

Jordan Loan Guarantee Corp.
Public Shareholding Company
Condensed Interim Financial Statements (Unaudited)
30 June 2020

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

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Report on Review of Condensed Interim Financial Statements

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

Introduction

We have reviewed the accompanying condensed interim financial statements of **Jordan Loan Guarantee Corp.** comprising the interim statement of financial position as at 30 June 2020 and the related interim statement of profit or loss, interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows for the six-months period then ended and the notes about condensed interim financial statements. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard number (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements number (2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial statement consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard number (34) "Interim Financial Reporting".

28 July 2020
Amman - Jordan




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**Jordan Loan Guarantee Corp.
Public Shareholding Company
Interim Statement of Financial Position as at 30 June 2020
(In Jordanian Dinar)**

	Notes	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Assets			
Cash and cash equivalents		1,269,764	1,135,189
Deposits at banks		30,491,442	29,793,376
Restricted bank deposits		53,960,689	47,375,395
Restricted financial assets measured at amortized cost		669,087,800	365,786,042
Financial assets measured at fair value through other comprehensive income		1,159,045	1,161,120
Financial assets measured at amortized cost		3,482,730	3,482,692
Receivables and other current assets		1,347,760	1,411,878
Deferred tax assets		671,347	494,910
Property and equipment		3,063,561	3,093,884
Total Assets		<u>764,534,138</u>	<u>453,734,486</u>
Liabilities and Equity			
Liabilities			
Provisions against loans guarantees	4	34,777,411	24,190,560
Central Bank of Jordan loan - Industrial loans guarantees program		5,160,695	5,160,695
Central Bank of Jordan loan - Export credit guarantees program		99,999,277	99,999,277
Central Bank of Jordan loan - Support bank guarantees for contractors outside Jordan program		100,000,000	100,000,000
Central Bank of Jordan loan - Housing loans program - Facilitated housing		100,000,000	100,000,000
Central Bank of Jordan loan - Facing COVID-19 pandemic program		300,000,000	-
Ministry of planning deposit		1,248,500	1,248,500
Startup micro projects loans		82,153,233	82,631,808
Payables and other current liabilities		4,288,300	3,685,970
Income tax provision		189,893	237,172
Total Liabilities		<u>727,817,309</u>	<u>417,153,982</u>
Equity			
Paid in capital		29,080,310	29,080,310
Statutory reserve		1,852,454	1,852,454
Voluntary reserve		2,204,824	2,204,824
Fair value adjustments		471,874	473,840
Retained earnings		3,107,367	2,969,076
Total Equity		<u>36,716,829</u>	<u>36,580,504</u>
Total Liabilities and Equity		<u>764,534,138</u>	<u>453,734,486</u>

“The accompanying notes from (1) to (8) are an integral part of these condensed interim financial statements and read with review report”

**Jordan Loan Guarantee Corp.
Public Shareholding Company**
Interim Statement of Profit or Loss for the Six Months Ended at 30 June 2020

(In Jordanian Dinar)

	For the three months ended		For the six months ended	
	30 June 2020 (Unaudited)	30 June 2019 (Unaudited)	30 June 2020 (Unaudited)	30 June 2019 (Unaudited)
Revenues				
Interest income	386,287	397,481	823,489	807,937
Bonds interest income	50,874	71,707	109,544	142,092
Commissions on guaranteed loans	257,115	286,811	524,110	573,218
Commissions on guaranteed exports and domestic buyers	37,528	57,061	103,387	107,749
Commissions on guaranteed industrial loans and financial leasing	129,570	122,475	260,955	238,997
Commissions on guaranteed loans of the national program for facing COVID-19 pandemic	113,052	-	113,052	-
Dividends income	105,000	2,474	105,000	107,474
Commissions against managing Central Bank of Jordan provisions' programs	165,019	-	165,019	-
Other revenues	21,516	8,786	24,753	17,597
Total revenues	1,265,961	946,795	2,229,309	1,995,064
Deduct				
Administrative expenses	369,131	379,921	735,729	758,851
Provisions against loans guarantees	1,085,980	512,144	1,325,219	1,010,725
Provision for expected credit loss of deposit and bonds	29,856	74,310	1,902	49,832
Provision against end of service indemnity	6,170	6,170	12,341	12,273
Profit (loss) before income tax	(225,176)	(25,750)	154,118	163,383
Income and National Contribution tax (expenses) excess for the period	63,824	2,472	(15,827)	2,958
Profit (loss) for the period	(161,352)	(23,278)	138,291	166,341
Basic and diluted earnings (losses) per share	(0.006)	(0.001)	0.005	0.006

“The accompanying notes from (1) to (8) are an integral part of these condensed interim financial statements and read with review report”

Jordan Loan Guarantee Corp.
Public Shareholding Company
Interim Statement of Comprehensive Income for the Six Months Ended at 30 June 2020

(In Jordanian Dinar)

