

Jordan Loan Guarantee Corp.
Public Shareholding Company
Condensed Interim Financial Statements (Unaudited)
30 June 2022

**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 2022 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 2022
Amman - Jordan




Arab Professionals
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Jordan Loan Guarantee Corp.
Public Shareholding Company
Interim Statement of Financial Position as at 30 June 2022
(In Jordanian Dinar)

	Note	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Assets			
Cash and cash equivalents		15,796,842	2,652,036
Deposits at banks		18,815,212	31,100,948
Restricted bank deposits		102,306,319	93,258,922
Restricted financial assets measured at amortized cost		661,413,655	661,517,442
Financial assets measured at fair value through other comprehensive income		1,165,875	1,165,443
Financial assets measured at amortized cost		3,482,748	3,482,746
Receivables and other current assets		1,681,533	1,721,700
Deferred tax assets		701,722	690,580
Property and equipment		3,014,464	2,993,346
Total Assets		808,378,370	798,583,163
Liabilities and Equity			
Liabilities			
Provisions against loans guarantee	4	87,930,188	74,770,366
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		68,999,733	69,478,308
Payables and other current liabilities		5,185,804	9,156,165
Income tax provision		354,112	410,101
Total Liabilities		768,878,309	760,223,412
Equity			
Paid in capital		29,080,310	29,080,310
Statutory reserve		2,086,060	2,086,060
Voluntary reserve		2,204,824	2,204,824
Fair value adjustments		478,345	477,935
Retained earnings		5,650,522	4,510,622
Total Equity		39,500,061	38,359,751
Total Liabilities and Equity		808,378,370	798,583,163

“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 2022

(In Jordanian Dinar)

	For the three months ended		For the six months ended	
	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Revenues				
Interest income	339,589	383,483	676,184	683,282
Bonds interest income	50,916	49,820	100,558	99,462
Commissions on guaranteed loans	239,850	257,788	447,189	513,678
Commissions on guaranteed exports and domestic buyers	86,784	110,646	227,486	187,778
Commissions on guaranteed industrial loans and financial leasing	149,678	145,787	289,451	269,018
Commissions on guaranteed loans of the national program for facing COVID-19 pandemic	284,002	276,474	565,164	549,709
Commissions against managing Central Bank of Jordan loans provisions ¹	170,374	117,405	304,347	196,431
Dividends income	-	-	90,000	-
Unneeded (provision) for expected credit loss for deposits and bonds	2,928	(11,207)	29,105	26,148
Other revenues	835	1,905	1,945	3,904
Total revenues	1,324,956	1,332,101	2,731,429	2,529,410
Deduct				
Administrative expenses	453,008	427,265	879,175	827,563
Provisions against loans guarantees	189,323	254,763	412,082	474,504
Provision against end of service indemnity	7,645	7,168	15,207	14,257
Profit for the period before income tax	674,980	642,905	1,424,965	1,213,086
Income and National Contribution tax expenses for the period	(141,742)	(135,010)	(285,065)	(254,748)
Profit for the period	533,238	507,895	1,139,900	958,338
Basic and diluted earnings per share	0.018	0.017	0.039	0.033

“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 2022

(In Jordanian Dinar)

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>
	2022	2021	2022	2021
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Profit for the period	533,238	507,895	1,139,900	958,338
Other comprehensive income items:				
Changes in fair value of financial assets through other comprehensive income	410	-	410	-
Total comprehensive income for the period	<u>533,648</u>	<u>507,895</u>	<u>1,140,310</u>	<u>958,338</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
Interim Statement of Changes in Equity for the Six Months Ended at 30 June 2022 (Unaudited)

(In Jordanian Dinar)

	Paid in capital	Reserves		Fair value adjustments	Retained earnings	Total
		Statutory	Voluntary			
Balance at 1 January 2022	29,080,310	2,086,060	2,204,824	477,935	4,510,622	38,359,751
Total comprehensive income for the period	-	-	-	410	1,139,900	1,140,310
Balance at 30 June 2022	29,080,310	2,086,060	2,204,824	478,345	5,650,522	39,500,061
Balance at 1 January 2021	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
Balance at 30 June 2021	29,080,310	1,937,505	2,204,824	471,464	4,487,382	38,181,485

“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 Cash Flows for the Six Months Ended at 30 June 2022

(In Jordanian Dinar)

