

Jordan Loan Guarantee Corp.
Public Shareholding Company
Condensed Interim Financial Statements (Unaudited)
30 September 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 September 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 nine 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 October 2020
Amman - Jordan




Arab Professionals
Ibrahim Hammoudeh
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Jordan Loan Guarantee Corp.
Public Shareholding Company
Interim Statement of Financial Position as at 30 September 2020
(In Jordanian Dinar)

	Notes	30 September 2020 (Unaudited)	31 December 2019 (Audited)
Assets			
Cash and cash equivalents		24,176,435	1,135,189
Deposits at banks		7,527,106	29,793,376
Restricted bank deposits		57,445,164	47,375,395
Restricted financial assets measured at amortized cost		673,401,780	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		3,482,621	3,482,692
Receivables and other current assets		1,582,246	1,411,878
Deferred tax assets		456,482	494,910
Property and equipment		3,049,976	3,093,884
Total Assets		772,280,855	453,734,486
Liabilities and Equity			
Liabilities			
Provisions against loans guarantees	4	40,274,212	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 withholding		1,248,500	1,248,500
Startup micro projects loans		81,674,658	82,631,808
Payables and other current liabilities		6,474,526	3,685,970
Income tax provision		66,747	237,172
Total Liabilities		734,898,615	417,153,982
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		3,772,778	2,969,076
Total Equity		37,382,240	36,580,504
Total Liabilities and Equity		772,280,855	453,734,486

“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 Nine Months Ended at 30 September 2020

(In Jordanian Dinar)

	For the three months ended		For the nine months ended	
	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
Revenues				
Interest income	329,211	459,461	1,152,700	1,267,398
Bonds interest income	49,997	70,553	159,541	212,645
Commissions on guaranteed loans	253,816	298,035	777,926	871,253
Commissions on guaranteed exports and domestic buyers	81,994	57,797	185,381	165,546
Commissions on guaranteed industrial loans and financial leasing	139,279	126,732	400,234	365,729
Commissions on guaranteed loans of the national program for facing COVID-19 pandemic	167,977	-	281,029	-
Commissions against managing Central Bank of Jordan provisions	75,735	-	240,754	-
Dividends income	-	-	105,000	107,474
Unneeded (provision) for expected credit loss of deposits and bonds	29,385	23,285	27,483	(26,547)
Other revenues	3,100	8,243	27,853	25,840
Total revenues	1,130,494	1,044,106	3,357,901	2,989,338
Deduct :				
Administrative expenses	395,395	375,081	1,131,124	1,133,932
Provisions against loans guarantee	(150,415)	(229,989)	1,174,804	780,736
Provision against end of service indemnity	43,258	6,239	55,599	18,512
Profit for the period before income tax	842,256	892,775	996,374	1,056,158
Income tax for the period	(176,845)	(187,483)	(192,672)	(184,525)
Profit for the period	665,411	705,292	803,702	871,633
Basic and diluted earnings per share	0.023	0.024	0.028	0.030

“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 Nine Months Ended at 30 September 2020
(In Jordanian Dinar)

	For the three months ended		For the nine months ended	
	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
Profit for the period	665,411	705,292	803,702	871,633
Other comprehensive income:				
Changes in fair value of financial assets through other comprehensive income	-	-	(1,966)	(4,665)
Total comprehensive income for the period	665,411	705,292	801,736	866,968

“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 Nine Months Ended at 30 September 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)	803,702	801,736
Balance at 30 September 2020	<u>29,080,310</u>	<u>1,852,454</u>	<u>2,204,824</u>	<u>471,874</u>	<u>3,772,778</u>	<u>37,382,240</u>
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)	871,633	866,968
Balance at 30 September 2019	<u>29,080,310</u>	<u>1,719,633</u>	<u>2,204,824</u>	<u>491,778</u>	<u>2,930,427</u>	<u>36,426,972</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 Cash Flows for the Nine Months Ended at 30 September 2020

(In Jordanian Dinar)

