



Jordan Loan Guarantee Corporation

Annual Report 23rd

2016

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His Majesty King Abdullah II Bin Al-Hussein



His Royal Highness Crown Prince Hussein Bin Abdullah II

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Jordan Loan Guarantee Corporation

A Limited, Public Shareholding Company, established in accordance with the Jordanian Companies Law and registered in the Public Shareholding Companies Register under Number 242, on 26th March, 1994 with JD 7 million capital increased to JD 10 million in 1995 and then increased to JD 29,080,310 in 2016.

Mission Statement

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



Chairman's Statement

Dr. Maher "Sheikh Hasan"

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

I am pleased to present the 23rd Annual Report for the Jordan Loan Guarantee Corporation (JLGC) including the operational results, accomplishments and the financial results together with the external auditor's report for the year ended 31st December 2016. JLGC accomplished many achievements to empower SMEs and ease their access to finance, in addition to the empowerment of Jordanian exporters through expanding the national exports to new markets.

Distinguished Shareholders,

The main achievement for JLGC in 2016 was its capital increase which reach about JD 29 million, which will enable JLGC to increase the current guarantee ceilings and create new guarantee tools for small and medium-sized enterprises and export credit limits.

JLGC continued the work towards the development and renewal of its programs and product set by the beginning of 2016. In terms of activities, the company launched new guarantee programs for small-sized startups and renewable energy projects with suitable durations that suit the financing needs of SMEs through operating banks & other financial institutions in the Kingdom. It also cooperates with the government to run a special program to contribute to the newly established innovative companies. The corporation also started the work on establishing special fund to support national exports funded by a long-term loan from Central Bank of Jordan totaling JD 100 million.

The Central Bank of Jordan continued its support to JLGC through motivating Jordanian banks and financial institutions to benefit more from JLGC programs for serving productive enterprises that bring incomes and generate work opportunities. CBJ reveals the role of loan guarantees in access to finance and the development of its methodologies and mechanisms. CBJ avails around JD 1 billion for banks to lend startups & SMEs with more competitive conditions to encourage banks to cooperate more with JLGC programs.

The corporation provided guarantees for more than 1300 loans for SMEs with a loaned value of JD 75 million during 2016 and also signed export credit insurance deals covering 689 shipments valued at JD 53,2 million, within the export credit insurance program.

Distinguished Shareholders,

JLGC assumes its main responsibilities that it was established for to reach all economically viable sectors and adopting comprehensive plan to enhance its role in SMEs development and supporting national exports according to the best practices and international experiences.

The company directed its efforts during the year towards corporate effectiveness in addition to improve its services, programs, work procedures and supporting systems. JLGC is also keen in improving the capacity of its human resources and recruiting qualified employees to meet the expansion of its activities and work volume. Accordingly, JLGC continues to invest in building the capabilities and capacities through ongoing training and learning from best international experiences.

In terms of the financial performance, the financial statements showed that the Corporation achieved total revenues of JD 1,924 million during 2016 compared with JD 1,713 million in 2015. Gross Operational revenues went up by 19% to reach JD 1,152 million in 2016.

The Corporation also registered a net profit of JD 270 thousand. The balance sheet showed that shareholders' equity increased from JD14,7 million in 2015 to JD 33,6 million by the end of 2016 because of the capital increase and the total assets valued at JD 72,464 million by the end of 2016 compared with JD 26,028 million a year earlier.

Dear Shareholders,,,

We look to the future with confidence and optimism, relying on our vision, mission and our corporate values. We expect even greater achievements, with favorable returns for our shareholders and partners in the coming years.

In conclusion, I would like to thank our valued partners for their continued trust and patronage, and to my colleagues; the members of the Board of Directors, I also would like to extend my appreciation to the Director General and the employees of JLGC for their outstanding performance, professionalism, loyalty and dedication to JLGC. Assuring you of our commitment to continuing our journey of success and achievement at all levels to serve our national economy. May God almighty grant further progress to keep our beloved country prosperous under the guidance of His Majesty King Abdullah II Ibn Al Hussein; may God protect him.

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

Dr. Maher "Sheikh Hasan"
Chairman of the Board



Director General Statement

Dr. Mohammed Al-Ja'fari

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

The Jordan Loan Guarantee Corporation (JLGC) continues to perform its role towards enhancing business environment for SMEs to optimize and improve the overall loan guarantee services and also to provide credit insurance to national exporters against the risk of non-payment by the importers and buyers of the Jordanian goods. That enabled the company to increase its business volume in various sectors.

JLGC business growth continues because of the ongoing development on the company's guarantee services and products in partnership with public and private sectors, and also the response of banks & related national corporations to JLGC development efforts.

By the beginning of 2016, the Company launched small-sized startups guarantee program supported by the Central Bank of Jordan in collaboration with operating banks in the kingdom. To that end, JLGC has signed 11 agreements with local banks for small-sized startups financing besides a number of renewable energy loan guarantee agreements. Furthermore, JLGC adopted a special program for loans extended by banks and financial institution for businesses owned or managed by women that provides a coverage ratio of 80% of loan value.

The last chapter of the annual report contains a brief of the main guarantee agreements signed and their objectives during 2016.

Dear Shareholders

JLGC and through SMEs loan guarantee programs, offered guarantees to 1320 loans with a nominal value of JD 75 million. On the other hand, the guaranteed loans portfolio amounted JD 79,2 million granted to more than 3800 borrowers compared to JD 67,8 million at the end of 2015.

Under the export and domestic credit insurance programme, JLGC provided insurance to 542 export shipments ensuring payments in excess of JD 49,5 million and 147 local shipments valued at JD 3,7 million during 2016.

During the year, the company adopted its strategic plan for the period 2017-2019. The plan mainly sets its organizational objectives and specified the operational goals in terms of the new programs and products. It also includes the frameworks and policies for implementing the programs in cooperation with many strategic partners in line with the best important international experiences. The plan stated the mission of JLGC in SMEs & Jordanian exports development through a fully considered expansion in guarantees for both business segments as listed in JLGC Articles of Association and Memorandum of Association.

Dear Shareholders,

We look to the future with more optimism. The company strategic plan emphasized its efforts to enhance services through launching new products and improving the current services during the coming three years in parallel with JLGC partners from banking sector and other financial institutions to respond for SMEs needs, starting from the idea of the project that needs support or a startup that needs financing or an existing project requires to expand and grow. The strategic plan reflects the intensive work of JLGC to improve the internal operations effectively to achieve its ultimate objectives.

Dear Shareholders,

I would like to take this opportunity to thank the Central Bank of Jordan for the effective and vital role that it plays in supporting SMEs & exports in Jordan. I would also like to thank members of the Board and the entire JLGC staff for their hard work and dedication, Special thanks to all partners, supporting entities and the exporters for their trust in the company's essential role in enforcing guarantees concepts and protecting exporters.

Assuring you of our ongoing commitment to preserving the trust in JLGC efforts by the partners at all levels, and maintain the employees & executives hard work to serve the national economy and focusing on all dynamic and productive sectors under the leadership of His Majesty King Abdullah II; the supporter of reconstruction and modernization process at kingdom, May God bless and protect him.

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

Dr. Mohammed Al-Ja'fari
Director General

Summary Results of 2016 Compared to 2015

Operational Results

Loan Guarantee Results:

Guaranteed Loans

| Type of Loan | 2016 | | 2015 | |
|--------------------------------|--------------|-------------------|------------|-------------------|
| | No. | Guaranteed value | No. | Guaranteed value |
| Productive Loans | 1,197 | 35,234,917 | 872 | 27,018,630 |
| Real Estate and Personal Loans | 51 | 1,808,034 | 70 | 2,847,500 |
| Total | 1,248 | 37,042,951 | 942 | 29,866,130 |

Total Loan Guarantees (Executed & In Process) Guaranteed in 2016

| Type of Loan | Executed | | In process | | Total | |
|--------------------------------|--------------|-------------------|------------|-------------------|--------------|-------------------|
| | No. | Guaranteed Value | No. | Guaranteed Value | No. | Guaranteed Value |
| Productive Loans | 1,197 | 35,234,917 | 284 | 9,072,364 | 1,481 | 44,307,281 |
| Real Estate and Personal Loans | 51 | 1,808,034 | 17 | 555,277 | 68 | 2,363,311 |
| Industrial Finance Loans | 123 | 14,021,775 | 47 | 6,331,615 | 170 | 20,353,390 |
| Total | 1,371 | 51,064,726 | 348 | 15,959,256 | 1,719 | 67,023,982 |

Outstanding Loan Guarantee Portfolio

| Outstanding Loans Guaranteed Portfolio at the end of the year | 2016 | | 2015 | |
|---|--------------|-------------------|--------------|-------------------|
| | No. | Guaranteed Value | No. | Guaranteed Value |
| Productive Loans | 2,124 | 35,799,758 | 1,725 | 23,798,229 |
| Housing and Personal Loans | 1,484 | 24,129,454 | 1,631 | 26,742,374 |
| Industrial Finance Loans | 256 | 19,345,662 | 211 | 17,355,527 |
| Total | 3,864 | 79,274,874 | 3,567 | 67,896,130 |

Ceilings Granted to Banks and Utilized

| Type of Loan | 2016 | | 2015 | |
|---|-------------------|-------------------|-------------------|-------------------|
| | Ceilings | Utilized | Ceilings | Utilized |
| Productive Loans ceilings | 32,177,000 | 35,799,758 | 23,427,000 | 23,798,229 |
| Real Estate and Personal Loans ceilings | 29,350,605 | 24,129,454 | 30,199,605 | 26,742,374 |
| Small Startups Loans ceilings | 5,500,000 | 214,062 | -- | -- |
| Total | 67,027,605 | 60,143,274 | 53,626,605 | 50,540,603 |

Export Credit Guarantee Results:

Guaranteed Shipments

| Guaranteed Shipments | 2016 | | 2015 | |
|----------------------------------|------------|-------------------|--------------|-------------------|
| | No. | Guaranteed Value | No. | Guaranteed Value |
| Export Credit Guarantees | 542 | 49,558,226 | 769 | 47,763,158 |
| Domestic Sales Credit Guarantees | 147 | 3,736,305 | 314 | 6,118,787 |
| Total | 689 | 53,294,531 | 1,083 | 53,881,945 |

Guaranteed Shipments Portfolio

| Guaranteed Shipments Portfolio | 2016 | | 2015 | |
|----------------------------------|------------|------------------|------------|------------------|
| | No. | Guaranteed Value | No. | Guaranteed Value |
| Export Credit Guarantees | 186 | 3,311,418 | 191 | 2,874,363 |
| Domestic Sales Credit Guarantees | 76 | 363,029 | 81 | 590,551 |
| Total | 262 | 3,674,447 | 272 | 3,464,914 |

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

| Claims | 2016 | 2015 | Claims Paid | 2016 | 2015 |
|--------------------------|------------------|------------------|--------------------------|----------------|------------------|
| Loan Guarantee Dept. | 807,392 | 1,166,407 | Loan Guarantee Dept. | 445,643 | 762,564 |
| Industrial Finance Dept. | 283,494 | 707,416 | Industrial Finance Dept. | 248,160 | 420,992 |
| Exports Credit Dept. | 16,674 | 27,284 | Exports Credit Dept. | 15,239 | 40,028 |
| Total | 1,107,560 | 1,901,107 | Total | 709,042 | 1,223,584 |

| Re-scheduling | 2016 | 2015 | Recoveries | 2016 | 2015 |
|--------------------------|-------------------|------------------|--------------------------|----------------|----------------|
| Loan Guarantee Dept. | 6,375,865 | 5,971,837 | Loan Guarantee Dept. | 311,544 | 226,636 |
| Industrial Finance Dept. | 3,682,411 | 1,695,550 | Industrial Finance Dept. | 65,961 | 357,082 |
| Exports Credit Dept. | -- | -- | Exports Credit Dept. | -- | -- |
| Total | 10,058,276 | 7,667,387 | Total | 377,505 | 583,718 |

Financial Results

| Revenues and Expenses | 2016 | 2015 |
|---|------------------|------------------|
| Operational Revenues | 151,978 | 969,996 |
| Realized Financial Revenues | 743,648 | 712,866 |
| Other Revenues | 28,824 | 30,220 |
| Total Realized Revenues | 1,924,450 | 1,713,082 |
| (Less) General and Administrative Expenses | 1,185,020 | 1,130,147 |
| Gross Profit / (Loss) | 739,430 | 582,935 |
| (less) Provisions and other fees | 332,485 | 251,807 |
| (less) income tax | (136,839) | 265,566 |
| Profit (loss) | 270,106 | 596,694 |

Board Of Directors Report

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

a. Main Activities

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

| Productive Loans Guarantee Programs | Max. Loan Amount (JD) | Max. Payment Period (Month) | Guarantee Percentage (%) |
|-------------------------------------|-----------------------|-----------------------------|--------------------------|
| SMEs Loan Guarantees | 250,000 | 72 | 70% |
| Micro Loan Guarantees | 15,000 | 36 | 70% |
| Industrial Loan Guarantees (EJADA) | 550,000 | 96 | 70% |
| Leasing Guarantees (EJADA) | 550,000 | 96 | 70% |
| "Kafala" Program- Islamic Financing | 550,000 | 96 | 70% |
| Entrepreneurship Financing Program | 75,000 | 96 | 70% |
| Small Startups program | 100,000 | 60 | 80% |
| Renewable Energy program | 500 – 350,000 | 36 - 60 | 85% |

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

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

b. JLGC's Location & Number of Employees

JLGC offices located in Amman - Shmisani Area, Bldg. No. 24 Prince Shaker Bin Zaid Street, Opposite to Citi Bank and next to Talal Abu Ghazaleh. There are no other branches in or outside Amman. The JLGC programs and services are run by a staff of 45 employees.

c. Size of Capital Investment

Total size of Capital investment was JD 3,217,656 million in 2016 in comparison with JD 3,280,646 million in 2015.

2. Subsidiaries

There are no subsidiaries.

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

A. Board of Directors

H.E.Dr. Maher "Sheikh Hassan"

Chairman of the Board

Deputy Governor of the Central Bank of Jordan

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

H.E.D Mohammed Lutfi Al Ja'fari

Vice Chairman

Director General - Jordan Loan Guarantee Corp.

- PhD in Finance / Manchester University / UK 1997.
- Masters Degree in Economics & Statistics / Jordan University / 1991.
- Bachelor Degree in economics / Yarmouk University / Jordan 1984.
- Director General of the Jordan Loan Guarantee Corporation since 3 July 2011.
- Representative of Loan Guarantee Schemes in MENA region at the World Bank Task Force to set the Principles on the design and implementation of PCGs for SMEs since 2015.
- Director General / Jordan Deposit Insurance Corporation / 2004 – 2011.
- Commissioner for Finance & Administration in the Aqaba Special Economic Zone Authority (ASEZA) / 2002 – 2003.
- Economic Researcher / Central Bank of Jordan / 1986 – 2001.
- Member of the Executive Council in the International Association of Deposit Insurers (IADI)

Mr. Adel Ibrahim Asa'ad

Board Member

Assistant General Manager for Credit – The Housing Bank for Trade and Finance

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

Mr. Ne'meh Sabagh

Board Member until 6th March, 2016

Chief Executive Officer – Arab Bank

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

Mr. Walid Muhi Eddin Al Samhour

Board Member since 6th March, 2016

EVP- Jordan Country Head - Arab Bank Plc

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

Mrs. Ranya Moosa Al Araj

Board Member until 1st August, 2016

Section Head; Treasury Dept. - Social Security Investment Fund

- Masters Degree in Banking & Finance /Arab Academy for Banking and Financial Sciences – Jordan2003.
- Bachelor Degree in Banking and Finance / Yarmouk University 1999.
- Section Head at Treasury Dept. Social Security Investment Fund since 2007 until now.
- Portfolio Manager at Foreign Investments and Operations Dept. / The Central Bank of Jordan 2004 -2007.
- Dealer at Foreign Investments and Operations Dept. / The Central Bank of Jordan 2002 -2002.
- Financial Analyst at Foreign Investments and Operations Dept. / The Central Bank of Jordan 2000 -2002.