	For the three months ended		For the six months ended	
	30 June 2020 (Unaudited)	30 June 2019 (Unaudited)	30 June 2020 (Unaudited)	30 June 2019 (Unaudited)
Profit (loss) for the period	(161,352)	(23,278)	138,291	166,341
Other comprehensive income items:				
Changes in fair value of financial assets through other comprehensive income	-	-	(1,966)	(4,665)
Total comprehensive income for the period	(161,352)	(23,278)	136,325	161,676

“The accompanying notes from (1) to (8) are an integral part of these condensed interim financial statements and read with review report”

**Jordan Loan Guarantee Corp.
Public Shareholding Company**
Interim Statement of Changes in Equity for the Six Months Ended at 30 June 2020 (Unaudited)

(In Jordanian Dinar)

	Paid in capital	Reserves		Fair value adjustments	Retained earnings	Total
		Statutory	Voluntary			
Balance at 1 January 2020	29,080,310	1,852,454	2,204,824	473,840	2,969,076	36,580,504
Total comprehensive income for the period	-	-	-	(1,966)	138,291	136,325
Balance at 30 June 2020	29,080,310	1,852,454	2,204,824	471,874	3,107,367	36,716,829
Balance at 1 January 2019	29,080,310	1,719,633	2,204,824	496,443	2,058,794	35,560,004
Total comprehensive income for the period	-	-	-	(4,665)	166,341	161,676
Balance at 30 June 2019	29,080,310	1,719,633	2,204,824	491,778	2,225,135	35,721,680

“The accompanying notes from (1) to (8) are an integral part of these condensed interim financial statements and read with review report”

Jordan Loan Guarantee Corp.
Public Shareholding Company
Interim Statement of Cash Flows for the Six Months Ended at 30 June 2020

(In Jordanian Dinar)

	30 June 2020 (Unaudited)	30 June 2019 (Unaudited)
Operating Activities		
Profit for the period before income tax	154,118	163,383
Depreciation	38,313	59,355
Provision against end of service indemnity	12,341	12,273
Provision against loans guarantees	1,325,219	1,010,725
Provision for expected credit loss of deposit and bonds	1,902	49,832
Changes in working capital		
Receivables and other current assets	64,118	(33,365)
Payables and other current liabilities	589,989	(832,075)
Net payments for loans guarantee	(451,720)	(493,469)
Paid income tax	(239,434)	(120,891)
Net Cash Flows From (Used in) Operating Activities	<u>1,494,846</u>	<u>(184,232)</u>
Investing Activities		
Property and equipment	(8,028)	(5,729)
Deposits at banks	(699,968)	(1,052,742)
Net Cash Flows Used in Investing Activities	<u>(707,996)</u>	<u>(1,058,471)</u>
Financing Activities		
Restricted financial assets measured at amortized cost	(300,000,000)	(100,000,000)
Restricted bank deposits	(173,700)	838,687
Startup micro projects loans	(478,575)	(478,575)
Central Bank of Jordan loan - Support bank guarantees for contractors outside Jordan program	-	100,000,000
Central Bank of Jordan loan - Facing COVID-19 pandemic program	300,000,000	-
Net Cash Flows (Used in) From Financing Activities	<u>(652,275)</u>	<u>360,112</u>
Net changes in cash and cash equivalents	134,575	(882,591)
Cash and cash equivalents, beginning of year	<u>1,135,189</u>	<u>2,565,464</u>
Cash and cash equivalents, end of period	<u>1,269,764</u>	<u>1,682,873</u>

“The accompanying notes from (1) to (8) are an integral part of these condensed interim financial statements and read with review report”

Jordan Loan Guarantee Corp.
Public Shareholding Company
Notes to the Condensed Interim Financial Statements (Unaudited)
30 June 2020

(In Jordanian Dinar)

1 . General

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

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

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

The accompanying condensed interim financial statements have been approved for issue by the Company's Board of Directors on 28 July 2020.

2 . Summary of Significant Accounting Policies

Basis of Preparation

The condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standard number (34) "Interim Financial Reporting". They do not include all of the information required in annual financial statements in accordance with IFRSs, and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2019.

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

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

The accounting policies are consistent with those used in the previous period, except for the adoption of new and amended standards effective as at the beginning of the period.

Use of Estimates

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

3 . Balances of guaranteed loans and ceilings

	Loans Ceilings		Guaranteed loans	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Housing loans guarantees	25,569,205	27,935,906	16,346,552	18,196,928
Productive loans guarantees	44,968,134	50,730,134	45,633,634	52,611,651
Export credit guarantees & domestic buyers	6,523,625	5,376,145	6,523,625	5,376,145
Industrial loans guarantees	27,410,474	26,029,626	27,410,474	26,029,626
Finance lease	1,139,574	1,080,460	1,139,574	1,080,460
Startup loans guarantees	9,300,000	7,800,000	9,806,783	6,761,263
National program for facing COVID-19 pandemic	151,483,241	-	151,483,241	-
	266,394,253	118,952,271	258,343,883	110,056,073

