 44,900).

### 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 Dinars or US Dollars. As the Jordanian Dinar is pegged to the US Dollar, balances in US Dollars 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 JD 94,425 during 2010 (2009: JD 112,378).

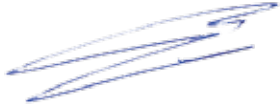
## 24. Capital Management

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 by pricing products and services commensurately with the level of risk.

## 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:

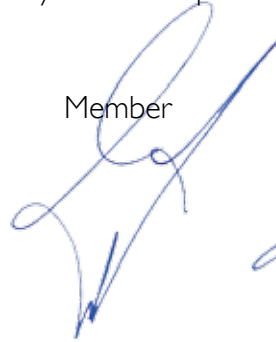
Chairman of the Board  
**M.Said Shahin**



Deputy Chairman  
**Adel Ibrahim Asa'ad**



Member



Member



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

Chairman of the Board  
**M.Said Shahin**



Deputy Chairman  
**Adel Ibrahim Asa'ad**



Member



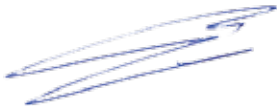
Member



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

Chairman of the Board

**M.Said Shahin**



Director General

**Dr. Jamal Salah**



Assistant Director General for  
Support & Backing Group

**Mr. Faeq Nassar**