Mrs. Luma Ghaleb Abdullah

Board Member since 1st August, 2016

Section Head; Board Secretariat & Follow Up / Social Security Investment Fund

- Bachelor Degree in Business Administration / Philadelphia University – Jordan 2004.
- Board Secretariat & Follow up Section Head - Social Security Investment Fund since 2006 until now.

Mr. Tawfeek Abdel Kader Mukahal

Board Member

Deputy General Manager - Jordan Kuwait Bank

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

H.E. Mr. Zyad Attalah Adayla

Board Member since 1st September, 2015

General Manager - Cities and Villages Development Bank

- Masters Degree in Finance / Yarmouk University / 2005.
- High Diploma in Administration / Yarmouk University / 1997.
- Bachelor Degree in Accounting / Ein Shams University / 1979.
- General Manager of the Cities & Villages Development Bank since 25th January, 2016.
- Acting General Manager / Cities & Villages Development Bank from 2nd Sept. 2015 until 24th Jan, 2016.
- Deputy General Manager / Cities & Villages Development Bank from 1st Jan, 2008 until 1st June, 2015.
- Branch Manager Cities & Villages Development Bank / Kerak 1997 -2007
- Long & various experiences in budgeting, financial analysis, feasibility study and setting administrative & HR systems, and strategic plans and dealing with many lending institutions.

*** JLGC Board of Directors held 6 meetings during 2016

B. Top Management

- Dr. Mohammed Al Ja'fari / Director General

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

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

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

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

- Bachelor Degree in Accounting / Philadelphia University – Jordan 1999.
- Working at JLGC since 1st January, 1995.
- Accountant in the Jordan Distribution Agency

- Mr. Zaid Al Kayed / Credit Guarantee Department Manager until 9th July, 2016

- Masters Degree in Business Administration / Kent Business School, UK 2005.
- Bachelor Degree in Economics / Al Ahliya Amman University 2002.
- Working at JLGC since 2003.

- Mrs. Amal Jaradat / Industrial Finance Department Manager (EJADA)

- Bachelor Degree in Business Administration / University of Jordan 1993
- Working at JLGC since 12th August, 2013.
- Retail Credit Review Officer / Bank of Jordan 2006 – 2012.
- Credit Analyst / Bank of Jordan 1998 -2006.
- SMEs Instructor at the Institute of Banking Studies – Jordan.

- Mr. Issa Al Tarayra / Acting Manager for Finance Department

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

- Mr. Rami Awwad Samardali / Acting Manager – Follow ups, Indemnifications & Recoveries Dept.

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

4. Largest Shareholders

Names of JLGC's largest shareholders owning 5% or more of total company shares by the end of 2016 in comparison with 2015

The names of the company shares holders owning 5% of the JLGC total capital amounted JD 29,080,310 in 2016 comparing to 2015, which JLGC capital was JD 10 million.

| Shareholder | 2016 | | 2015 | |
|------------------------------------|------------------|------------|------------------|------------|
| | Number of Shares | % of Share | Number of Shares | % of Share |
| Central Bank of Jordan | 14,322,250 | 49.25% | 4,775,000 | 47.75% |
| Cairo Amman Bank | 1,734,424 | 5.96% | - | - |
| Arab Bank | 1,469,439 | 5.05% | 350,000 | 3.50% |
| Hani Ahmad Saeed Misa'd | 27,895 | 0.096% | 1,147,605 | 11.476% |
| Cities & Villages Development Bank | 525,000 | 1.81% | 525,000 | 5.25% |
| Social Security Corporation | 524,000 | 1.80% | 524,000 | 5.24% |

*As a result of capital increase.

5. Competitive Position

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

6. Dependence on Specific Suppliers and/or Major Clients

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

7. Government Protection or Concession Granted to JLGC

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

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

- Weighted average capital adequacy is adjusted by the amount of loans guaranteed by JLGC, with those loans have reduced risk weight similar to those extended against cash collateral

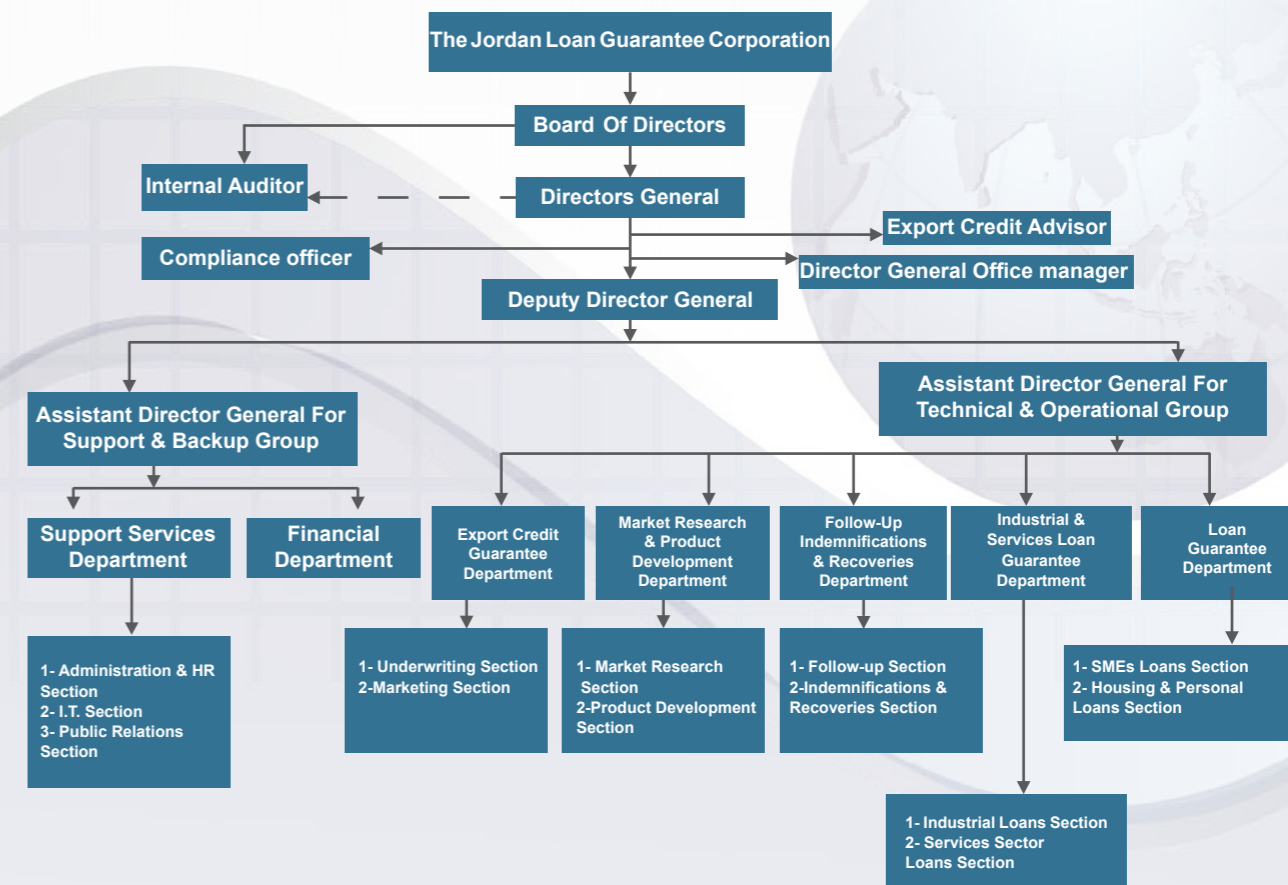
- No Patents or Licensing Rights obtained by the JLGC in 2016.

8. Any Governmental Decisions with a Material Impact on JLGC

- The Council of Ministers has decided to exempt all JLGC's Export Credit Guarantee Contracts and their subsequent claims from relevant stamp charges.
- The Council of Ministers decision number (438) dated 26/1/2010 exempted JLGC from sales and all other taxes and fees except for Income Tax.
- No implementation of international quality standards in 2016.

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

A. Organizational Structure at the End of 2016



* Executive Management Vacancies: (Deputy Director General, Assistant Director General for Support & Backup Group, Export Credit Department Manager)

B. Number of Employees and their Classes of Qualifications in 2016

The Number of employees in 2016 was 45 in comparison with 39 at the end of 2015, distributed according to the academic qualifications as follows:

| Year | PhD | Master Degree | High Diploma | Bachelor Degree | Intermediate Diploma | High School | Less than High School | Total |
|------|-----|---------------|--------------|-----------------|----------------------|-------------|-----------------------|-------|
| 2016 | 1 | 3 | 1 | 28 | 5 | 4 | 3 | 45 |
| 2015 | 1 | 3 | 1 | 24 | 3 | 4 | 3 | 39 |

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

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

| Year | Employees Turnover |
|------|--------------------|
| 2016 | 31% |
| 2015 | 7,7% |
| 2014 | 28,9% |
| 2013 | 31,9% |
| 2012 | 20,3% |

C. Employees Training in 2016

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

| Year | Number of Internal Training | Number of Participating Employees | Number of External Training | Number of Participating Employees |
|------|-----------------------------|-----------------------------------|-----------------------------|-----------------------------------|
| 2016 | 37 | 21 | 5 | 12 |
| 2015 | 27 | 18 | 8 | 10 |
| 2014 | 12 | 12 | 8 | 8 |
| 2013 | 7 | 14 | 9 | 10 |
| 2012 | 19 | 13 | 7 | 9 |

10. JLGC's Risk Exposure

JLGC's provides guarantees for loans extended to small and medium sized enterprises, as well as for export credit. Accordingly, the company is exposed to default risks of SME loans and the non-payment risk of foreign buyers. In 2016 JLGC's payments for default loans including (Export Credit Program) reached to JD 709,042 thousand compared to JD 1,223,584 million in 2015.

11. JLGC Accomplishments Supported by Quantitative Indicators in 2016

The Jordan Loan Guarantee Corporation increased its capital to JD 29,080,310 million by the end of 2016. That increase enables JLGC to raise the guarantee ceilings for SMEs up to JD 250 thousand. During 2016, JLGC launched Small-Startups Guarantee program that provides a guarantee of 85% of loan value up to JD 100 thousands and also the "Renewable Energy Guarantee program" with a guarantee of 70% and the ceiling varies from JD 3000 for Home sector to JD 350 thousand for SMEs. JLGC Board of Directors also approved a special program for loans extended by banks and financial institution for businesses owned or managed by women that provides a coverage ratio of 80% of loan value.

The main accomplishments in 2016:

- JLGC has signed 11 agreements with local banks for this Small-Sized Startups Guarantee program, and 2 agreements for Renewable Energy Guarantee program.
- JLGC guaranteed 1320 loans with a nominal value of JD 75 million during 2016 through a wide range of loan guarantee programs.
- The outstanding guaranteed portfolio reached 3864 loans by the end of 2016 with a guaranteed value of JD 79,2 million, compared to 3567 loans with a guaranteed value of JD 67,8 million by the end of 2015.
- The outstanding guaranteed portfolio at the end of the year 2016 consists of 2380 productive loans with a guaranteed value of JD 55 million, and 1484 housing and personal loans with a guaranteed value of JD 24,129 million.
- Under the export and domestic sales credit insurance programs, JLGC guaranteed 689 shipments with a value of JD 53 million in 2016 compared with 1083 shipments guaranteed in 2015 totaling of JD 54 million. The shipments guaranteed in 2016 divided into 542 export credit shipments worth JD 49,5 million and 147 domestic sales shipments worth JD 4 million.
- JLGC received during 2016 claims from participating banks and lending institutions for bad loans worth JD 1,09 million compared to JD 1,873 thousand claimed in 2015. Export Credit Guarantee program claims totaling JD 16,6 thousand during 2016 compared to JD 27 thousand in 2015.
- Compensation paid by the company for bad loans reached to JD 694 thousand in 2016 compared with JD 1,184 million paid in 2015. Export Credit Guarantee program compensations amounted to JD 15 thousand during 2016 compared to JD 40 thousand paid in 2015.
- JLGC has recovered JD 378 thousand in 2016 compared with recoveries amounting to JD 584 thousand in 2015. Whereas, the company rescheduled guaranteed loans with a value of JD 10 million during 2016, compared to JD 7,6 million rescheduled in 2015.
- Total operating revenues for JLGC amounted JD 1,152 million in 2016 compared to JD 970 thousand in 2015. While investment revenues totaling JD 744 thousand in 2016 compared to JD 713 thousand during 2015.

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

There are no “non-recurrent” transactions during 2016.

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

| Year | Net Profit before Taxes & other Provisions | Dividends Distributed to Shareholders | Shareholders Net Equity | Share Price |
|------|--|---------------------------------------|-------------------------|-------------|
| 2012 | 304,997 | 300,000 | 14,285,490 | 0.50 |
| 2013 | 535,620 | 400,000 | 14,402,850 | 0.50 |
| 2014 | 482,547 | 400,000 | 14,509,452 | 0.53 |
| 2015 | 365,580 | 300,000 | 14,690,192 | 1.010 |
| 2016 | 270,106 | - | 33,585,401 | 0.870 |

14. Analysis of JLGC's Financial Status and the Results of its Activities during 2016

| RATIO | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|------------|------------|------------|------------|------------|
| Earnings per Share | 0,022 | 0,060 | 0,042 | 0,042 | 0,028 |
| Return on Investment | %0,373 | %2,292 | %1,620 | 1,693% | 1,146% |
| Return on Shareholder's Equity | %0,804 | %4,062 | %2,891 | 2,914% | 1,927% |
| Return on Paid Up Capital | %0,929 | %5,967 | %4,203 | 4,197% | 2,753% |
| Ownership Ratio | %46,347 | %56,438 | %55,918 | 58,105% | 59,463% |
| Fixed Assets / Shareholder's Equity | %9,581 | %22,332 | %22,921 | 22,657% | 22,326% |
| Rate of Indebtedness | %1,626 | %3,105 | %3,391 | 2,429% | 1,818% |
| Liabilities to 3rd parties / Total Assets | %53,653 | %43,562 | %44,082 | 41,895% | 40,537% |
| Liabilities to 3rd parties / Shareholder's Equity | %115,763 | %77,185 | %78,832 | 72,102% | 68,171% |
| Current Liabilities / Shareholder's Equity | %3,508 | %5,501 | %6,063 | 4,181% | 3,057% |
| Revenue / Total Assets | %2,656 | %6,581 | %6,765 | 6,751% | 6,500% |
| Circulation Ratio | %5812,247 | %2718,850 | %2510,582 | 3506, 636% | 4689,552% |
| Working Capital (JD) | 67,305,520 | 21,163,241 | 21,207,261 | 20,514,829 | 20,045,648 |

15. JLGC's Prospective Developments and Proposed Plan for 2017

The main proposed plans for JLGC and Supportive Policies and Procedures for Future Plans implementation are summarized as the following:

- Establishing a new specialized credit guarantee programs and developing the current programs.
- Establishing new programs for export credit insurance and establishing a section for underwriting to expand the activities of export credit insurance department to include risk analysis for different countries and importers. Furthermore, dealing with a wider database of reinsurance companies based on optional reinsurance action to balance between both goals that are to increase returns and decrease risks on the company.
- Maintaining operational sustainability by improving operational efficiency.
- Achieving a high quality portfolio at all programs levels and by acceptable risk rates in addition to finding new programs meet with the target growth in JLGC portfolios.
- Presenting JLGC always as a supportive corporation for SMEs, startups & national exports, through developing its corporate image and enhance its role among its main partners in a professional noticeable way.
- Stimulation the work in startups program, renewable energy finance and programs directed to Jordanian women.
- Establishing venture Capital Fund as a special purpose Vehicle (SPV) in collaboration with jordanian government represented by The Ministry of Finance, Ministry of Planning Cooperation, the Central Bank of Jordan and the World Bank Group (WBG) to provide equity for innovative and creative projects.
- Find a specialized fund Guaranteeing political risks for national exports.
- Enhancing employees capabilities and improving their productivity by providing the necessary training opportunities that suit the actual needs of staff and the variety of their work and thus motivating and upgrading their performance.
- Develop the guarantee products specially which in line with the Islamic Shari'a, and expand guarantee programs to include profitable economic sectors.
- Developing the work flow and moving gradually to portfolio guarantees in coordination with banks and financial institutions and delegating authority to certain banks in granting loans without prior approval of the JLGC with specified limits of guarantee.
- Signing new guarantee agreements specialized in Micro-Finance, Capital leasing and Islamic financing.
- Organizing workshops, seminars and conferences aiming on bringing about the importance of Loan Guarantee among partners and possible competitors.
- Cooperation with different loan guarantee schemes in MENA region and sharing the best international practices regionally and globally to enrich Jordan experience in this area of expertise.

