

**Jordan Loan Guarantee Corp.**  
**Public Shareholding Company**  
**Condensed Interim Financial Statements (Unaudited)**  
**30 June 2021**

**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 2021 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 2021  
Amman - Jordan



  
**Arab Professionals**  
**Ibrahim Hammoudeh**  
**License No. (606)**

**Jordan Loan Guarantee Corp.**  
**Public Shareholding Company**  
**Interim Statement of Financial Position as at 30 June 2021**  
**(In Jordanian Dinar)**

	Note	30 June 2021 (Unaudited)	31 December 2020 (Audited)
<b>Assets</b>			
Cash and cash equivalents		7,354,118	2,343,950
Deposits at banks		25,220,748	29,482,252
Restricted bank deposits		76,555,093	69,856,909
Restricted financial assets measured at amortized cost		663,523,013	669,135,861
Financial assets measured at fair value through other comprehensive income		1,158,613	1,158,613
Financial assets measured at amortized cost		3,482,741	3,482,735
Receivables and other current assets		1,598,547	1,534,840
Deferred tax assets		449,700	490,597
Property and equipment		3,019,538	3,032,532
<b>Total Assets</b>		<b>782,362,111</b>	<b>780,518,289</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Provisions against loans guarantee	4	60,280,106	46,961,641
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		71,756,883	81,674,658
Payables and other current liabilities		5,466,221	8,223,946
Income tax provision		268,944	26,425
<b>Total Liabilities</b>		<b>744,180,626</b>	<b>743,295,142</b>
<b>Equity</b>			
Paid in capital		29,080,310	29,080,310
Statutory reserve		1,937,505	1,937,505
Voluntary reserve		2,204,824	2,204,824
Fair value adjustments		471,464	471,464
Retained earnings		4,487,382	3,529,044
<b>Total Equity</b>		<b>38,181,485</b>	<b>37,223,147</b>
<b>Total Liabilities and Equity</b>		<b>782,362,111</b>	<b>780,518,289</b>

“The accompanying notes from (1) to (7) 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 2021**

(In Jordanian Dinar)

	For the three months ended		For the six months ended	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
<b>Revenues</b>				
Interest income	383,483	386,287	683,282	823,489
Bonds interest income	49,820	50,874	99,462	109,544
Commissions on guaranteed loans	257,788	257,115	513,678	524,110
Commissions on guaranteed exports and domestic buyers	110,646	37,528	187,778	103,387
Commissions on guaranteed industrial loans and financial leasing	145,787	129,570	269,018	260,955
Commissions on guaranteed loans of the national program for facing COVID-19 pandemic	276,474	113,052	549,709	113,052
Dividends income	-	105,000	-	105,000
Commissions against managing Central Bank of Jordan loans provisions <sup>1</sup>	117,405	165,019	196,431	165,019
Other revenues	1,905	21,516	3,904	24,753
<b>Total revenues</b>	<b>1,343,308</b>	<b>1,265,961</b>	<b>2,503,262</b>	<b>2,229,309</b>
<b>Deduct</b>				
Administrative expenses	427,265	369,131	827,563	735,729
Provisions against loans guarantees	254,763	1,085,980	474,504	1,325,219
(Unneeded) provision for expected credit loss of deposit and bonds	11,207	29,856	(26,148)	1,902
Provision against end of service indemnity	7,168	6,170	14,257	12,341
<b>Profit (loss) for the period before income tax</b>	<b>642,905</b>	<b>(225,176)</b>	<b>1,213,086</b>	<b>154,118</b>
Income and National Contribution tax (expenses) excess for the period	(135,010)	63,824	(254,748)	(15,827)
<b>Profit (loss) for the period</b>	<b>507,895</b>	<b>(161,352)</b>	<b>958,338</b>	<b>138,291</b>
<b>Basic and diluted earnings (losses) per share</b>	<b>0.017</b>	<b>(0.006)</b>	<b>0.033</b>	<b>0.005</b>