	30 June 2022 <u>(Unaudited)</u>	30 June 2021 <u>(Unaudited)</u>
Operating Activities		
Profit for the period before income tax	1,424,965	1,213,086
Depreciation	34,381	36,217
Provision against end of service indemnity	15,207	14,257
Provision against loans guarantees	412,082	474,504
(Unneeded) provision for expected credit loss for deposit and bonds	(29,105)	(26,148)
Changes in working capital		
Receivables and other current assets	40,165	(63,707)
Payables and other current liabilities	(3,985,568)	(2,771,982)
Net payments for loans guarantee	(345,022)	(657,352)
Refunded (paid) income tax	<u>(352,218)</u>	<u>28,668</u>
Net Cash Flows Used in Operating Activities	<u>(2,785,113)</u>	<u>(1,752,457)</u>
Investing Activities		
Property and equipment	(55,499)	(23,229)
Deposits at banks	<u>12,314,841</u>	<u>4,287,652</u>
Net Cash Flows From Investing Activities	<u>12,259,342</u>	<u>4,264,423</u>
Financing Activities		
Restricted bank deposits and financial assets measured at amortized cost	4,149,152	12,415,977
Startup micro projects loans	<u>(478,575)</u>	<u>(9,917,775)</u>
Net Cash Flows From Financing Activities	<u>3,670,577</u>	<u>2,498,202</u>
Net changes in cash and cash equivalents	13,144,806	5,010,168
Cash and cash equivalents, beginning of year	<u>2,652,036</u>	<u>2,343,950</u>
Cash and cash equivalents, end of period	<u><u>15,796,842</u></u>	<u><u>7,354,118</u></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 2022

(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 2022.

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 2021.

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.

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.
- Management reviews periodically provisions against loan guarantee to assess their sufficiency according to (IFRS 9) and the Company's policy and the risk management assessment.
- 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 2022	30 June 2021	30 June 2022	30 June 2021
Housing loans guarantees	19,456,905	24,262,606	12,769,837	14,882,237
Productive loans guarantees	41,041,634	43,955,134	38,093,943	34,511,297
Export credit guarantees & domestic buyers	8,358,834	8,963,562	8,358,834	8,963,562
Industrial loans and finance lease guarantees	46,344,362	34,391,425	46,344,362	34,317,427
Startup loans guarantees	22,922,947	10,800,000	22,922,947	15,143,197
National program for facing COVID-19 pandemic	302,620,637	328,514,331	302,620,637	328,514,331
	440,745,319	450,887,058	431,110,560	436,332,051

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 2022 (Unaudited)	31 December 2021 (Audited)
Provision for productive loans guarantees	583,789	605,312
Provision for housing loans guarantees	169,080	208,669
Provision for export guarantees	329,815	201,643
Special provision against loans guarantees	2,000,000	2,000,000
Provision for industrial financing *	11,290,773	11,040,785
Provision for pioneer projects financing *	246,408	222,496
Provision for startup companies financing *	13,829,611	12,614,556
Provision for export credit guarantees financing *	13,614,398	11,449,305
Provision for supporting bank guarantees for contractors outside Jordan program*	10,104,219	8,329,648
Provision for housing loans guarantees financing – Facilitated housing *	9,780,217	7,704,624
Provision for facing COVID-19 pandemic loans guarantees financing*	25,981,878	20,393,328
	87,930,188	74,770,366

* 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 returns for the years 2020 and 2021 have 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 2022 was calculated in accordance with the Income Tax Law.

Jordan Loan Guarantee Corp.
Notes to the Condensed Interim Financial Statements (Unaudited)
30 June 2022

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 2022	Up to one year	More than one year	Total
Assets			
Cash and cash equivalents	15,796,842	-	15,796,842
Deposits at banks	18,815,212	-	18,815,212
Restricted bank deposits	-	102,306,319	102,306,319
Restricted financial assets measured at amortized cost	-	661,413,655	661,413,655
Financial assets measured at fair value through other comprehensive income	-	1,165,875	1,165,875
Financial assets measured at amortized cost	-	3,482,748	3,482,748
Receivables and other current assets	1,681,533	-	1,681,533
Deferred tax assets	-	701,722	701,722
Property and equipment	-	3,014,464	3,014,464
Total assets	36,293,587	772,084,783	808,378,370
Liabilities			
Provisions against loans guarantees	690,044	87,240,144	87,930,188
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	68,042,583	68,999,733
Payables and other current liabilities	5,185,804	-	5,185,804
Income tax provision	354,112	-	354,112
Total liabilities	8,435,610	760,442,699	768,878,309
31 December 2021			
Assets			
Cash and cash equivalents	2,652,036	-	2,652,036
Deposits at banks	31,100,948	-	31,100,948
Restricted bank deposits	-	93,258,922	93,258,922
Restricted financial assets measured at amortized cost	-	661,517,442	661,517,442
Financial assets measured at fair value through other comprehensive income	-	1,165,443	1,165,443
Financial assets measured at amortized cost	-	3,482,746	3,482,746
Receivables and other current assets	1,721,700	-	1,721,700
Deferred tax assets	-	690,580	690,580
Property and equipment	-	2,993,346	2,993,346
Total assets	35,474,684	763,108,479	798,583,163
Liabilities			
Provisions against loans guarantees	1,000,605	73,769,761	74,770,366
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	68,521,158	69,478,308
Payables and other current liabilities	9,156,165	-	9,156,165
Income tax provision	410,101	-	410,101
Total liabilities	12,772,521	747,450,891	760,223,412

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 2022</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>916,685</u>	<u>145,000</u>	<u>104,190</u>	<u>1,165,875</u>
<u>31 December 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>916,253</u>	<u>145,000</u>	<u>104,190</u>	<u>1,165,443</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.