16. Auditing Fees

The total amount paid to the “Arab Professionals” as auditing fees in 2016 was JD 10,208 thousand including the 16% sales tax, similar to the fees paid in 2015.

17. A statement that indicates the number of securities issued by the JLGC which are owned by any member of its Board of Directors, any member of its Senior Executive Management or any of their relatives

- None of the member of JLGC's Board of Directors or its Senior Executive Management or any of their relatives own any securities issued by JLGC.

- All members of JLGC's Board of Directors are Jordanians except Mr. Ne'meh Sabbagh, Arab Bank representative is Lebanese.

- All of JLGC Senior Executive Management personnel are Jordanians.

- No companies controlled by the members of JLGC's Board of Directors or its Senior Executive Management.

- The number of Securities issued by JLGC which are owned by members of its Board of Directors in their Corporate Capacity

| Shareholder | 2016 | | 2015 | |
|--------------------------------------|-------------------|---------------|------------------|----------------|
| | Number of Shares | % of Share | Number of Shares | % of Share |
| Central Bank of Jordan | 14,322,250 | %49.25 | 4,775,000 | %74.75 |
| Arab Bank | 1,469,439 | %5.05 | 350,000 | 3,50% |
| The Housing Bank for Trade & Finance | 1,430,618 | %4.92 | 278,500 | %2.785 |
| Jordan Kuwait Bank | 788,066 | %2.71 | 300,000 | %3.00 |
| Cities & Villages Development Bank | 525,000 | %1.81 | 525,000 | %5.25 |
| Social Security Corporation | 524,000 | %1.80 | 524,000 | %5.24 |
| Total | 19,059,373 | 65.54% | 6,752,000 | 67,252% |

18. The benefits and remunerations of the Chairman, members of the Board of Directors, and Senior Executive Management during 2016

A. Benefits paid to the Chairman & the Board of Directors

Total amounts paid as transportation, travel allowance, committee allowance and annual bonus to the Chairman and Members of the Board of Directors was JD 73295 thousand in 2016 compared to JD 78654 thousand in 2015.

| NAME | Title | *Bonus | Transportation Allowance | Travel Allowance | Committee Allowance | Total |
|--|---------------|--------------|--------------------------|------------------|---------------------|--------------|
| H.E.Dr. Maher "Sheikh Hasan" | Chairman | 3810 | 6000 | 175 | 0 | 9985 |
| H.E.Dr. Mohammed Al Ja'fari | Vice Chairman | 3810 | 6000 | 0 | 0 | 9810 |
| Cities & Villages Development Bank | Member | 3810 | 6000 | 1225 | 800 | 11835 |
| Social Security Corporation | Member | 3810 | 6000 | 0 | 400 | 10210 |
| Mr. Adel Ibrahim Asa'ad | Member | 3810 | 6000 | 1225 | 800 | 11835 |
| Mr. Tawfeek Abdulqader Al Mukahal | Member | 3810 | 6000 | 0 | 0 | 9810 |
| Mr. Ne'meh Elias Sabbagh until 6th March, 2016 | Member | 668 | 1000 | 0 | 0 | 1668 |
| Mr. Walid Muhi Eddin Al Samhouri Since 6th March, 2016 | Member | 3142 | 5000 | 0 | 0 | 8124 |
| TOTAL | | 26670 | 42000 | 2625 | 2000 | 73295 |

B. Privileges Paid to The Senior Executive Management

The salaries and remunerations of the executive management amounted to JOD 328751 and JOD 300549 during 2016 and 2015 respectively.

| Name | Job Title | Annual Salaries | *Bonus | Travel Allowance | Committee Allowance | Total |
|---|--|-----------------|--------------|------------------|---------------------|---------------|
| H,E.Dr. Mohammed Lutfi Al Ja'fari | **Director General | 129880 | 8800 | 5637 | 0 | 144317 |
| Mr. Mohannad Mohammed Al Rashdan | Assistant Director General for Technical & Operational Group | 57298 | 3778 | 500 | 2400 | 63976 |
| Mr. Jamal Lutfi Al Ja'fari | Loan Guarantee Department Manager | 32592 | 2146 | 730 | 0 | 35468 |
| Mrs. Amal Mahmoud Jaradat | Industrial Finance Dept. Manager | 26344 | 1750 | 0 | 0 | 28094 |
| Mr. Zaid Abdel Hameed Al Kayed Until 5th July, 2016 | Export Credit Guarantee Dept. Manager | 12710 | 0 | 0 | 0 | 12710 |
| Mr. Issa Ismail Al Tarayra | Acting Manager for Finance Dept. | 20623 | 1343 | 880 | 0 | 22846 |
| Mr. Rami Awad Samardali | Acting Manager for Indemnification & Follow up Dept. | 19292 | 1248 | 800 | 0 | 21340 |
| Total | | 298739 | 19065 | 8547 | 2400 | 328751 |

* Annual Bonus for the year 2017.

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

19. Donations and Grants made by JLGC

No donations or grants paid during 2016.

20. JLGC's Contracts, Projects and Engagements concluded with Subsidiaries, Sister Companies or Affiliates

There are no contracts, projects or engagements concluded with Subsidiaries, Sister Companies or affiliates or with the Chairman of the Board of Directors, members of the Board of Directors, the Director General or any employee of JLGC or their relatives.

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

a. Contribution to Environmental Protection

No contribution to environmental protection directly.

b. Local Community Service

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

All JLGC programs serve the local community and entrepreneurs, through encouraging financial institutions to finance SMEs, which contribute in employment for being the main incubator for innovative ideas and a key generator of economic development in the local community. Moreover, they encourage women & usage of renewable energy.

OPERATIONAL ACTIVITIES

Loan Guarantees & Industrial Finance

Loan Guarantees Ceilings and Utilized Amounts during the year 2016 VS. 2015

| | 2016 | | | 2015 | | | Change | |
|------------------------------|-------------------|-------------------|------------|-------------------|-------------------|--------------|-------------------|------------------|
| | Ceiling | Utilized | Utilized % | Ceiling | Utilized | Utilized % | Ceiling | Utilized |
| Productive Loans | 32,177,000 | 35,799,758 | 111 % | 23,427,000 | 23,798,229 | 101% | 8,750,000 | 12,001,529 |
| Real Estate & Personal Loans | 29,350,605 | 24,129,454 | 82.2 % | 30,199,605 | 26,742,374 | 88,5% | (849,000) | (2,612,920) |
| *Startups Program | 5,500,000 | 214,062 | 3.8% | --- | --- | | 5,500,000 | 214,062 |
| Total Ceilings | 67,027,605 | 60,143,274 | 90% | 53,626,605 | 50,540,603 | 94,2% | 13,401,000 | 9,602,671 |

* Startups program (Industrial Finance Dept.)

Loan Guarantees Ceilings & Utilized Amounts according to Banks / Lending Institutions in 2016

| Banks / Lending Institutions | *Productive Loans | | Real Estate Loans | | Startups Loans | | Total Ceilings | |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|------------------|----------------|-------------------|-------------------|
| | Ceiling | Utilized | Ceiling | Utilized | Ceiling | Utilized | Ceiling | Utilized |
| Jordan Kuwait Bank | 350,000 | 218,714 | 50,000 | 1,432 | 0 | 0 | 400,000 | 220,146 |
| Jordan Ahli Bank | 950,000 | 622,018 | 4,200,000 | 3,109,911 | 500,000 | 56,696 | 5,650,000 | 3,788,625 |
| Jordan Commercial Bank | 1,100,000 | 402,163 | 0 | 0 | 500,000 | 76,727 | 1,600,000 | 478,890 |
| Islamic International Arab Bank | 0 | 12,472,084 | 0 | 0 | 0 | 48,489 | 0 | 12,520,573 |
| Arab Bank | 5,000,000 | 3,314,773 | 16,905 | 6,714 | 500,000 | 17,800 | 5,516,905 | 3,339,287 |
| Egyptian Arab Land Bank | 27,000 | 0 | 75,000 | 50,951 | 0 | 0 | 102,000 | 50,951 |
| Ahli Microfinance company | 300,000 | 204,375 | 0 | 0 | 0 | 0 | 300,000 | 204,375 |
| Bank al Etihad | 1,575,000 | 1,628,555 | 0 | 0 | 500,000 | 0 | 2,075,000 | 1,628,555 |
| Bank of Jordan | 500,000 | 105,541 | 5,415,000 | 2,998,788 | 0 | 0 | 5,915,000 | 3,104,329 |
| Arab Jordan Investment Bank | 150,000 | 0 | 150,000 | 0 | 0 | 0 | 300,000 | 0 |
| The Housing Bank for Trade & Finance | 13,000,000 | 6,275,806 | 0 | 0 | 2,000,000 | 14,350 | 15,000,000 | 6,290,156 |
| Cairo Amman Bank | 1,375,000 | 1,332,809 | 13,440,000 | 13,203,798 | 500,000 | 0 | 15,315,000 | 14,536,607 |
| ABC Bank | 400,000 | 171,014 | 6,003,700 | 4,757,860 | 0 | 0 | 6,403,700 | 4,928,874 |
| Societe General Bank | 700,000 | 66,108 | 0 | 0 | 0 | 0 | 700,000 | 66,108 |
| Capital Bank | 4,000,000 | 2,285,343 | 0 | 0 | 500,000 | 0 | 4,500,000 | 2,285,343 |
| Bindar Trading & Investment Co. | 250,000 | 31,704 | 0 | 0 | 0 | 0 | 250,000 | 31,704 |
| Development & Employment Fund | 0 | 2,282,952 | 0 | 0 | 0 | 0 | 0 | 2,282,952 |
| Microfund for Woman | 2,000,000 | 3,118,634 | 0 | 0 | 0 | 0 | 2,000,000 | 3,118,634 |
| Jordan Islamic Bank | 0 | 185,942 | 0 | 0 | 0 | 0 | 0 | 185,943 |
| Jordan Dubai Islamic Bank | 0 | 991,054 | 0 | 0 | 0 | 0 | 0 | 991,054 |
| Blom Bank | 500,000 | 90,168 | 0 | 0 | 500,000 | 0 | 1,000,000 | 90,168 |
| Total | 32,177,000 | 35,799,758 | 29,350,605 | 24,129,454 | 5,500,000 | 214,062 | 67,027,605 | 60,143,274 |

Guaranteed Executed Loans During the Year 2016 Vs. 2015

| Guaranteed Executed Loans According to Loan Type | | | | | | | | |
|--|--------------|-------------------|------------|-------------------|-------------|-------------------|------------|------------------|
| Productive Programs SME's | | | | | | | | |
| | 2016 | | 2015 | | Change (JD) | | Change (%) | |
| | No. | Guaranteed Value | No. | Guaranteed Value | No. | Guaranteed Value | No. | Guaranteed Value |
| Pharmacies Loans | 7 | 79,000 | 4 | 43,000 | 3 | 36,000 | %75 | %83 |
| SMEs Loans | 666 | 18,653,037 | 408 | 8,153,869 | 258 | 10,499,169 | %63 | %128 |
| Business Loans | 33 | 667,100 | 66 | 1,351,700 | -33 | -684,600 | %50- | %50- |
| Micro Loans | 50 | 83,982 | 71 | 181,206 | -21 | -97,224 | %29- | %53- |
| Kafala | 436 | 15,507,797 | 222 | 8,042,757 | 214 | 7,465,040 | %96 | %93 |
| Entrepreneurship (DEF) | 5 | 244,000 | 21 | 711,405 | -16 | -467,405 | %76- | %66- |
| Total | 1,197 | 35,234,917 | 792 | 18,483,937 | 405 | 16,750,980 | %51 | %91 |
| Industrial Finance Loans | | | | | | | | |
| Industrial Finance | 45 | 7,555,416 | 25 | 4,178,130 | 20 | 3,377,286 | 80% | %81 |
| Leasing | 3 | 481,673 | 3 | 664,948 | 0 | 183,275- | 0 | %27- |
| Business Vehicles | 4 | 51,397 | 7 | 99,260 | -3 | 47,863- | -43% | %48- |
| Kafala | 62 | 5,630,689 | 45 | 3,592,355 | 17 | 2,038,334 | 38% | %57 |
| Startups | 9 | 302,600 | -- | -- | 9 | 302,600 | NA | NA |
| Total | 123 | 14,021,775 | 80 | 8,534,693 | 43 | 5,487,082 | %53 | %64 |
| Total Productive Loans | 1,320 | 49,256,692 | 872 | 27,018,630 | 448 | 22,238,062 | 51% | 82% |

| Real Estate & Personal Loans | | | | | | | | |
|--------------------------------|-----------|------------------|-----------|------------------|-------------|-------------------|-------------|------------------|
| | 2016 | | 2015 | | Change (JD) | | Change (%) | |
| | No. | Guaranteed Value | No. | Guaranteed Value | No. | Guaranteed Value | No. | Guaranteed Value |
| Housing Loans | 51 | 1,808,034 | 70 | 2,847,500 | -19 | 1,039,466- | -27% | -36% |
| Total Real Estate Loans | 51 | 1,808,034 | 70 | 2,847,500 | -19 | 1,039,466- | -27% | -36% |

| TOTAL | 2016 | | 2015 | | Change (JD) | | Change (%) | |
|--------------|-------|--------------------|------|--------------------|-------------|--------------------|------------|--------------------|
| | No. | Guaranteed Amounts | No. | Guaranteed Amounts | No. | Guaranteed Amounts | No. | Guaranteed Amounts |
| ALL PROGRAMS | 1,371 | 51,064,726 | 942 | 29,866,130 | 429 | 21,198,596 | 46% | 71% |

