

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

26 October 2022
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 2022
(In Jordanian Dinar)

	Note	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Assets			
Cash and cash equivalents		36,201,036	2,652,036
Deposits at banks		807,132	31,100,948
Restricted bank deposits		104,124,798	93,258,922
Restricted financial assets measured at amortized cost		665,680,363	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		3,482,634	3,482,746
Receivables and other current assets		1,808,112	1,721,700
Deferred tax assets		720,699	690,580
Property and equipment		3,032,180	2,993,346
Total Assets		817,022,829	798,583,163
Liabilities and Equity			
Liabilities			
Provisions against loans guarantee	4	94,650,609	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		68,521,158	69,478,308
Payables and other current liabilities		7,120,643	9,156,165
Income tax provision		361,261	410,101
Total Liabilities		777,062,143	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		6,111,147	4,510,622
Total Equity		39,960,686	38,359,751
Total Liabilities and Equity		817,022,829	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 Nine Months Ended at 30 September 2022
(In Jordanian Dinar)

	For the three months ended		For the nine months ended	
	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Revenues				
Interest income	357,281	316,391	1,033,465	999,673
Bonds interest income	51,601	49,997	152,159	149,459
Commissions on guaranteed loans	239,618	248,903	686,807	762,581
Commissions on guaranteed exports and domestic buyers	91,399	92,034	318,885	279,812
Commissions on guaranteed industrial loans and financial leasing	163,547	129,214	452,998	398,232
Commissions on guaranteed loans of the national program for facing COVID-19 pandemic	283,288	287,395	848,452	837,104
Commissions against managing Central Bank of Jordan provisions	121,398	156,118	425,745	352,549
Dividends income	-	-	90,000	-
Unneeded provision for expected credit loss of deposits and bonds	18,158	18,313	47,263	44,461
Other revenues	<u>835</u>	<u>1,733</u>	<u>2,780</u>	<u>5,637</u>
Total revenues	<u>1,327,125</u>	<u>1,300,098</u>	<u>4,058,554</u>	<u>3,829,508</u>
Deduct :				
Administrative expenses	466,675	447,084	1,345,850	1,274,647
Provisions against loans guarantee	230,629	157,619	642,711	632,123
Provision against end of service indemnity	<u>46,747</u>	<u>7,246</u>	<u>61,954</u>	<u>21,503</u>
Profit for the period before income tax	583,074	688,149	2,008,039	1,901,235
Income and National Contribution tax for the period	<u>(122,449)</u>	<u>(144,512)</u>	<u>(407,514)</u>	<u>(399,260)</u>
Profit for the period	<u>460,625</u>	<u>543,637</u>	<u>1,600,525</u>	<u>1,501,975</u>
Basic and diluted earnings per share	<u>0.016</u>	<u>0.019</u>	<u>0.055</u>	<u>0.052</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 Comprehensive Income for the Nine Months Ended at 30 September 2022
(In Jordanian Dinar)

	For the three months ended		For the nine months ended	
	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Profit for the period	460,625	543,637	1,600,525	1,501,975
Other comprehensive income:				
Changes in fair value of financial assets through other comprehensive income	-	-	410	-
Total comprehensive income for the period	460,625	543,637	1,600,935	1,501,975

“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 Nine Months Ended at 30 September 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	1,600,525	1,600,935
Balance at 30 September 2022	<u>29,080,310</u>	<u>2,086,060</u>	<u>2,204,824</u>	<u>478,345</u>	<u>6,111,147</u>	<u>39,960,686</u>
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	-	-	-	-	1,501,975	1,501,975
Balance at 30 September 2021	<u>29,080,310</u>	<u>1,937,505</u>	<u>2,204,824</u>	<u>471,464</u>	<u>5,031,019</u>	<u>38,725,122</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 Cash Flows for the Nine Months Ended at 30 September 2022
(In Jordanian Dinar)