4 . Provisions against loans guarantee

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

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Provision for productive loans guarantees	2,498,403	1,872,738
Provision for housing loans guarantees	235,332	244,252
Provision for export guarantees	296,399	87,726
Provision for industrial financing *	6,834,723	6,536,553
Provision for pioneer projects financing *	188,744	157,873
Provision for startup companies financing *	8,494,217	6,989,271
Provision for export credit guarantees financing *	8,938,566	6,828,455
Provision for supporting bank guarantees for contractors outside Jordan program*	3,150,329	1,473,692
Provision for housing loans guarantees financing - Facilitated housing *	1,602,568	-
Provision for facing COVID-19 pandemic loans guarantees financing*	2,538,130	-
	34,777,411	24,190,560

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

5 . Tax Status

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2018.
- The income tax return for the year 2019 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 and National Contribution tax provision for the six-months ended 30 June 2020 was calculated in accordance with the Income Tax Law.

Jordan Loan Guarantee Corp.
Notes to the Condensed Interim Financial Statements (Unaudited)
30 June 2020

6 . 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:

30 June 2020	Up to one year	More than one year	Total
Assets			
Cash and cash equivalents	1,269,764	-	1,269,764
Deposits at banks	30,491,442	-	30,491,442
Restricted bank deposits	-	53,960,689	53,960,689
Restricted financial assets measured at amortized cost	-	669,087,800	669,087,800
Financial assets measured at fair value through other comprehensive income	-	1,159,045	1,159,045
Financial assets measured at amortized cost	-	3,482,730	3,482,730
Receivables and other current assets	1,347,760	-	1,347,760
Deferred tax assets	-	671,347	671,347
Property and equipment	-	3,063,561	3,063,561
Total assets	33,108,966	731,425,172	764,534,138
Liabilities			
Provisions against loans guarantees	-	34,777,411	34,777,411
Central Bank of Jordan loan – Industrial loans guarantees program	-	5,160,695	5,160,695
Central Bank of Jordan loan – Export credit guarantees program	-	99,999,277	99,999,277
Central Bank of Jordan loan – Support bank guarantees for contractors outside Jordan program	-	100,000,000	100,000,000
Central Bank of Jordan loan – Housing loans guarantees program – Facilitated housing	-	100,000,000	100,000,000
Central Bank of Jordan loan – Facing COVID-19 pandemic program	-	300,000,000	300,000,000
Ministry of Planning deposit	1,248,500	-	1,248,500
Startup micro projects loans	957,150	81,196,083	82,153,233
Payables and other current liabilities	4,288,300	-	4,288,300
Income tax provision	189,893	-	189,893
Total liabilities	6,683,843	721,133,466	727,817,309
31 December 2019			
Assets			
Cash and cash equivalents	1,135,189	-	1,135,189
Deposits at banks	29,793,376	-	29,793,376
Restricted bank deposits	-	47,375,395	47,375,395
Restricted financial assets measured at amortized cost	-	365,786,042	365,786,042
Financial assets measured at fair value through other comprehensive income	-	1,161,120	1,161,120
Financial assets measured at amortized cost	-	3,482,692	3,482,692
Receivables and other current assets	1,411,878	-	1,411,878
Deferred tax assets	-	494,910	494,910
Property and equipment	-	3,093,884	3,093,884
Total assets	32,340,443	421,394,043	453,734,486
Liabilities			
Provisions against loans guarantees	-	24,190,560	24,190,560
Central Bank of Jordan loan – Industrial loans guarantees program	-	5,160,695	5,160,695
Central Bank of Jordan loan – Export credit guarantees program	-	99,999,277	99,999,277
Central Bank of Jordan loan – Support bank guarantees for contractors outside Jordan program	-	100,000,000	100,000,000
Central Bank of Jordan loan – Housing loans guarantees program – Facilitated housing	-	100,000,000	100,000,000
Ministry of Planning deposit	1,248,500	-	1,248,500
Startup micro projects loans	957,150	81,674,658	82,631,808
Payables and other current liabilities	3,685,970	-	3,685,970
Income tax provision	237,172	-	237,172
Total liabilities	6,128,792	411,025,190	417,153,982

7 . Fair Value of Financial Instruments

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.

<u>30 June 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through other comprehensive income	<u>909,855</u>	<u>145,000</u>	<u>104,190</u>	<u>1,159,045</u>
<u>31 December 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through other comprehensive income	<u>911,930</u>	<u>145,000</u>	<u>104,190</u>	<u>1,161,120</u>

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.

8 . The Impact of the New Corona Pandemic (Covid-19)

The outbreak of the new Corona virus (Covid-19) at the beginning of 2020 caused a global economic crisis and disrupted many companies and economic activities, which would negatively affect the financial position of the Company, the results of its operations and its cash flows, and given that the situation is changing and rapidly developing, the Company's management is unable to determine the likely impact of this outbreak on the Company's interim financial statements at this stage.