| Guaranteed Executed Loans according to Banks / Lending Institutions during 2016 | | | | | | | | |
|---|-------------------------|-------------------|-------------------|------------------|--------------------------|-------------------|--------------|-------------------|
| Bank / Lending Institution | Productive Loans (SMEs) | | Real Estate Loans | | Industrial Finance Loans | | TOTAL | |
| | No. | Guaranteed Value | No. | Guaranteed Value | No. | Guaranteed Value | No. | Guaranteed Value |
| Jordan Kuwait Bank | 6 | 217,000 | 0 | 0 | 0 | 0 | 6 | 217,000 |
| Jordan Ahli Bank | 26 | 556,405 | 0 | 0 | 8 | 1,069,150 | 34 | 1,625,555 |
| Jordan Commercial Bank | 10 | 256,204 | 0 | 0 | 1 | 76,500 | 11 | 332,704 |
| Islamic International Arab Bank | 375 | 13,869,136 | 0 | 0 | 60 | 5,546,699 | 435 | 19,415,835 |
| Arab Bank | 149 | 4,186,066 | 0 | 0 | 15 | 1,302,704 | 164 | 5,488,770 |
| Ahli Microfinance company | 32 | 179,570 | 0 | 0 | 0 | 0 | 32 | 179,570 |
| Bank al Etihad | 47 | 2,063,740 | 0 | 0 | 5 | 1,647,250 | 52 | 3,710,990 |
| Bank of Jordan | 3 | 71,400 | 0 | 0 | 1 | 56,000 | 4 | 127,400 |
| The Housing Bank for Trade & Finance | 143 | 2,897,881 | 0 | 0 | 9 | 665,809 | 152 | 3,563,690 |
| Cairo Amman Bank | 122 | 1,358,655 | 50 | 1,751,784 | 5 | 874,250 | 177 | 3,984,689 |
| Capital Bank | 53 | 3,986,760 | 0 | 0 | 9 | 1,642,900 | 62 | 5,629,660 |
| ABC Bank | 3 | 171,500 | 1 | 56,249 | 2 | 130,550 | 6 | 358,299 |
| Societe General Bank | 1 | 52,500 | 0 | 0 | 2 | 401,800 | 3 | 454,300 |
| Al Ahli Leasing Co. | 0 | 0 | 0 | 0 | 1 | 75,208 | 1 | 75,208 |
| Development & Employment Fund | 5 | 244,000 | 0 | 0 | 0 | 0 | 5 | 244,000 |
| Microfund for Woman | 158 | 3,382,540 | 0 | 0 | 0 | 0 | 158 | 3,382,540 |
| Jordan Islamic Bank | 4 | 156,800 | 0 | 0 | 0 | 0 | 4 | 156,800 |
| Jordan Dubai Islamic Bank | 57 | 1,481,861 | 0 | 0 | 3 | 126,490 | 60 | 1,608,351 |
| Bindar for Investment | 2 | 15,400 | 0 | 0 | 0 | 0 | 2 | 15,400 |
| Blom Bank | 1 | 87,500 | 0 | 0 | 0 | 0 | 1 | 87,500 |
| Tamkeen Leasing Company | 0 | 0 | 0 | 0 | 2 | 406,465 | 2 | 406,465 |
| Total | 1,197 | 35,234,917 | 51 | 1,808,034 | 123 | 14,021,775 | 1,371 | 51,064,726 |

Outstanding Guaranteed Portfolio at the End of the Year 2016

| Outstanding Guaranteed Portfolio according to Loan Type | | | | | | | | |
|---|--------------|-------------------|--------------|-------------------|-------------|-------------------|------------|------------------|
| Productive Programs SMEs | | | | | | | | |
| | 2016 | | 2015 | | Change (JD) | | Change (%) | |
| | No. | Guaranteed Value | No. | Guaranteed Value | No. | Guaranteed Value | No. | Guaranteed Value |
| Pharmacies Loans | 13 | 89,667 | 11 | 87,873 | 2 | 1,794 | 18% | 2% |
| SMEs Loans | 1031 | 17,093,356 | 744 | 9,313,777 | 287 | 7,779,579 | 38% | 84% |
| Business Loan | 314 | 2,582,831 | 469 | 4,611,347 | 155- | 2,028,515- | -33% | -44% |
| Micro Loans | 78 | 101,872 | 92 | 178,878 | 14- | 77,005- | -15% | -43% |
| Kafala | 617 | 13,649,080 | 342 | 7,622,980 | 275 | 6,026,099 | 80% | 79% |
| Entrepreneurship (DEF) | 71 | 2,282,952 | 67 | 1,983,374 | 4 | 299,577 | 6% | 15% |
| Total | 2,124 | 35,799,758 | 1,725 | 23,798,229 | 399 | 12,001,529 | 23% | 50% |
| Industrial Finance Loans | | | | | | | | |
| Industrial Finance | 94 | 11,592,833 | 82 | 10,326,055 | 12 | 1,266,778 | %15 | %12 |
| Leasing | 43 | 3,080,837 | 50 | 3,734,072 | -7 | 653,235- | %14- | %17- |
| Vehicles program | 21 | 189,046 | 22 | 217,873 | -1 | 28,827- | %-5 | %13- |
| Kafala | 90 | 4,268,884 | 57 | 3,077,528 | 33 | 1,191,356 | %58 | %39 |
| Startups | 8 | 214,062 | -- | -- | 8 | 214,062 | -- | - |
| Total | 256 | 19,345,662 | 211 | 17,355,527 | 45 | 1,990,134 | %21 | %11 |
| Total Productive Loans | 2,380 | 55,145,420 | 1,936 | 41,153,756 | 444 | 13,991,663 | %23 | %34 |

| Real Estate and Personal Loans | | | | | | | | |
|--------------------------------|--------------|-------------------|--------------|-------------------|-------------|-------------------|------------|------------------|
| | 2016 | | 2015 | | Change (JD) | | Change (%) | |
| | No. | Guaranteed Value | No. | Guaranteed Value | No. | Guaranteed Value | No. | Guaranteed Value |
| Housing Loans | 1463 | 23,900,795 | 1,611 | 26,550,507 | 148- | 2,649,712- | -9% | -10% |
| Urban Development Loans | 10 | 59,787 | 11 | 66,691 | 1- | -6,904 | -9% | -10% |
| Land Purchase Loans | 11 | 168,872 | 9 | 125,176 | 2 | 43,696 | 22% | 35% |
| Total | 1,484 | 24,129,454 | 1,631 | 26,742,374 | 147- | 2,612,920- | -9% | -10% |

| TOTAL | 2016 | | 2015 | | Change (JD) | | Change (%) | |
|--------------|-------|--------------------|-------|--------------------|-------------|--------------------|------------|--------------------|
| | No. | Guaranteed Amounts | No. | Guaranteed Amounts | No. | Guaranteed Amounts | No. | Guaranteed Amounts |
| ALL PROGRAMS | 3,864 | 79,274,874 | 3,567 | 67,896,130 | 297 | 11,378,743 | 8% | 17% |

Outstanding Guaranteed Portfolio according to Banks/ Lending Institutions during 2016

| Bank / Lending Institutions | Productive Loans | | Real Estate and Personal Loans | | Industrial Finance Loans | | TOTAL | |
|-------------------------------------|------------------|-------------------|--------------------------------|-------------------|--------------------------|-------------------|-----------------|-------------------|
| | Number of loans | Guaranteed Value | Number of loans | Guaranteed Value | Number of loans | Guaranteed Value | Number of loans | Guaranteed Value |
| Jordan Ahli Bank | 39 | 622,018 | 233 | 3,109,910 | 15 | 1,630,565 | 287 | 5,362,493 |
| Cairo Amman Bank | 212 | 1,332,808 | 816 | 13,203,798 | 12 | 1,276,080 | 1,040 | 15,812,686 |
| The Housing Bank | 555 | 6,275,806 | 0 | 0 | 33 | 1,420,106 | 588 | 7,695,912 |
| Bank of Jordan | 10 | 105,541 | 253 | 2,998,788 | 7 | 198,966 | 270 | 3,303,295 |
| Bank al Etihad | 59 | 1,628,555 | 0 | 0 | 13 | 2,449,089 | 72 | 4,077,644 |
| ABC Bank | 4 | 171,014 | 166 | 4,757,860 | 5 | 569,931 | 175 | 5,498,805 |
| Jordan Kuwait Bank | 12 | 218,714 | 1 | 1,433 | 2 | 97,670 | 15 | 317,817 |
| Jordan Commercial Bank | 31 | 402,163 | 0 | 0 | 3 | 286,140 | 34 | 688,303 |
| Arab Bank | 210 | 3,314,773 | 2 | 6,714 | 18 | 1,538,158 | 230 | 4,859,645 |
| Capital Bank | 52 | 2,285,343 | 0 | 0 | 10 | 1,281,902 | 62 | 3,567,245 |
| Islamic International Arab Bank | 559 | 12,472,084 | 0 | 0 | 88 | 4,218,556 | 647 | 16,690,640 |
| Societe General Bank | 5 | 66,108 | 0 | 0 | 10 | 1,338,872 | 15 | 1,404,980 |
| Egyptian Arab Land Bank | 0 | 0 | 13 | 50,951 | 0 | 0 | 13 | 50,951 |
| Al Ahli Leasing Co | 0 | 0 | 0 | 0 | 23 | 2,288,133 | 23 | 2,288,133 |
| Tamkeen Leasing Co, | 0 | 0 | 0 | 0 | 14 | 652,678 | 14 | 652,678 |
| Bindar for Trading & Investment Co. | 8 | 31,704 | 0 | 0 | 0 | 0 | 8 | 31,704 |
| Ahli Microfinance company | 64 | 204,375 | 0 | 0 | 0 | 0 | 64 | 204,375 |
| Development & Employment Fund | 71 | 2,282,952 | 0 | 0 | 0 | 0 | 71 | 2,282,952 |
| Microfund for Woman | 174 | 3,118,633 | 0 | 0 | 0 | 0 | 174 | 3,118,633 |
| Blom Bank | 1 | 90,169 | 0 | 0 | 0 | 0 | 1 | 90,169 |
| Jordan Islamic Bank | 4 | 185,943 | 0 | 0 | 0 | 0 | 4 | 185,943 |
| Jordan Dubai Islamic Bank | 54 | 991,054 | 0 | 0 | 3 | 98,817 | 57 | 1,089,871 |
| Total | 2,124 | 35,799,757 | 1,484 | 24,129,454 | 256 | 19,345,662 | 3,864 | 79,274,874 |

Outstanding Guaranteed Portfolio according distribution according to Major Cities during 2016

| City | Productive Loans | | Housing & Personal Loans | | Industrial Finance Loans | | TOTAL | |
|--------------|------------------|--------------------|--------------------------|--------------------|--------------------------|--------------------|-----------------|--------------------|
| | Number of loans | Guaranteed Amounts | Number of loans | Guaranteed Amounts | Number of loans | Guaranteed Amounts | Number of loans | Guaranteed Amounts |
| Amman | 1,551 | 28,078,120 | 1,169 | 20,560,253 | 199 | 15364018 | 2,919 | 64,002,391 |
| Balqa | 50 | 528,424 | 36 | 359,888 | 7 | 115382 | 93 | 1,003,694 |
| Irbid | 169 | 2,009,959 | 68 | 969,153 | 17 | 1395359 | 254 | 4,374,471 |
| Karak | 64 | 903,521 | 34 | 294,363 | 6 | 343999 | 104 | 1,541,883 |
| Ma'an | 15 | 139,719 | 12 | 63,519 | 0 | 0 | 27 | 203,238 |
| Tafileh | 30 | 518,705 | 12 | 69,668 | 3 | 363168 | 45 | 951,541 |
| Zarqa | 137 | 1,966,519 | 40 | 473,020 | 14 | 1519153 | 191 | 3,958,692 |
| Mafraq | 24 | 321,650 | 13 | 159,259 | 5 | 112175 | 42 | 593,084 |
| Madaba | 24 | 473,557 | 19 | 270,016 | 1 | 3566 | 44 | 747,139 |
| Jerash | 17 | 298,215 | 20 | 142,751 | 1 | 48243 | 38 | 489,209 |
| Ajloun | 9 | 55,113 | 2 | 8,069 | 0 | 0 | 11 | 63,182 |
| Aqaba | 34 | 506,256 | 59 | 759,495 | 3 | 80599 | 96 | 1,346,350 |
| Total | 2,124 | 35,799,758 | 1,484 | 24,129,454 | 256 | 19,345,662 | 3,864 | 79,274,874 |

Export & Domestic Credit Guarantees

Guaranteed Contracts

| Guaranteed Contracts Signed during 2015 vs, 2014 | | | | |
|--|-----------|-----------|--------------------|--------------------|
| Program | Number | | Value (JD) | |
| | 2016 | 2015 | 2016 | 2015 |
| Export Credit | 14 | 14 | 153,451,154 | 183,405,688 |
| Domestic Sales Credit | 4 | 3 | 1,613,830 | 20,074,312 |
| TOTAL | 18 | 17 | 155,064,984 | 203,480,000 |

Guaranteed Shipments

- By Program

| Program | Number | | Value (JD) | | Guaranteed Value (JD) | |
|-----------------------|------------|--------------|-------------------|-------------------|-----------------------|-------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Export Credit | 542 | 769 | 56,123,687 | 53,180,200 | 49,558,226 | 47,763,158 |
| Domestic Sales Credit | 147 | 314 | 4,073,689 | 6,630,500 | 3,736,305 | 6,118,787 |
| TOTAL | 689 | 1,083 | 60,197,376 | 59,810,700 | 53,294,531 | 53,881,945 |

- By Sector

| Sector | 2016 | 2015 |
|--------------------|-------------|-------------|
| Fertilizers | 50% | 40% |
| Food | 17% | 30% |
| Textile & Clothing | 0.5% | 8% |
| Plastic | 3% | NA |
| Chemical | 21% | 10% |
| Others | 8.5% | 12% |
| TOTAL | 100% | 100% |

- By Geographical Area

| Area | 2016 | 2015 |
|--------------------|-------------|-------------|
| Africa | 34% | NA |
| Far East | 16% | 30% |
| Europe | 11% | 14% |
| Middle East & Gulf | 37% | 36% |
| USA & Canada | 1% | 8% |
| Other | 1% | 12% |
| TOTAL | 100% | 100% |

Middle East : %9
Arab Gulf : %28

Outstanding Guaranteed Shipments Portfolio at the End of 2016

| Outstanding Guaranteed Portfolio According to Program | | | | |
|---|---------------------|------------|-----------------------|------------------|
| Program | Number of Shipments | | Guaranteed Value (JD) | |
| | 2016 | 2015 | 2016 | 2015 |
| Export Credit | 186 | 191 | 3,311,418 | 2,874,363 |
| Domestic Sales Credit | 76 | 81 | 363,029 | 590,551 |
| TOTAL | 262 | 272 | 3,674,447 | 3,464,914 |