“The accompanying notes from (1) to (7) 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 2021**

**(In Jordanian Dinar)**

	For the three months ended		For the six months ended	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Profit (loss) for the period	507,895	(161,352)	958,338	138,291
<b>Other comprehensive income items:</b>				
Changes in fair value of financial assets through other comprehensive income	-	-	-	(1,966)
<b>Total comprehensive income for the period</b>	<b><u>507,895</u></b>	<b><u>(161,352)</u></b>	<b><u>958,338</u></b>	<b><u>136,325</u></b>

“The accompanying notes from (1) to (7) 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 2021 (Unaudited)**

(In Jordanian Dinar)

	Paid in capital	Reserves		Fair value adjustments	Retained earnings	Total
		Statutory	Voluntary			
<b>Balance at 1 January 2021</b>	29,080,310	1,937,505	2,204,824	471,464	3,529,044	37,223,147
Total comprehensive income for the period	-	-	-	-	958,338	958,338
<b>Balance at 30 June 2021</b>	<b>29,080,310</b>	<b>1,937,505</b>	<b>2,204,824</b>	<b>471,464</b>	<b>4,487,382</b>	<b>38,181,485</b>
<b>Balance at 1 January 2020</b>	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
<b>Balance at 30 June 2020</b>	<b>29,080,310</b>	<b>1,852,454</b>	<b>2,204,824</b>	<b>471,874</b>	<b>3,107,367</b>	<b>36,716,829</b>

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**Jordan Loan Guarantee Corp.  
Public Shareholding Company**  
**Interim Statement of Cash Flows for the Six Months Ended at 30 June 2021**

**(In Jordanian Dinar)**

	30 June 2021 <u>(Unaudited)</u>	30 June 2020 <u>(Unaudited)</u>
<b>Operating Activities</b>		
Profit for the period before income tax	1,213,086	154,118
Depreciation	36,217	38,313
Provision against end of service indemnity	14,257	12,341
Provision against loans guarantees	474,504	1,325,219
(Unneeded) provision for expected credit loss of deposit and bonds	(26,148)	1,902
<b>Changes in working capital</b>		
Receivables and other current assets	(63,707)	64,118
Payables and other current liabilities	(2,771,982)	589,989
Net payments for loans guarantee	(657,352)	(451,720)
Refunded (paid) income tax	28,668	(239,434)
<b>Net Cash Flows (Used in) From Operating Activities</b>	<u>(1,752,457)</u>	<u>1,494,846</u>
<b>Investing Activities</b>		
Property and equipment	(23,229)	(8,028)
Deposits at banks	4,287,652	(699,968)
<b>Net Cash Flows From (Used in) Investing Activities</b>	<u>4,264,423</u>	<u>(707,996)</u>
<b>Financing Activities</b>		
Restricted Bank deposits and financial assets measured at amortized cost	12,415,977	(300,173,700)
Startup micro projects loans	(9,917,775)	(478,575)
Central Bank of Jordan loan – Facing COVID-19 pandemic program	-	300,000,000
<b>Net Cash Flows From (Used in) Financing Activities</b>	<u>2,498,202</u>	<u>(652,275)</u>
<b>Net changes in cash and cash equivalents</b>	5,010,168	134,575
Cash and cash equivalents, beginning of year	<u>2,343,950</u>	<u>1,135,189</u>
<b>Cash and cash equivalents, end of period</b>	<u><b>7,354,118</b></u>	<u><b>1,269,764</b></u>

“The accompanying notes from (1) to (7) 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 2021**

**(In Jordanian Dinar)**

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## **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 2021.