	30 September 2022 <u>(Unaudited)</u>	30 September 2021 <u>(Unaudited)</u>
Operating Activities		
Profit for the period before income tax	2,008,039	1,901,235
Depreciation	51,777	54,769
Provision against end of service indemnity	61,954	21,503
Provision against loans guarantees	642,711	632,123
Unneeded provision for expected credit loss of deposit and bonds	(47,263)	(44,461)
Changes in working capital		
Receivables and other current assets	(86,322)	(364,239)
Payables and other current liabilities	(2,097,476)	(1,036,022)
Net payments for loans guarantee	(513,872)	(833,736)
Paid income tax	<u>(486,473)</u>	<u>(71,400)</u>
Net Cash Flows (Used in) From Operating Activities	<u>(466,925)</u>	<u>259,772</u>
Investing Activities		
Property and equipment	(90,611)	(24,441)
Deposits at banks	<u>30,341,079</u>	<u>27,011,515</u>
Net Cash Flows From Investing Activities	<u>30,250,468</u>	<u>26,987,074</u>
Financing Activities		
Restricted bank deposits and financial assets measured at amortized cost	4,722,607	12,938,298
Startup micro projects loans	<u>(957,150)</u>	<u>(12,196,350)</u>
Net Cash Flows From Financing Activities	<u>3,765,457</u>	<u>741,948</u>
Net changes in cash and cash equivalents	33,549,000	27,988,794
Cash and cash equivalents, beginning of the year	<u>2,652,036</u>	<u>2,343,950</u>
Cash and cash equivalents, end of the period	<u><u>36,201,036</u></u>	<u><u>30,332,744</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 September 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 26 October 2022.

2 . Summary of Significant Accounting

PoliciesBasis 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, 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 2022

3 . Balances of guaranteed loans and ceilings

	Loans Ceilings		Guaranteed loans	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
Housing loans guarantees	18,856,906	24,056,905	12,579,844	14,220,554
Productive loans guarantees	43,733,134	43,955,134	36,636,484	35,787,612
Export credit guarantees & domestic buyers	9,522,934	8,141,017	9,522,934	8,141,017
Industrial loans and finance lease guarantees	51,406,107	35,081,967	51,406,107	35,081,967
Startup loans guarantees	24,175,957	16,794,993	24,175,957	16,794,993
National program for facing COVID-19 pandemic	<u>282,177,857</u>	<u>328,718,184</u>	<u>282,177,857</u>	<u>328,718,184</u>
	<u>429,872,895</u>	<u>456,748,200</u>	<u>416,499,183</u>	<u>438,744,327</u>

4 . Provisions against loans guarantee

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

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Provision for productive loans guarantees	592,177	605,312
Provision for housing loans guarantees	181,876	208,669
Provision for export guarantees	370,410	201,643
Special provision against loans guarantees	2,000,000	2,000,000
Provision for industrial financing *	11,360,563	11,040,785
Provision for pioneer projects financing *	258,731	222,496
Provision for startup companies financing *	14,418,271	12,614,556
Provision for export credit guarantees financing *	14,706,821	11,449,305
Provision for supporting bank guarantees for contractors outside Jordan program*	11,074,936	8,329,648
Provision for housing loans guarantees financing – Facilitated housing *	10,840,850	7,704,624
Provision for facing COVID-19 pandemic loans guarantees financing*	28,845,974	20,393,328
	<u>94,650,609</u>	<u>74,770,366</u>

* 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 2021 except for the year 2020.
- 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 nine months ended 30 September 2022 was calculated in accordance with the Income Tax Law.

Jordan Loan Guarantee Corp.
Notes to the Condensed Interim Financial Statements (Unaudited)
30 September 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 September 2022	Up to one year	More than one year	Total
Assets			
Cash and cash equivalents	36,201,036	-	36,201,036
Deposits at banks	807,132	-	807,132
Restricted bank deposits	-	104,124,798	104,124,798
Restricted financial assets measured at amortized cost	-	665,680,363	665,680,363
Financial assets measured at fair value through other comprehensive income	-	1,165,875	1,165,875
Financial assets measured at amortized cost	-	3,482,634	3,482,634
Receivables and other current assets	1,808,112	-	1,808,112
Deferred tax assets	-	720,699	720,699
Property and equipment	-	3,032,180	3,032,180
Total assets	38,816,280	778,206,549	817,022,829
Liabilities			
Provisions against loans guarantees	685,163	93,965,446	94,650,609
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	67,564,008	68,521,158
Payables and other current liabilities	7,120,643	-	7,120,643
Income tax provision	361,261	-	361,261
Total liabilities	10,372,717	766,689,426	777,062,143
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 September 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	916,685	145,000	104,190	<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	916,253	145,000	104,190	<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.