Details of Claims Paid, Recoveries, Re-Scheduled Loans in 2016

| By Program | | | | |
|-----------------------|------------------|----------------|----------------|-------------------|
| Loan Type | Claims | Claims Paid | Recoveries | Re-scheduling |
| Real Estate | 295,390 | 204,663 | 209,316 | 1,449,525 |
| SMEs | 512,002 | 240,980 | 102,228 | 4,926,340 |
| Industrial Finance | 226,850 | 206,646 | 43,761 | 2,035,000 |
| Financial Leasing | 42,496 | 41,514 | 22,200 | 1,647,411 |
| Business Vehicles | 14,148 | 0 | 0 | 0 |
| Credit Export Program | 16,674 | 15,239 | 0 | 0 |
| TOTAL | 1,107,560 | 709,042 | 377,505 | 10,058,276 |

| By Bank / Lending Institutions | | | | |
|---------------------------------|------------------|----------------|----------------|-------------------|
| Bank / Lending Institution | Claims | Claims Paid | Recoveries | Re-scheduling |
| Jordan Kuwait Bank | 0 | 0 | 0 | 85,000 |
| Jordan Ahli Bank | 40,456 | 28,770 | 0 | 901,656 |
| Jordan Commercial Bank | 0 | 0 | 4,330 | 15,000 |
| Bank of Jordan | 51,047 | 65,377 | 34,444 | 132,000 |
| Arab Bank | 12,297 | 4,050 | 0 | 803,125 |
| The Housing Bank | 383,109 | 149,245 | 136,173 | 2,170,202 |
| Egyptian Arab Land Bank | 0 | 0 | 0 | 12,750 |
| Ahli Microfinance Company | 0 | 2,302 | 1,705 | 0 |
| Cairo Amman Bank | 70,900 | 80,836 | 168,322 | 876,354 |
| Societe General Bank | 0 | 140,523 | 0 | 150,000 |
| Capital Bank | 0 | 0 | 0 | 0 |
| Bank al Etihad | 226,850 | 66,123 | 0 | 1,734,254 |
| Islamic International Arab Bank | 0 | 0 | 0 | 660,016 |
| ABC Bank | 239,408 | 106,899 | 10,331 | 847,508 |
| Tamkeen leasing Co. | 42,496 | 41,514 | 22,200 | 844,411 |
| Al Ahli Leasing Co. | 0 | 0 | 0 | 671,000 |
| Microfund for Women | 7,577 | 8,164 | 0 | 155,000 |
| Development & Employment Fund | 16,746 | 0 | 0 | 0 |
| Credit Export Program | 16,674 | 15,239 | 0 | 0 |
| TOTAL | 1,107,560 | 709,042 | 377,505 | 10,058,276 |

| By Major Cities | | | | |
|-----------------|------------------|----------------|----------------|-------------------|
| City | Claims | Claims Paid | Recoveries | Re-scheduling |
| Amman | 836,694 | 431,423 | 226,267 | 7,985,523 |
| Irbid | 65,130 | 23,859 | 4,901 | 1,073,280 |
| Zarqa | 73,917 | 23,034 | 65,735 | 414,583 |
| Balqa | 2,556 | 0 | 22,800 | 132,180 |
| Kerak | 0 | 0 | 0 | 186,935 |
| Mafraq | 0 | 0 | 2,502 | 25,000 |
| Jerash | 0 | 0 | 1,733 | 40,000 |
| Madaba | 5,293 | 3,172 | 0 | 20,000 |
| Ma'an | 16,745 | 0 | 0 | 0 |
| Aqaba | 83,478 | 71,792 | 39,264 | 120,000 |
| Ajloun | 7,073 | 0 | 0 | 0 |
| *unspecified | 16,674 | 155,762 | 14,303 | 60,775 |
| TOTAL | 1,107,560 | 709,042 | 377,505 | 10,058,276 |

Delayed Payments Analysis of Guaranteed Loans at the End of 2016

| Productive Loans / SMEs Delays | | | | | |
|---------------------------------------|---------------|------------------|--------------------|---|---|
| Category | Delay Days | Payments Overdue | Guaranteed Balance | Payments Overdue/ Balance of Outstanding Loans | Guaranteed Balance / Outstanding Guaranteed Portfolio |
| | | (JD) | (JD) | | |
| Early Warning | 60-90 Days | 118,669 | 848,141 | %0.23 | %2.38 |
| Below Average | 91-180 Days | 528,128 | 1,309,922 | %1.03 | %3.67 |
| Doubtful | 181-359 Days | 416,224 | 828,332 | %0.81 | %2.32 |
| Bad | Over 360 Days | 453,168 | 442,575 | %0.88 | %1.24 |
| Balance of Outstanding Loans = | | 51,477,242 | | Guaranteed portfolio not includes default loans balance | |
| Outstanding Guaranteed Portfolio = | | 35,688,126 | | | |
| Guaranteed Balance of Default loans = | | 111,632 | | | |

| Industrial Finance Loans Delay | | | | | |
|------------------------------------|---------------|------------------|--------------------|--|---|
| Category | Delay Days | Payments Overdue | Guaranteed Balance | Payments Overdue/ Balance of Outstanding Loans | Guaranteed Balance / Outstanding Guaranteed Portfolio |
| | | (JD) | (JD) | | |
| Early Warning | 60-90 Days | 64,571 | 455,155 | 0.20% | 2.35% |
| Below Average | 91-180 Days | 729,307 | 275,845 | 2.31% | 1.43% |
| Doubtful | 181-359 Days | 117,161 | 347,152 | 0.37% | 1.79% |
| Bad | Over 360 Days | 1,403,133 | 635,387 | 4.44% | 3.28% |
| Balance of Outstanding Loans = | | 31,604,069 | | | |
| Outstanding Guaranteed Portfolio = | | 19,345,662 | | | |

| Housing & Personal Loans Delay | | | | | |
|---------------------------------------|---------------|------------------|--------------------|---|---|
| Category | Delay Days | Payments Overdue | Guaranteed Balance | Payments Overdue/ Balance of Outstanding Loans | Guaranteed Balance / Outstanding Guaranteed Portfolio |
| | | (JD) | (JD) | | |
| Early Warning | 60-90 Days | 106,608 | 802,884 | %0.31 | %3.33 |
| Below Average | 91-180 Days | 79,461 | 421,031 | %0.23 | %1.75 |
| Doubtful | 181-359 Days | 125,098 | 115,513 | %0.37 | %0.48 |
| Bad | Over 360 Days | 36,523 | 70,212 | %0.11 | %0.29 |
| Balance of Outstanding Loans = | | 34,125,077 | | Guaranteed portfolio not includes default loans balance | |
| Outstanding Guaranteed Portfolio = | | 24,076,215 | | | |
| Guaranteed Balance of Default loans = | | 53,239 | | | |

| All Guaranteed Loans Payment delays | | | | | |
|---------------------------------------|---------------|------------------|--------------------|---|--|
| Category | Delay Days | Payments Overdue | Guaranteed Balance | Payments Overdue/ Balance of Outstanding Loans | Guaranteed Balance / Outstanding Guaranteed Portfolio |
| | | (JD) | (JD) | | |
| Early Warning | 60-89 Days | 289,848 | 2,106,180 | 0.25% | 2.66% |
| Below Average | 91-180 Days | 1,336,896 | 2,006,798 | 1.14% | 2.54% |
| Doubtful | 181-359 Days | 658,483 | 1,290,997 | 0.56% | 1.63% |
| Bad | Over 360 Days | 1,892,824 | 1,148,174 | 1.61% | 1.45% |
| Balance of all Outstanding Loans = | | 117,206,388 | | | |
| Outstanding Guaranteed Portfolio = | | 79,110,003 | | | |
| Guaranteed Balance of Default loans = | | 164,871 | | | |

REVENUES & EXPENSES

| Operational Revenues in 2016 vs. 2015 | | | |
|--|------------------|----------------|---------------|
| Revenues | JD | | |
| | 2016 | 2015 | Change |
| Housing Loan Guarantee Fees | 211,520 | 237,405 | -10.90% |
| Productive Loan Guarantee Fees / SMEs | 557,160 | 401,715 | 38.70% |
| Commissions on guaranteed industrial loans and financial leasing | 274,437 | 201,392 | 36.27% |
| Commissions on guaranteed exports and domestic buyers | 108,861 | 129,484 | -15.93% |
| Total Operational Revenues | 1,151,978 | 969,996 | 18.76% |

| Realized Financial Revenues in 2016 vs. 2015 | | | |
|--|----------------|----------------|--------------|
| Revenues | JD | | |
| | 2016 | 2015 | Change |
| Interest income | 394,601 | 284,964 | 38.47% |
| Dividends income | 64,896 | 63,958 | 1.47% |
| Bonds interest income | 246,817 | 365,593 | -32.49% |
| Loss from sale of financial assets measured at fair value through profit or loss | - | -1,649 | - |
| Unneeded impairment provision | 37,334 | - | - |
| Total Realized Financial Revenues | 743,648 | 712,866 | 4.32% |

| Total Realized Revenues in 2016 vs. 2015 | | | |
|--|------------------|------------------|---------------|
| Revenues | JD | | |
| | 2016 | 2015 | Change |
| Operational Revenues | 1,151,978 | 969,996 | 18.76% |
| Financial Revenues | 743,648 | 712,866 | 4.32% |
| Other Revenues | 28,824 | 30,220 | -4.62% |
| Total Realized Revenues | 1,924,450 | 1,713,082 | 12.34% |

General & Administrative Expenses in 2015 vs. 2014

| Expenses | (JD) | | |
|--|------------------|------------------|---------------|
| | 2015 | 2014 | Change |
| Salaries and wages | 698636 | 680949 | 2.60% |
| JLGC's contribution in saving fund | 57330 | 55413 | 3.46% |
| JLGC's contribution in social security | 74810 | 68841 | 8.67% |
| Official duties abroad | 20808 | 9845 | 111.36% |
| Training courses | 16730 | 9345 | 79.03% |
| Rent | 850 | 850 | 0.00% |
| Water & Electricity | 26921 | 27046 | -0.46% |
| Post & Telephone | 11266 | 10910 | 3.26% |
| Depreciation | 93567 | 92979 | 0.63% |
| Marketing expenses | 20665 | 17529 | 17.89% |
| Professional fees | 19708 | 28973 | -31.98% |
| Maintenance | 14867 | 12967 | 14.65% |
| Vehicle expenses | 9953 | 5142 | 93.56% |
| Subscriptions & Fees | 41228 | 40036 | 2.98% |
| Stationary and printings | 13613 | 13614 | -0.01% |
| Hosting | 7625 | 4379 | 74.13% |
| Board of Directors' Transportation | 46400 | 46600 | -0.43% |
| Other expenses | 10043 | 4729 | 112.37% |
| Total General and Administrative Expenses | 1,185,020 | 1,130,147 | 4.855% |

JLGC's Business Activities in 2016

Introductory Workshop for JLGC staff about "Credit Scoring & Portfolio Guarantee"

JLGC organized an introductory workshop for its staff about Credit Scoring & Portfolio Guarantee on 19th April, 2016 presented by a Senior Risk Management Expert; Dr. Joachim Bald from Frankfurt School of Finance & Management gGmbH / Germany in cooperation with the European Bank for Reconstruction and Development (EBRD).

The workshop attended by operational department's managers & officers (Loan Guarantee Dept., Industrial Finance Dept. & Indemnifications & recovery Dept.) and aimed to develop financial institutions efficiency in SMEs. JLGC staff benefitted from the information about credit scoring and defining the weakness and strength points for the borrowers and build credit assessment according to the credit analysis.

The expert explained during the workshop two approaches of credit scoring Statistical scoring and expert scoring. Statistical Scoring which used to assess the credit risk by measuring correlations of borrower performance with proxy indicators of risk using statistical tools on a large number of prior observations such as social & educational conditions, home ownership, marital status and etc.,

While the second approach called Expert Scoring is essentially a simplified credit rating that is specifically tailored to small consumer credit or micro-enterprise loan products that depends on the direct analysis of the credit officer.

JLGC Workshop on "Small startups Financing Program"

On 26th May, 2016 JLGC in coordination with the Association of Banks in Jordan organized a specialized workshop to introduce the newly launched program by JLGC on Small Startups Financing.

Representatives from local banks, leasing companies and lending funds attended the workshop. The workshop aimed to clarify the concept of startups lending practices and methodologies that targeting added value projects like industry, services and tourism. It also discussed the project's criteria and other related credit priorities and procedures.

Despite their critical importance in realizing comprehensive and sustainable social and economic development, startups access to finance is still very limited, for that reason Dr. Ja'fari; JLGC Director General urged banks to support entrepreneurs and innovative projects especially businesses owned or managed by women and projects outside Amman.



Dr. Adli Qandah; ABJ General Manager pointed out the importance of startups to provide of employment, especially in the local remote communities. Thus, serving rural pockets of poverty.

JLGC plans to organize special periodic training for banks in startups lending practices to achieve the targeted objectives of the program.

JLGC & KODIT Workshop on “SMEs Financing: South Korea Experience”

Under the patronage of H.E. the Governor of the Central Bank of Jordan ; Jordan Loan Guarantee Corp. & Korea Credit Guarantee Fund (KODIT) jointly held a workshop on “ SMEs Financing : South Korea Experience” at the Association of Banks in Jordan on the 6th October, 2016.

Bank’s credit managers & officers working in SMEs lending to learn about the Korean Knowledge in SMEs and benefit from their distinguished experience.

The workshop was part of the knowledge sharing program (KSP) that JLGC submitted officially in 2015. KSP aimed to share knowledge and experiences in terms of SMEs, and the Korean delegates visited the Central Bank of Jordan and some banks & institutions participating in JLGC programs like JEDCO and Employment and Development Fund.



JLGC & COFACE Workshops on “Export Credit Guarantee Program” for Potential & Current Policy holders

Jordan Loan Guarantee Corp. & COFACE Middle East (the main reinsurer for JLGC) organized 2 workshops on “Export Credit Guarantee Program” at JLGC premises on 7&8 December, 2016.

The workshop highlighted the current economic situations and key risk factors analysis and was attended by the current policy holders and potential prospects.

Mr. Massimo FALCIONI; CEO of COFACE ME & Mr. Haitham Al Khazaleh; Director of Enhanced Information, Claims and Debt Collection presented on the current economic scenario, outlook 2017, major risks



and sector analysis for each of the sectors of interest of JLGC policy holders. They also explained for the potential buyers the benefits of credit insurance through JLGC and provide them a training on policy management (how to use a credit insurance policy effectively to support the business and protect against risks of non- payment).

The participants discussed the advantages of Export Credit Guarantee Program managed by JLGC and expressed the importance of credit insurance to national exports against the risk of non- payment by the importers and buyers.



Cooperation Agreements / Programs in 2016

Jordan Loan Guarantee Corporation continued the efforts to expand and promote the newly launched programs besides the current programs and signed a number of loan guarantee agreements and export credit contracts with many local and international institutions. The guarantee agreements focused on guaranteeing loans granted by local banks, funds and leasing companies to support small and medium size enterprises.

Main agreements signed during 2016 are the followings: -

• Small Startups Guarantee & Kafala Agreements

Jordan Loan Guarantee Corporation launched Credit Guarantee Program for Small- Sized Startups managed by JLGC, during the meeting chaired by CBJ Governor H.E.Dr. Ziad Fariz on the 1st March, 2016. at the bank attended by the chairmen & general Managers of the working banks at the kingdom



The Governor valued the efforts of the banking sector and the intensive support for SMEs in Jordan specifically startups and urged to solve any dilemmas facing their activities by guaranteeing the finance for the newly established enterprises or those in the early stages of their operation business.

To this end and in collaboration with the Central Bank of Jordan, two special funds were established in 2016 to support the guarantees for loans provided to startups. The first fund covers the guarantees provide for loans extended by conventional banks with a total value of JD 35 million and the other one was designed to guarantee Kafala product for SME loans extended by Islamic banks operating in the country.

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

The guarantee given under this program covers up to (85%) of the principle value of the loan and be charged with a preferential commission rate. this percentage is higher than the current coverage rate of (70%). and the program serves all feasible economic sectors and professionals that are registered or licensed and operating in Jordan and expected to create more than 6 thousand job opportunities and finance around 1250 projects during 10 years.

The program will help promoting innovative entrepreneurs to establish and launch new small and medium sized enterprises to take advantage of the financing opportunities provided by the program.

JLGC has signed 11 agreements with local banks for startups program as the following:

1. Kafala agreement with the Islamic International Arab Bank on 3rd March,2016.
2. Guarantee agreement with Capital Bank on 3rd March,2016.
3. Guarantee agreement with Cairo Amman Bank on 27th March,2016.
4. Guarantee agreement with Jordan Ahli Bank on 15th June,2016.
5. Guarantee agreement with Bank al Etihad on 20th June,2016.
6. Guarantee agreement with Arab Bank on 28th June,2016.
7. Guarantee agreement with Blom Bank on 30th June,2016.
8. Guarantee agreement with Jordan Commercial Bank on 17th July,2016.
9. Guarantee agreement with the Housing Bank for Trade & Finance on 21st August,2016.
10. Kafala agreement with Jordan Islamic Bank on 3rd November, 2016.
11. Kafala Agreement with Jordan Dubai Islamic Bank on 15th December, 2016.