## **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 2020.

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 2021	30 June 2020	30 June 2021	30 June 2020
Housing loans guarantees	24,262,606	25,569,205	14,882,237	16,346,552
Productive loans guarantees	43,955,134	44,968,134	34,511,297	45,633,634
Export credit guarantees & domestic buyers	8,963,562	6,523,625	8,963,562	6,523,625
Industrial loans and finance lease guarantees	34,391,425	28,550,048	34,317,427	28,550,048
Startup loans guarantees	10,800,000	9,300,000	15,143,197	9,806,783
National program for facing COVID-19 pandemic	328,514,331	151,483,241	328,514,331	151,483,241
	<b>450,887,058</b>	<b>266,394,253</b>	<b>436,332,051</b>	<b>258,343,883</b>

### 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 2021 (Unaudited)	31 December 2020 (Audited)
Provision for productive loans guarantees	684,220	894,959
Provision for housing loans guarantees	237,425	209,533
Provision for export guarantees	8,581	8,581
Special provision against loans guarantees	1,000,000	1,000,000
Provision for industrial financing *	8,933,125	8,683,722
Provision for pioneer projects financing *	242,075	217,412
Provision for startup companies financing *	11,235,133	9,858,080
Provision for export credit guarantees financing *	11,279,958	9,128,196
Provision for supporting bank guarantees for contractors outside Jordan program*	6,596,116	4,859,888
Provision for housing loans guarantees financing – Facilitated housing *	5,649,778	3,622,259
Provision for facing COVID-19 pandemic loans guarantees financing*	14,413,695	8,479,011
	<b>60,280,106</b>	<b>46,961,641</b>

\* 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 2019.
- The income tax return for the year 2020 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 at 30 June 2021 was calculated in accordance with the Income Tax Law.

**Jordan Loan Guarantee Corp.**  
**Notes to the Condensed Interim Financial Statements (Unaudited)**  
**30 June 2021**

**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:

<b>30 June 2021</b>	<b>Up to one year</b>	<b>More than one year</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	7,354,118	-	7,354,118
Deposits at banks	25,220,748	-	25,220,748
Restricted bank deposits	-	76,555,093	76,555,093
Restricted financial assets measured at amortized cost	-	663,523,013	663,523,013
Financial assets measured at fair value through other comprehensive income	-	1,158,613	1,158,613
Financial assets measured at amortized cost	-	3,482,741	3,482,741
Receivables and other current assets	1,598,547	-	1,598,547
Deferred tax assets	-	449,700	449,700
Property and equipment	-	3,019,538	3,019,538
<b>Total assets</b>	<b>34,173,413</b>	<b>748,188,698</b>	<b>782,362,111</b>
<b>Liabilities</b>			
Provisions against loans guarantees	-	60,280,106	60,280,106
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	2,757,150	68,999,733	71,756,883
Payables and other current liabilities	5,466,221	-	5,466,221
Income tax provision	268,944	-	268,944
<b>Total liabilities</b>	<b>9,740,815</b>	<b>734,439,811</b>	<b>744,180,626</b>
<b>31 December 2020</b>	<b>Up to one year</b>	<b>More than one year</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	2,343,950	-	2,343,950
Deposits at banks	29,482,252	-	29,482,252
Restricted bank deposits	-	69,856,909	69,856,909
Restricted financial assets measured at amortized cost	-	669,135,861	669,135,861
Financial assets measured at fair value through other comprehensive income	-	1,158,613	1,158,613
Financial assets measured at amortized cost	-	3,482,735	3,482,735
Receivables and other current assets	1,534,840	-	1,534,840
Deferred tax assets	-	490,597	490,597
Property and equipment	-	3,032,532	3,032,532
<b>Total assets</b>	<b>33,361,042</b>	<b>747,157,247</b>	<b>780,518,289</b>
<b>Liabilities</b>			
Provisions against loans guarantees	-	46,961,641	46,961,641
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	8,223,946	-	8,223,946
Income tax provision	26,425	-	26,425
<b>Total liabilities</b>	<b>10,456,021</b>	<b>732,839,121</b>	<b>743,295,142</b>

**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 2021</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>909,423</u>	<u>145,000</u>	<u>104,190</u>	<u>1,158,613</u>
<u>31 December 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>909,423</u>	<u>145,000</u>	<u>104,190</u>	<u>1,158,613</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.