	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
Operating Activities		
Profit for the period before income tax	996,374	1,056,158
Depreciation	56,996	88,926
Provision against end of service indemnity	55,599	18,512
Change in provision against loans guarantees	1,174,944	7,535,177
(Unneeded) provision for expected credit loss of deposit and bonds	(27,483)	26,547
Changes in working capital		
Receivables and other current assets	(170,368)	(250,862)
Payables and other current liabilities	2,732,957	(238,303)
Net payments for loans guarantee	(1,386,569)	(1,106,126)
Paid income tax	(324,560)	(185,012)
Net Cash Flows From Operating Activities	3,107,890	6,945,017
Investing Activities		
Property and equipment	(13,017)	(12,490)
Financial assets measured at amortized cost	-	800,143
Net Cash Flows (Used in) From Investing Activities	(13,017)	787,653
Financing Activities		
Deposits at banks	22,293,753	1,192,226
Restricted bank deposits	(1,390,230)	(5,683,215)
Restricted financial assets measured at amortized cost	(300,000,000)	(99,564,805)
Startup micro projects loans	(957,150)	(957,150)
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 From (Used in) Financing Activities	19,946,373	(5,012,944)
Net changes in cash and cash equivalents	23,041,246	2,719,726
Cash and cash equivalents, beginning of the year	1,135,189	2,565,464
Cash and cash equivalents, end of the period	24,176,435	5,285,190

“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 September 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 October 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. Any impairment 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).

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

3 . Balances of guaranteed loans and ceilings

	Loans Ceilings		Guaranteed loans	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
Housing loans guarantees	25,565,505	27,335,906	15,975,104	17,600,853
Productive loans guarantees	44,310,134	50,715,134	39,471,352	50,823,724
Export credit guarantees & domestic buyers	8,426,315	5,478,720	8,426,315	5,478,720
Industrial loans guarantees	29,058,322	26,197,189	29,058,322	26,197,189
Finance lease	1,054,475	1,342,163	1,054,475	1,342,163
Startup loans guarantees	10,459,094	7,800,000	10,459,094	7,743,340
National program for facing COVID-19 pandemic	293,005,434	-	293,005,434	-
	411,879,279	118,869,112	397,450,096	109,185,989

4 . Provisions against loans guarantee

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

	30 September 2020 (Unaudited)	31 December 2019 (Audited)
Provision for productive loans guarantees	1,513,414	1,872,738
Provision for housing loans guarantees	218,167	244,252
Reserved provision against loans guarantees	261,510	87,726
Provision for industrial financing *	6,702,859	6,536,553
Provision for pioneer projects financing *	204,608	157,873
Provision for startup companies financing*	9,220,828	6,989,271
Provision for export credit guarantees financing*	10,032,311	6,828,455
Provision for support bank guarantees for contractors outside Jordan program*	4,012,326	1,473,692
Provision for housing loans guarantees financing - Facilitated housing *	2,614,261	-
Provision for facing COVID-19 pandemic loans guarantees financing*	5,493,928	-
	40,274,212	24,190,560

* Provisions against loans guarantee for these programs are constructed from return 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 nine-months ended 30 September 2020 was calculated in accordance with the Income Tax Law.

Jordan Loan Guarantee Corp.
Notes to the Condensed Interim Financial Statements (Unaudited)
30 September 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 September 2020	Up to one year	More than one year	Total
Assets			
Cash and cash equivalents	24,176,435	-	24,176,435
Deposits at banks	7,527,106	-	7,527,106
Restricted bank deposits	-	57,445,164	57,445,164
Restricted financial assets measured at amortized cost	-	673,401,780	673,401,780
Financial assets measured at fair value through other comprehensive income	-	1,159,045	1,159,045
Financial assets measured at amortized cost	-	3,482,621	3,482,621
Receivables and other current assets	1,582,246	-	1,582,246
Deferred tax assets	-	456,482	456,482
Property and equipment	-	3,049,976	3,049,976
Total assets	33,285,787	738,995,068	772,280,855
Liabilities			
Provisions against loans guarantees	-	40,274,212	40,274,212
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	80,717,508	81,674,658
Payables and other current liabilities	6,474,526	-	6,474,526
Income tax provision	66,747	-	66,747
Total liabilities	8,746,923	726,151,692	734,898,615
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 September 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	909,855	145,000	104,190	<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	911,930	145,000	104,190	<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.