• Renewable Energy Guarantee Agreements

1. Renewable Energy Agreement with Jordan Renewable Energy & Energy Efficiency Fund (JREEF)

Under the patronage of the Minister of Energy and Mineral Resources, H.E.Dr. Ibrahim Saif, and the Governor of the Central Bank of Jordan H.E.Dr. Ziad Fariz and the attendance of the chairman of the Association of Banks in Jordan and the General Mangers & CEOs of Bank al Etihad, Jordan Ahli Bank, Jordan Islamic Bank, Cairo Amman Bank and Capital Bank. Jordan Loan Guarantee Corp. participated in the agreement's signing ceremony organized by Jordan Renewable Energy & Energy Efficiency Fund at the association on the 23rd June, 2016 to support renewable energy financing guaranteed by JLGC.

Jordan Renewable Energy and Energy Efficiency Fund (JREEEF) signed agreements with local banks and the Jordan Loan Guarantee Corporation (JLGC) to finance renewable energy projects.

The agreements will help speed up the implementation of projects supported by the JREEEF by providing the necessary funds to individuals and small- and medium-sized enterprises, mostly in the industrial and tourism sectors. They were supported by the Central Bank of Jordan (CBJ) which allows banks to use money allocated to the energy sector against low interest rates when funding programmes implemented by the fund.

Energy Minister Ibrahim Saif said the ministry, through the fund, seeks to reach all components of society and all business sectors.

The funding programme includes financing households to install solar heaters with up to JD500, installing electricity-generation systems using solar energy in houses with up to JD3,000 and installing electricity-generation systems for SMEs with up to JD350,000.

The funding is presented without interest or commission, and the only requirement for borrowers is to repay the actual value of the loan within a maximum of six years for companies or 18 months for solar heater loans.



JLGC guarantees 70 per cent of the value of loans the banks present under the Renewable Energy Guarantee program to support housing and productive SMEs and increase their dependence on renewable energy as a sustainable source for power and to reduce the cost of subsidy presented by the government, the programme also seeks to increase the usage of energy saving tools.

Saif, in his capacity as JREEF chairman, Fariz and directors general of the JLGC, Islamic International Arab Bank, Ittihad Bank, Ahli Bank, Jordan Islamic Bank, Cairo Amman Bank and Capital Bank all signed the agreement.

JLGC Director General highlighted the importance of these agreements that represent a new tool for reaching citizens and improving their abilities to reduce electricity consumption by using solar energy.

2. JLGC & Cairo Amman Bank signed Renewable Energy Guarantee Agreement

Jordan Loan Guarantee Corporation & Cairo Amman Bank signed on 17/11/2016 an agreement to “Guarantee the Risks of Financing the Renewal Energy Project” at the CAB premises.

That was the first agreement for Jordan Corporation to have it signed with the banks operating in the Kingdom within the program for the guarantee of financing granted for renewal energy and the rationalization of alternative energy consumption.

The agreement was signed by the Director General of Jordan Loan Guarantee Corporation Dr. Mohammed Al Jafari and the General Manager of Cairo Amman Bank Mr. Kamal Al-Bakri.

Dr. Jafari and Mr. Bakri pointed out that the program for the guarantee of funding which are granted to the renewal energy is a more deserving priority to Jordan Loan Guarantee Corporation and Cairo Amman Bank, as this sector has a national persisting importance as a result of the aggravation of the burdens from energy bills both on the customer and the country.

3. JLGC & KODIT signed MOU for Mutual Cooperation

Jordan loan Guarantee corp.(JLGC) & Korea credit Guarantee fund (KODIT) signed a memorandum of understanding (MOU) at the Korean fund’s headquarters in Daegu / Korea to promote cooperation in joint guarantee schemes.

JLGC Director General Dr. Mohammed Al Ja’fari & KODIT Chairman Mr. Hwang Rok signed the MOU on the 20 December, 2016 to improve credit guarantee programs as a part of the Korean’s Ministry’s initiative to share knowledge, development experience and solutions about guaranteeing the finances of small and medium-sized businesses with partner countries. The Korea credit Guarantee fund hopes its system can be adopted as a global standard.



JLGC Director General said: "with the MOU, KODIT will support JLGC to develop its guarantee scheme, as well as information and personal exchange".

KODIT Chairman said: "the agreement came as its Jordanian counterpart requested knowledge sharing of KODIT's guarantee scheme, which is widely acknowledged as a model case of credit guarantee scheme, the JLGC will see a huge leap in its guarantee scheme for small business in Jordan"

The MOU signing ceremony held during the KSP 3rd Mission to Korea during the period from 19-23 December, 2016. The Mission headed by H.E. Dr. Ja'fari - JLGC Director General and consisted of some delegates of JLGC BOD members and senior staff.

KODIT held "KSP Interim Reporting Workshop" and arranged for the mission meetings with Bank of Korea (BOK), Industrial Bank of Korea (IBK), POSCO, and SMEs innovative visit.

Important Regional and International Meetings and Activities during 2016

• "Enhancing Access to Finance for SMEs" Seminar

The Italian Embassy in Amman, the European Bank for Reconstruction and Development, the International Finance Corporation, the Central Bank of Jordan, the Association of Banks in Jordan and the Italian company CRIF promoted on the 10th March 2016 an International Seminar on "Enhancing Access to Finance for Small and Medium Sized Enterprises", under the High Patronage of H. E. Dr. Ziad Fariz Governor of the Central Bank of Jordan.

The Seminar was divided into four sessions, focusing on the role of Credit Bureau, the Italian productive model of industrial districts, they also explored the role of international organizations in providing technical and financial assistance to SMEs, and current and future assistance programs for this sector. Furthermore, the seminar spot the light on the role of lending banks and micro-finance organizations: ways and means to support innovative SMEs.

Dr. Mohammed Al Ja'fari; JLGC Director General participated as a speaker in the session concerned about the role of Jordanian Institutions in facilitating access to credit for SMEs within the new regulatory framework for the national business and investment environment.

The Seminar was attended by key stakeholders whom engaged in the process of SMEs development in Jordan: representatives of international organizations and donors involved in Jordan in programs of financial and technical assistance supporting Governmental Institutions and private sector, CEOs and Chairmen of local and international Banks, Presidents of local Chambers of Commerce and Industry, members of the business community, including representatives of Italian companies operating in Jordan, national actors from various sectors.

• 18th Microcredit Summit ; Frontier Innovations in Financial inclusion in UAE

JLGC Director General participated in "Frontier Innovations in Financial Inclusion" at the 18th Microcredit Summit under the patronage of H.H. Sheikh Hazza bin Zayed Al Nahyan, vice chairman of the Abu Dhabi Executive Council on March 14-17, 2016, in Abu Dhabi, United Arab Emirates.

The Microcredit Summit Campaign organized in partnership with the Arab Gulf Fund Program for Development (AGFUND) and the Khalifa Fund for Enterprise Development, and gathered more than 700 people from the Middle East, Africa, to explore how microfinance and financial inclusion strategies can create clear pathways out of poverty for the most vulnerable segments of society across the globe to reach those new frontiers in social and financial inclusion for women, youth, the elderly, people with disabilities, and those living in poverty.

Leaders from around the world convened at the 18th Microcredit Summit to partake in partnership building, knowledge-sharing, and thoughtful discussion around practices and policies that promote outreach, put clients at the center, and accelerate social change.

• "SMEs Financing Strategies & Methods Workshop in Egypt

The Union of Arab Banks organized a specialized workshop entitled "SMEs Strategies & Methods workshop" in Cairo, Egypt during the period 10-14 April 2016, attended by Mr. Jamal Al Ja'fari; Loan Guarantee Dept. & Mr. Mohammed Alawi, Credit Officer – Follow ups, Indemnifications Dept. at JLGC.

The workshop highlighted the modern concept of Micro SMEs, its characteristics, methodologies of supporting and the role of business incubators & financial inclusion in SMEs development. It also discussed the basis of credit analysis, phases and procedures of lending. Besides, preparing the strategies by the banks to develop banking products & service that serve SMEs.

• SMEs Financial Inclusion Role of Banks and Credit Guarantee Schemes" Conference in Egypt Conference

The Second Regional Conference for loan guarantee schemes was held on May 11-12, 2016 entitled "SMEs Financial Inclusion – Role of Banks and Credit Guarantee Schemes". The Conference had been



held under the auspices of the Central Bank of Egypt and the World Bank Group organized by the Credit Guarantee Company (CGC Egypt). The conference completed the initiative that was started by JLGC in 2014.

JLGC participated in the conference represented by and official delegate chaired by H.E.Dr. Mohammed Al Ja'fari, Director General. The conference also attended by Representatives from the 12 guarantee schemes in the Middle East, and from European, African, Asian and North America Guarantee schemes. The conference resulted the announcement of MENA loan Guarantee Schemes Network which will cooperate to exchange knowledge and experiences for the purpose of SMEs development.

Dr. Ja'fari moderated a session about the Principles of CGSs Operation and the study developed and coordinated by the World Bank. The session was devoted to a presentation by Mr. Calice for the recently developed principles guiding the operation of CGSs to better support the increasing call for SMEs finance. These principles had been developed in coordination with different regions including Africa, MENA, Latin America, Asia, Europe and other international experts and were the results of intense analysis and discussions run under the umbrella of the World Bank. The agreed upon 16 principles covering legal and framework, corporate governance and risk management, operational framework, monitoring and evaluation. The speakers of the session discussed the importance of having agreed upon standard principles for the guarantee operation and how these standards could affect the guarantee industry. They shared where their operations stand from these principles currently and the effect they see from the application of these principles across their business. The session was useful to a wide range of stakeholders whose main focus is facilitating access to finance for SMEs. The session enabled participants to understand the operation modes of the guarantee schemes and the bases on which the guarantee products are developed, that contributed to the standardization of the guarantee industry principles and the establishment of a good understanding of the guarantee mechanics that should allow partner financial institutions and stakeholders to better link their financial products, initiatives and regulations to the guarantee mandate.

On the sidelines of the conference, the representatives of MENA loan Guarantee schemes met and agreed to held the 3rd regional conference in Marrakech, Morocco on April 2017 and nominated Dr. Mohammed Al Ja'fari to be the official coordinator of the MENA network and the official representative for the network.

• JLGC Study Tour to Turkey

An official delegate from JLGC led by H.E.Dr. Mohammed Al Ja'fari participated in the study tour program to Turkey during the period of 28th until 30th September, 2016. The delegate visited Frankfurt School of Business, Credit Guarantee Fund (KGF), Turk EXIMBANK, TEB Bank, Al Baraka Turk and Halkbank.



The study tour mainly aimed to share experiences and ideas with peer organizations in the field of loan guarantees, and discussing the details of SMEs lending and different supporting enablers. The visit will help JLGC to develop its strategies and action plans for the implementation of the best international practices.

The delegate met the top management of the organizations and discussed various topics about managing risks of the SME portfolios and the management of distressed guarantees and debt collection.

The official delegate comprising of Mr. Abdelsalam Nusair - Advisor Risk Management, Mr. Mahmoud Rbeihat; Sr. Credit Officer - Loan Guarantee Dept, Mrs. Fatima Hamadan - Sr. Credit Officer - Export Credit Dept., Mr. Wael Abdulla; Credit Officer - Export Credit Dept. and Ms. Razan Zawawi - Credit Officer - Loan Guarantee Dept.

• AMAN Union 7th Annual Meeting in Lebanon

Dr. Mohammed Al Ja'fari; JLGC Director General participated in the 7th Annual Meeting 2016 of AMAN union hosted by LCI, Lebanon (13-15 November), to discuss latest development in export credit guarantees and the global standards for export credit guarantee corporations in the world.

During the meeting, and the attendance of H.E.Dr. Maher Hasan; JLGC Chairman and Dr. Ja'fari met representatives of ICIEC & DHAMAN to discuss business matters.

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



• Interim Reporting and Policy Practitioners Workshop in Korea

An official delegate from JLGC led by H.E.Dr. Mohammed Al Ja'fari and comprising of Mr. Samer AlRoud, JLGC official delegate comprising of Dr. Mohammed Al Ja'fari, Director General, members of the Board of Directors, and Mr. Adel Assa'd & Mr. Zyad Adayleh , and JLGC executive managers Mr. Issa Tarayra, Manager of Finance Dept. & Mr. Rami Samardali; Manager of Follow Ups and Indemnification Manager; and the senior officers Mrs. Nour Naser; Credit Officer at Follow Ups and Indemnifications Dept. and Ms. Wafaa' Al Rabiee, Public Relations officer (KSP Coordinator) participated in KSP Interim Reporting Workshop at Korea Credit Guarantee Fund premises in Daegu, Korea during 18-23 December, 2016.

JLGC Policy practitioners were invited to give their feedbacks on the tentative final policy recommendations from Korean experts, to enable the Korean researchers to report the result of policy consultation to top policy makers and relevant officials, and to share the outcome with relevant ministries, academia, private sector, media, during their final visit to Jordan in 2017.

The delegates visited relevant sites to enhance practical knowledge and skills. They met with the Central Bank Of Korea (BOK), the Industrial Bank of Korea for SMEs, POSCO the world 4th biggest steel making company to understand steel making process and also visited one of KODIT success stories and innovative SME.



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

JLGC gives considerable attention to the corporate governance practices and is committed to applying the highest standards of professional competence in all its activities. JLGC follows Corporate Governance Code for Public Shareholding Companies Listed on the Amman Stock Exchange.

The board of directors adopted an internal by-law that defines in details the duties, powers, and responsibilities of the board of directors,

JLGC also committed to the legislations and rules set by Companies Control Department in Jordan.

Board Committees

• The Corporate Governance Committee:

- The corporate governance committee consists of the Chairman H.E.Dr. Maher Al Sheikh Hasan and two non-executive members, Mr. Walid Al Samhoury and Mrs. Luma Ghaleb Abdalla.

• The Audit Committee:

- JLGC has an Audit Committee that comprises three non-executive Members, chaired by Mr. Adel As'ad, with the membership of Mrs. Luma Ghaleb Abdalla. and Mr.Zyad Adayla.
- Four Meetings held in compliance with related Laws and regulations.
- The Committee is responsible for undertaking the tasks of overseeing and monitoring all accounting and internal control and auditing activities in the company.
- Studying periodic and annual financial reports prior to their presentation to the board of directors, and submitting recommendations thereabout.
- Monitoring the company's compliance with Laws and regulations in force, and the requirements of regulatory bodies.
- Taking necessary steps to ensure internal supervision on the company's work in progress, including ensuring compliance with the laws in force, the requirements of supervisory authorities, policies and procedures set by the board of directors.

• The Nominations and Remuneration Committee:

- The Selection and Remuneration Committee consists of three non-executive Directors, the Chairman of the Board H.E.Dr. Maher Al Sheikh Hasan and Mr. Walid Al Samhouri and Mr. Tawfiq Mukahal.
- The Committee is responsible for setting the policy of compensations, privileges, incentives, and salaries and reviewing them on a yearly basis.
- Defining the company's needs of qualifications at the upper executive management and employees levels, and setting the criteria for their selection.
- Drawing the company's human resources and training policy, monitoring its implementation, and reviewing it on an annual basis.

• The Risk Management Committee

- The Risk Management Committee is chaired by H.E.Dr. Mohammed Al Ja'fari, with the membership of Mr.Tawfiq Mukahal & Mrs. Luma Ghaleb Abdalla.
- The Board reviewed and approved the company's risk management strategy and policy in 25 June,2016.

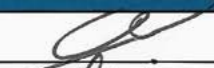

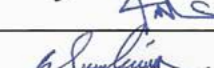
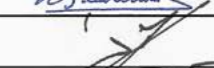


• The Main Procurement Committee

- The Main Procurement Committee consists of H.E.Dr. Mohammed Al Ja'fari, Mr, Adel As'ad and Mr.Tawfiq Mukahal.


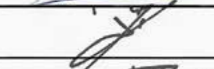

Representations

Representations




1.The Board of Directors of the Jordan loan Guarantee Corporation declares to that no material issues might influence the continuity of the corporation during the upcoming fiscal year 2017.

| Name | Title | Signature |
|-------------------------------------|---------------|---|
| H.E.Dr. Maher Khalil "Sheikh Hasan" | Chairman |  |
| H.E.Dr. Mohammed Lutfi Al Ja'fari | Vice Chairman |  |
| Mr. Adel Ibrahim As'ad | Board Member |  |
| Mr. Walid Muhi Eddin Al Samhouri | Board Member |  |
| Mr. Ziad Ata'llah Adayleh | Board Member |  |
| Mr. Tawfeek Abdel Kader Mukahal | Board Member |  |
| Mrs. Luma Ghaleb Abdalla | Board Member |  |

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

| Name | Title | Signature |
|-------------------------------------|---------------|---|
| H.E.Dr. Maher Khalil "Sheikh Hasan" | Chairman |  |
| H.E.Dr. Mohammed Lutfi Al Ja'fari | Vice Chairman |  |
| Mr. Adel Ibrahim As'ad | Board Member |  |
| Mr. Walid Muhi Eddin Al Samhouri | Board Member |  |
| Mr. Ziad Ata'llah Adayleh | Board Member |  |
| Mr. Tawfeek Abdel Kader Mukahal | Board Member |  |
| Mrs. Luma Ghaleb Abdalla | Board Member |  |

3.We the undersigned declare that the financial statements and information within the Annual Report 2016 are correct.

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

Jordan Loan Guarantee Corp.

Public Shareholding Company

**Financial Statements as at
31 December 2016
Together With
Independent Auditors' Report**

Arab Professionals

(Member firm within Grant Thornton International Ltd)

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INDEPENDENT AUDITORS REPORT



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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Jordan Loan Guarantee Corp.**, which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Other Information

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

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

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

Responsibilities of Management for the Financial Statements

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

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

-2-

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

13 February 2017
Amman - Jordan

Arab Professionals
Arab Professionals
Grant Thornton

Jordan Loan Guarantee Corp.
Public Shareholding Company
Statement of financial position as at 31 December 2016
(In Jordanian Dinar)

| | Notes | 2016 | 2015 |
|--|----------|-------------------|-------------------|
| Assets | | | |
| Cash and cash equivalents | 4 | 26,556,420 | 8,733,702 |
| Restricted bank deposits | 11,13,14 | 23,274,359 | 8,838,602 |
| Restricted financial assets measured at amortized cost | 11,13,14 | 12,578,848 | - |
| Financial assets measured at fair value through other comprehensive income | 5 | 776,410 | 779,177 |
| Financial assets measured at amortized cost | 6 | 4,590,356 | 3,097,962 |
| Receivables and other current assets | 7 | 707,394 | 521,910 |
| Deferred tax assets | 8 | 763,344 | 776,751 |
| Property and equipment | 9 | 3,217,656 | 3,280,646 |
| Total assets | | 72,464,787 | 26,028,750 |
| Liabilities and equity | | | |
| Liabilities | | | |
| Provisions against loans guarantee | 10 | 4,792,966 | 4,121,251 |
| Central Bank of Jordan loan | 11 | 5,160,695 | 5,160,695 |
| Payables and other current liabilities | 12 | 1,077,591 | 774,026 |
| Ministry of planning deposit | 13 | 1,248,500 | 1,248,500 |
| Startup micro projects loans | 14 | 26,498,958 | - |
| Income tax provision | 8 | 100,676 | 34,086 |
| Total liabilities | | 38,879,386 | 11,338,558 |
| Equity | | | |
| Paid in capital | 16 | 29,080,310 | 10,000,000 |
| Statutory reserve | | 1,526,945 | 1,483,583 |
| Voluntary reserve | | 2,204,824 | 2,204,824 |
| Fair value adjustments | | 109,615 | 112,243 |
| Retained earnings | | 663,707 | 889,542 |
| Total equity | | 33,585,401 | 14,690,192 |
| Total liabilities and equity | | 72,464,787 | 26,028,750 |

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

Jordan Loan Guarantee Corp.
Public Shareholding Company
Statement of profit or loss for the year ended 31 December 2016
(In Jordanian Dinar)

| | Notes | 2016 | 2015 |
|--|-------|------------------|------------------|
| Revenues | | | |
| Interest income | | 394,601 | 284,964 |
| Bonds interest income | | 246,817 | 365,593 |
| Commissions on guaranteed loans | | 768,680 | 639,120 |
| Commissions on guaranteed exports and domestic buyers | | 108,861 | 129,484 |
| Commissions on guaranteed industrial loans and financial leasing | | 274,437 | 201,392 |
| Dividends income | | 64,896 | 63,958 |
| Loss from sale of financial assets measured at fair value through profit or loss | | - | (1,649) |
| Unneeded impairment provision | | 37,334 | - |
| Other revenues | | 28,824 | 30,220 |
| Total revenues | | 1,924,450 | 1,713,082 |
| Deduct : | | | |
| Administrative expenses | 17 | 1,185,020 | 1,130,147 |
| Provisions against loans guarantee | 10 | 280,379 | 193,216 |
| Provision against end of service indemnity | | 25,436 | 24,139 |
| Board of directors' remunerations | | 26,670 | 34,452 |
| Total expenses | | 1,517,505 | 1,381,954 |
| Profit for the year before tax | | 406,945 | 331,128 |
| Tax (expense) saving for the year | | (136,839) | 265,566 |
| Profit for the year | | 270,106 | 596,694 |
| Basic and diluted earnings per share | 18 | 0.022 | 0.060 |

Jordan Loan Guarantee Corp.
Public Shareholding Company
Statement of comprehensive income for the year ended 31 December 2016
(In Jordanian Dinar)

| | 2016 | 2015 |
|---|----------------|----------------|
| Profit for the year | 270,106 | 596,694 |
| Other comprehensive income | | |
| Change in fair value of financial assets through other comprehensive income | (2,628) | (15,954) |
| Total comprehensive income for the year | 267,478 | 580,740 |

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

«The attached notes from (1) to (25) 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 2016
(In Jordanian Dinar)

| | Paid in capital | Reserves | | Fair value adjustments | Retained earnings | Total |
|------------------------------------|-------------------|------------------|------------------|------------------------|-------------------|-------------------|
| | | Statutory | Voluntary | | | |
| Balance at 1 January 2016 | 10,000,000 | 1,483,583 | 2,204,824 | 112,243 | 889,542 | 14,690,192 |
| Capital increase | 19,080,310 | - | - | - | (152,579) | 18,927,731 |
| Dividends paid | - | - | - | - | (300,000) | (300,000) |
| Comprehensive income for the year | - | - | - | (2,628) | 270,106 | 267,478 |
| Statutory reserve | - | 43,362 | - | - | (43,362) | - |
| Balance at 31 December 2016 | 29,080,310 | 1,526,945 | 2,204,824 | 109,615 | 663,707 | 33,585,401 |
| Balance at 1 January 2015 | 10,000,000 | 1,447,025 | 2,204,824 | 128,197 | 729,406 | 14,509,452 |
| Dividends paid | - | - | - | - | (400,000) | (400,000) |
| Comprehensive income for the year | - | - | - | (15,954) | 596,694 | 580,740 |
| Statutory reserve | - | 36,558 | - | - | (36,558) | - |
| Balance at 31 December 2015 | 10,000,000 | 1,483,583 | 2,204,824 | 112,243 | 889,542 | 14,690,192 |

*The above retained earnings does not include any fair value gains that are not allowed to be distributed to shareholders.

Guarantee Corp. Jordan Loan
Public Shareholding Company
Statement of cash flows for the year ended 31 December 2016
(In Jordanian Dinar)

Operating Activities

| | 2016 | 2015 |
|--|-----------|-----------|
| Profit for the year before income tax | 406,945 | 331,128 |
| Depreciation | 93,567 | 92,979 |
| Amortization of deferred income | (28,592) | (24,118) |
| Provision against end of service indemnity | 25,436 | 24,139 |
| Provisions against loans guarantee | 1,003,253 | 611,951 |
| Board of directors' remunerations | 26,670 | 34,452 |
| Unneeded impairment provision | (37,334) | - |

Change in working capital

| | | |
|--|------------|------------|
| Payables and other current liabilities | 280,052 | (16,914) |
| Receivables and other current assets | (185,484) | 76,187 |
| Financial assets measured at fair value through profit or loss | - | 2,180 |
| Net payments for loans guarantee | (331,538) | (639,865) |
| Income tax paid | (56,704) | (159,915) |

Net Cash Flows From Operating Activities

1,196,271 **332,204**

Investing Activities

| | | |
|---|--------------|-----------|
| Financial assets measured at amortized cost | (1,455,060) | 3,598,509 |
| Property and equipment | (30,577) | (47,907) |

Net Cash Flows (Used in) From Investing Activities

(1,485,637) **3,550,602**

Financing Activities

| | | |
|--|---------------|--------------|
| Capital increase | 18,927,731 | - |
| Restricted bank deposits | (14,435,757) | (3,231,625) |
| Restricted financial assets measured at amortized cost | (12,578,848) | 2,886,130 |
| Startup micro projects loans | 26,498,958 | - |
| Dividends paid | (300,000) | (400,000) |

Net Cash Flows from (Used in) Financing Activities

18,112,084 **(745,495)**

Net change in cash and cash equivalents

17,822,718 3,137,311

Cash and cash equivalents, beginning of the year

8,733,702 5,596,391

Cash and cash equivalents, end of the year

26,556,420 **8,733,702**

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

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

1. General

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

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

These financial statements were authorized for issue by the Company's Board of Directors in their meeting held on 13 February 2017.

2. Significant Accounting Policies

Basis of preparation

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

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

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

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

Adoption of new and revised IFRS standards

The following standards have been published that are mandatory for accounting periods after 31 December 2016. Management anticipates that the adoption of new and revised Standards will have no material impact on the financial statements of the Company.

| Standard No. | Title of Standards | Effective Date |
|--------------|---|----------------|
| IFRS 2 | Classification and Measurement of Share-based Payment Transactions (Amendments) | 1 January 2017 |
| IFRS 15 | Revenue from Contracts with Customers | 1 January 2018 |
| IFRS 16 | Leases | 1 January 2019 |

Use of Estimates

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

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

- Management reviews periodically provisions against loan guarantee to assess their sufficiency according to the Company's policy and the risk management assessment.

Cash and Cash Equivalents

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

Financial Instruments

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

Debt investments are measured at amortized cost only if both of the following criteria are met: the objective of the Company's business model is to hold the asset to collect the contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

If either of the two criteria above is not met, debt investments are measured at fair value through profit or loss.

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

Trading and settlement date accounting

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

Fair value

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

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statements of profit or loss. The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

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

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

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

Grants

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

Accounts payable

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

Provisions

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

Provision for end of service indemnity

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

Offsetting

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

Revenues

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

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

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

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

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

Income tax

Income tax expenses represent accrued taxes and deferred taxes.

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

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

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

Foreign Currency

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

3. Balances of guaranteed loans and ceilings

| | Loans Ceilings | | Guaranteed loans | |
|--|----------------|------------|------------------|------------|
| | 2016 | 2015 | 2016 | 2015 |
| Housing loans guarantees | 29,350,606 | 30,199,606 | 24,129,454 | 26,742,374 |
| Productive loans guarantees | 32,177,000 | 23,427,000 | 35,799,758 | 23,798,229 |
| Export credit guarantees & domestic buyers | 3,674,448 | 3,464,914 | 3,674,448 | 3,464,914 |
| Industrial loans guarantees | 16,075,779 | 13,403,582 | 16,075,779 | 13,403,582 |
| Finance lease | 3,080,837 | 3,734,072 | 3,080,837 | 3,734,072 |
| Business vehicles | 189,046 | 217,873 | 189,046 | 217,873 |

4. Cash and cash equivalents

| | 2016 | 2015 |
|---------------|-------------------|------------------|
| Cash on hand | 524 | 1,000 |
| Bank deposits | 26,555,896 | 8,732,702 |
| | 26,556,420 | 8,733,702 |

Bank deposits mature within (3) to (12) months, with an annual interest rate ranging between (3%) and (4.25%) yearly.

5. Financial assets measured at fair value through other comprehensive income

| | 2016 | 2015 |
|--|----------------|----------------|
| Investments in listed shares (in Jordan) | 422,220 | 424,987 |
| Investments in unlisted shares (in Jordan) | 354,190 | 354,190 |
| | 776,410 | 779,177 |

6. Financial assets measured at amortized cost

| | 2016 | 2015 |
|------------------------------|------------------|------------------|
| Investment in bonds – Jordan | 4,590,356 | 3,375,702 |
| Deduct: impairment provision | - | (277,740) |
| | 4,590,356 | 3,097,962 |

Investment in bonds mature up to the year 2026 with an annual interest rate ranging between (5.498%) and (7.75%) yearly.

7. Receivables and other current assets

| | 2016 | 2015 |
|--|----------------|----------------|
| Accrued commissions income | 387,017 | 337,060 |
| Accrued interest income | 224,520 | 153,833 |
| Accounts receivable | 74,068 | 17,362 |
| Prepaid expenses | 11,511 | 15,277 |
| Refundable deposits | 7,865 | 7,865 |
| Others | 2,413 | 2,320 |
| Deduct: provision against impairment in accrued interest | - | (11,807) |
| | 707,394 | 521,910 |

8. Income tax

The movements on the income tax provision are as follows:

| | 2016 | 2015 |
|----------------------------------|----------------|---------------|
| Balance at beginning of the year | 34,086 | 137,794 |
| Current income tax charge | 123,294 | 56,207 |
| Income tax paid | (56,704) | (159,915) |
| | 100,676 | 34,086 |

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

| | 2016 | 2015 |
|---|----------------|----------------|
| Provisions against loans guarantee | 744,895 | 705,619 |
| End of service provision | 24,218 | 19,131 |
| Provision against impairment of financial assets measured at amortized cost | - | 57,909 |
| Change in fair value reserve | (5,769) | (5,908) |
| | 763,344 | 776,751 |

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

9. Property and Equipment

| | Lands | Buildings | Furniture & Fixtures | Vehicles | Computers & Software | Advance payments to purchase software | Total |
|-------------------------------------|------------------|------------------|----------------------|----------------|----------------------|---------------------------------------|------------------|
| Cost | | | | | | | |
| Balance at 1/1/2016 | 1,688,453 | 1,522,285 | 144,529 | 101,101 | 440,923 | - | 3,897,291 |
| Additions | - | 4,150 | 3,642 | - | 22,785 | - | 30,577 |
| Balance at 31/12/2016 | 1,688,453 | 1,526,435 | 148,171 | 101,101 | 463,708 | - | 3,927,868 |
| Accumulated depreciation | | | | | | | |
| Balance at 1/1/2016 | - | 180,832 | 119,053 | 82,703 | 234,057 | - | 616,645 |
| Depreciation for the year | - | 30,483 | 7,123 | 2,985 | 52,976 | - | 93,567 |
| Balance at 31/12/2016 | - | 211,315 | 126,176 | 85,688 | 287,033 | - | 710,212 |
| Net book value at 31/12/2016 | 1,688,453 | 1,315,120 | 21,995 | 15,413 | 176,675 | - | 3,217,656 |
| Cost | | | | | | | |
| Balance at 1/1/2015 | 1,688,453 | 1,522,285 | 141,115 | 95,721 | 215,902 | 200,427 | 3,863,903 |
| Additions | - | - | 3,414 | 19,900 | 24,594 | - | 47,908 |
| Disposals | - | - | - | (14,520) | - | - | (14,520) |
| Transfers | - | - | - | - | 200,427 | (200,427) | - |
| Balance at 31/12/2015 | 1,688,453 | 1,522,285 | 144,529 | 101,101 | 440,923 | - | 3,897,291 |
| Accumulated depreciation | | | | | | | |
| Balance at 1/1/2015 | - | 150,387 | 111,681 | 92,802 | 183,315 | - | 538,185 |
| Depreciation for the year | - | 30,445 | 7,372 | 4,420 | 50,742 | - | 92,979 |
| Disposals | - | - | - | (14,519) | - | - | (14,519) |
| Balance at 31/12/2015 | - | 180,832 | 119,053 | 82,703 | 234,057 | - | 616,645 |
| Net book value at 31/12/2015 | 1,688,453 | 1,341,453 | 25,476 | 18,398 | 206,866 | - | 3,280,646 |

10. Provisions against loans guarantee

Based on Board of Directors resolution related to the basis of calculating provisions against loans guarantee to reflect the estimated risk against guaranteed loans, the general provision is computed at 1% of the guaranteed productive and housing loans and 3% of the average daily guaranteed portion of export credit for the last three months. The special provision is computed against loans defaulted for more than (181) days for productive and housing loans.

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

| | 2016 | 2015 |
|---|------------------|------------------|
| General provision | 673,718 | 593,163 |
| Special provision | 1,059,904 | 1,009,418 |
| Provision for industrial financing | 2,224,514 | 2,177,731 |
| Provision for pioneer projects financing | 395,873 | 340,939 |
| Provision for startup companies financing | 438,957 | - |
| | 4,792,966 | 4,121,251 |

The movements on these provisions are as follows:

General provision

| | 2016 | 2015 |
|----------------------------------|----------------|----------------|
| Balance at beginning of the year | 593,163 | 538,477 |
| Charge for the year | 80,555 | 54,686 |
| | 673,718 | 593,163 |

Special provision

| | 2016 | 2015 |
|--|------------------|------------------|
| Balance at beginning of the year | 1,009,418 | 1,278,596 |
| Charge for the year | 199,824 | 138,530 |
| Recoveries | 311,544 | 226,637 |
| Compensations paid | (460,882) | (802,593) |
| Transfer from restricted special provision | - | 168,248 |
| | 1,059,904 | 1,009,418 |

Provision for industrial financing

| | 2016 | 2015 |
|--|------------------|------------------|
| Balance at beginning of the year | 2,177,731 | 1,935,942 |
| Charge for the year against Central Bank of Jordan loan's interest | 228,983 | 305,698 |
| Recoveries | 65,960 | 357,082 |
| Compensations paid | (248,160) | (420,991) |
| | 2,224,514 | 2,177,731 |

Provision for pioneer projects financing

| | 2016 | 2015 |
|---|----------------|----------------|
| Balance at beginning of the year | 340,939 | 227,902 |
| Charge for the year against ministry of planning deposits | 54,934 | 113,037 |
| | 395,873 | 340,939 |

Provision for startup companies financing

| | 2016 | 2015 |
|--|----------------|------|
| Balance at beginning of the year | - | - |
| Charge for the year against startup micro projects loans | 438,957 | - |
| | 438,957 | - |

11. Central Bank of Jordan loan

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

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

The restricted balance presented under assets in the statement of financial position amounted to JOD (7,285,464) and JOD (7,250,165) as at 31 December 2016 and 2015 respectively.

12. Payables and other current liabilities

| | 2016 | 2015 |
|---|------------------|----------------|
| Unearned commissions | 462,081 | 313,381 |
| Deferred grants income | 104,827 | 110,635 |
| Reinsurers | 209,298 | 108,908 |
| Shareholders Withholdings | 83,495 | 82,948 |
| Provision for end of service indemnity | 121,090 | 95,654 |
| Provision for Board of Directors' remunerations | 26,670 | 34,452 |
| Accrued expenses | 70,130 | 27,846 |
| Others | - | 202 |
| | 1,077,591 | 774,026 |

13. Ministry of planning deposit

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

The fund balance as at 31 December 2016 amounted to JOD (1,248,500) and the restricted balance presented under assets in the statement of financial position amounted to JOD (1,640,804) (2015: JOD 1,588,437).

14. Startup micro projects loans

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

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

The restricted balance presented under assets in the statement of financial position amounted to JOD (26,926,939) as at 31 December 2016, part of it is mortgaged against Central Bank of Jordan loan amount to JOD (12,485,849).

15. Grant from World Bank

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

Total amount used from the grant till end of 2016 was JOD (180,985) to purchase property and equipment and JOD (316,308) to cover other expenses related to the grant purposes.

Revenues from the grant were deducted from their related expenses.

16. Equity

Paid in Capital

The General Assembly has resolved in its meeting held on 27 March 2016 to increase the authorized capital from JOD (10) Million/share to JOD (30) Million/share, (19,080,310) shares have been subscribed at par value of JOD (1).

The Company's authorized capital is JOD (30) Million and the subscribed and paid in capital is JOD (29,080,310) divided equally into (29,080,310) shares with par value of JOD (1) each as at 31 December 2016, JOD (10) Million as at 31 December 2015.

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.

Dividends paid

The General Assembly has resolved in its meeting held during 2016 to distribute 3% cash dividends to shareholders.

17. Administrative expenses

| | 2016 | 2015 |
|---|------------------|------------------|
| Salaries and wages | 656,180 | 620,497 |
| Company's contribution in social security | 74,810 | 68,841 |
| Company's contribution in saving fund | 57,330 | 55,413 |
| Depreciation | 93,567 | 92,979 |
| Medical and health insurance expenses | 42,456 | 60,452 |
| Board of Directors' transportation | 46,400 | 46,600 |
| Subscriptions | 41,228 | 40,036 |
| Post, telephone, water and electricity | 38,187 | 37,956 |
| Professional fees | 19,708 | 28,973 |
| Official duties and training courses | 37,538 | 19,190 |
| Marketing expenses | 20,665 | 17,529 |
| Stationary and printings | 13,613 | 13,614 |
| Maintenance | 14,867 | 12,967 |
| Rent | 850 | 850 |
| Vehicles expenses | 9,953 | 5,142 |
| Others | 17,668 | 9,108 |
| | 1,185,020 | 1,130,147 |

18. Basic and diluted earnings per share

| | 2016 | 2015 |
|-----------------------------------|--------------|--------------|
| Profit for the year | 270,106 | 596,694 |
| Weighted average number of shares | 12,300,092 | 10,000,000 |
| | 0.022 | 0.060 |

19. Executive management remuneration

The salaries and remunerations of the executive management amounted to JOD (328,751) and JOD (300,549) during 2016 and 2015 respectively.

20. Legalization

The Company appears as a defendant in a law suits relating to export guarantees amounting to JOD (702,994) the Company's share is JOD (124,134) the management believes that this case will have no effect on the financial position of the Company.

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.

| | 2016 | Up to one year | More than one year | Total |
|--|------|-------------------|--------------------|-------------------|
| Assets | | | | |
| Cash and cash equivalents | | 26,556,420 | - | 26,556,420 |
| Restricted bank deposits | | - | 23,274,359 | 23,274,359 |
| Financial assets measured at fair value through other comprehensive income | | - | 776,410 | 776,410 |
| Restricted financial assets measured at amortized cost | | - | 12,578,848 | 12,578,848 |
| Financial assets measured at amortized cost | | 2,000,000 | 2,590,356 | 4,590,356 |
| Receivables and other current assets | | 707,394 | - | 707,394 |
| Deferred tax assets | | - | 763,344 | 763,344 |
| Property and equipment | | - | 3,217,656 | 3,217,656 |
| Total assets | | 29,263,814 | 43,200,973 | 72,464,787 |

| | | | | |
|--|--|------------------|-------------------|-------------------|
| Liabilities | | | | |
| Provisions against loans guarantee | | - | 4,792,966 | 4,792,966 |
| Central Bank of Jordan loan | | - | 5,160,695 | 5,160,695 |
| Payables and other current liabilities | | 1,077,591 | - | 1,077,591 |
| Ministry of planning deposit | | - | 1,248,500 | 1,248,500 |
| Startup micro projects loans | | - | 26,498,958 | 26,498,958 |
| Income tax provision | | 100,676 | - | 100,676 |
| Total liabilities | | 1,178,267 | 37,701,119 | 38,879,386 |

| | 2015 | Up to one year | More than one year | Total |
|--|------|------------------|--------------------|-------------------|
| Assets | | | | |
| Cash and cash equivalents | | 8,733,702 | - | 8,733,702 |
| Restricted bank deposits | | - | 8,838,602 | 8,838,602 |
| Financial assets measured at fair value through other comprehensive income | | - | 779,177 | 779,177 |
| Restricted financial assets measured at amortized cost | | - | 3,097,962 | 3,097,962 |
| Receivables and other current assets | | 521,910 | - | 521,910 |
| Deferred tax assets | | - | 776,751 | 776,751 |
| Property and equipment | | - | 3,280,646 | 3,280,646 |
| Total assets | | 9,255,612 | 16,773,138 | 26,028,750 |

| | | | | |
|--|--|----------------|-------------------|-------------------|
| Liabilities | | | | |
| Provisions against loans guarantee | | - | 4,121,251 | 4,121,251 |
| Central Bank of Jordan loan | | - | 5,160,695 | 5,160,695 |
| Payables and other current liabilities | | 774,026 | - | 774,026 |
| Ministry of planning deposit | | - | 1,248,500 | 1,248,500 |
| Income tax provision | | 34,086 | - | 34,086 |
| Total liabilities | | 808,112 | 10,530,446 | 11,338,558 |

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.

| | 2016 | | | |
|--|-------------------|--------------------|----------------------|-------------------|
| | Up to one year | More than one year | Non-interest bearing | Total |
| Assets | | | | |
| Cash and cash equivalents | 26,555,896 | - | 524 | 26,556,420 |
| Restricted bank deposits | - | - | 23,274,359 | 23,274,359 |
| Financial assets measured at fair value through other comprehensive income | - | - | 776,410 | 776,410 |
| Restricted financial assets measured at amortized cost | - | - | 12,578,848 | 12,578,848 |
| Financial assets measured at amortized cost | 2,000,000 | 2,590,356 | - | 4,590,356 |
| Receivables and other current assets | - | - | 707,394 | 707,394 |
| Deferred tax assets | - | - | 763,344 | 763,344 |
| Property and equipment | - | - | 3,217,656 | 3,217,656 |
| Total assets | 28,555,896 | 2,590,356 | 41,318,535 | 72,464,787 |
| Liabilities | | | | |
| Provisions against loans guarantee | - | - | 4,792,966 | 4,792,966 |
| Central Bank of Jordan loan | - | - | 5,160,695 | 5,160,695 |
| Payables and other current liabilities | - | - | 1,077,591 | 1,077,591 |
| Ministry of planning deposit | - | - | 1,248,500 | 1,248,500 |
| Startup micro projects loans | - | - | 26,498,958 | 26,498,958 |
| Income tax provision | - | - | 100,676 | 100,676 |
| Total liabilities | - | - | 38,879,386 | 38,879,386 |
| Net | 28,555,896 | 2,590,356 | 2,439,149 | 33,585,401 |
| | 2015 | | | |
| | Up to one year | More than one year | Non-interest bearing | Total |
| Assets | | | | |
| Cash and cash equivalents | 8,732,702 | - | 1,000 | 8,733,702 |
| Restricted bank deposits | - | - | 8,838,602 | 8,838,602 |
| Financial assets measured at fair value through other comprehensive income | - | - | 779,177 | 779,177 |
| Financial assets measured at amortized cost | - | 3,097,962 | - | 3,097,962 |
| Receivables and other current assets | - | - | 521,910 | 521,910 |
| Deferred tax assets | - | - | 776,751 | 776,751 |
| Property and equipment | - | - | 3,280,646 | 3,280,646 |
| Total assets | 8,732,702 | 3,097,962 | 14,198,086 | 26,028,750 |
| Liabilities | | | | |
| Provisions against loans guarantee | - | - | 4,121,251 | 4,121,251 |
| Central Bank of Jordan loan | - | - | 5,160,695 | 5,160,695 |
| Payables and other current liabilities | - | - | 774,026 | 774,026 |
| Ministry of planning deposit | - | - | 1,248,500 | 1,248,500 |
| Income tax provision | - | - | 34,086 | 34,086 |
| Total liabilities | - | - | 11,338,558 | 11,338,558 |
| Net | 8,732,702 | 3,097,962 | 2,859,528 | 14,690,192 |

23. Operating segments

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

| | Local | |
|--|------------|------------|
| | 2016 | 2015 |
| Revenue from loans guarantee | 1,043,117 | 840,512 |
| Revenue from guarantee of exports and domestic buyers | 108,861 | 129,484 |
| Revenue from investing in financial securities | 706,314 | 712,866 |
| Assets related to guarantee of loans and export sector | 36,240,224 | 9,175,662 |
| Assets related to investment in financial securities | 32,147,706 | 12,751,867 |

24. Financial Instruments

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

Fair Value

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

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

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

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

| | 2015 | Level 1 | Level 2 | Level 3 | Total |
|---|----------------|---------|---------|----------------|----------------|
| Financial assets at fair value through other comprehensive income | 424,987 | - | - | 354,190 | 779,177 |

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

Credit Risk

Credit risks are those risks resulting from the default of counterparties to the financial instrument to repay their commitment to the Company. The Company limits its credit risk by only dealing with reputable banks and by setting credit limits for individual customers and monitoring outstanding receivables. The maximum exposure to credit risk is represented by the carrying value of each financial asset.

Liquidity Risk

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

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

| | Less than one year | More than one year | Total |
|--|--------------------|--------------------|-------------------|
| 2016 | | | |
| Provisions against loans guarantee | - | 4,792,966 | 4,792,966 |
| Central Bank of Jordan loan | - | 5,160,695 | 5,160,695 |
| Payables and other current liabilities | 1,077,591 | - | 1,077,591 |
| Ministry of planning deposit | - | 1,248,500 | 1,248,500 |
| Startup micro projects loans | - | 26,498,958 | 26,498,958 |
| Income tax provision | 100,676 | - | 100,676 |
| | 1,178,267 | 37,701,119 | 38,879,386 |
| 2015 | | | |
| Provisions against loans guarantee | - | 4,121,251 | 4,121,251 |
| Central Bank of Jordan loan | - | 5,160,695 | 5,160,695 |
| Payables and other current liabilities | 774,026 | - | 774,026 |
| Ministry of planning deposit | - | 1,248,500 | 1,248,500 |
| Income tax provision | 34,086 | - | 34,086 |
| | 808,112 | 10,530,446 | 11,338,558 |

Loans and exports guarantee risks

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of its holdings of financial instruments. To avoid this risk, the company's deposits are short term and have fixed interest rates, if interest rates had increased or decreased by 0.5% annually the net result for the year would have been reduced / increased by JOD (132,800) during 2016 (2015: JOD 43,664).

Currency Risk

The management considers that the Company is not exposed to significant currency risk. The majority of their transactions and balances are in either Jordanian Dinar or US Dollar. As the Jordanian Dinar is pegged to the US Dollar, balances in US Dollar are not considered to represent significant currency risk and the Company's results or equity to movements in exchange rates is not considered significant.

Equity Price Risk

Equity price risk result from the change in the fair value of equity securities. The Company manages these risks through the diversification of investments in several geographical areas and economic sectors. If the quoted market price of listed equity securities had increased or decreased by 10%, the comprehensive income for the year would be increased / reduced by JOD (40,111) during 2016 (2015: JOD 40,374).

25. 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.

