

Jordan Loan Guarantee Corp.
Public Shareholding Company
Condensed Interim Financial Statements (Unaudited)
31 March 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 31 March 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 three-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".

27 April 2022
Amman - Jordan




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Jordan Loan Guarantee Corp.
Public Shareholding Company
Interim Statement of Financial Position as at 31 March 2022
(In Jordanian Dinar)

	Note	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Assets			
Cash and cash equivalents		22,249,124	2,652,036
Deposits at banks		11,914,164	31,100,948
Restricted bank deposits		94,282,914	93,258,922
Restricted financial assets measured at amortized cost		665,648,045	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		3,482,638	3,482,746
Receivables and other current assets		1,547,879	1,721,700
Deferred tax assets		654,477	690,580
Property and equipment		3,000,528	2,993,346
Total Assets		803,945,212	798,583,163
Liabilities and Equity			
Liabilities			
Provisions against loans guarantee	4	81,319,785	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		7,853,239	9,156,165
Income tax provision		397,570	410,101
Total Liabilities		764,978,799	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		477,935	477,935
Retained earnings		5,117,284	4,510,622
Total Equity		38,966,413	38,359,751
Total Liabilities and Equity		803,945,212	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 Three Months Ended at 31 March 2022
(In Jordanian Dinar)

	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
Revenues		
Interest income	336,595	299,799
Bonds interest income	49,642	49,642
Commissions on guaranteed loans	207,339	255,890
Commissions on guaranteed exports and domestic buyers	140,702	77,132
Commissions on guaranteed industrial loans and financial leasing	139,773	123,231
Commissions on guaranteed loans of the national program for facing COVID-19 pandemic	281,162	273,235
Commissions against managing Central Bank of Jordan loans provisions	133,973	79,026
Dividends income	90,000	-
Unneeded provision for expected credit losses for deposits and bonds	26,177	37,355
Other revenues	1,110	1,999
Total revenues	1,406,473	1,197,309
Deduct :		
Administrative expenses	426,167	400,298
Provisions against loans guarantees	222,759	219,741
Provision against end of service indemnity	7,562	7,089
Profit for the period before income tax	749,985	570,181
Income and National Contribution tax expense for the period	(143,323)	(119,738)
Profit for the period	606,662	450,443
Basic and diluted earnings per share	0.021	0.015

“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 Three Months Ended at 31 March 2022
(In Jordanian Dinar)

	<u>31 March 2022</u> (Unaudited)	<u>31 March 2021</u> (Unaudited)
Profit for the period	606,662	450,443
Other comprehensive income:		
Changes in fair value of financial assets through other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>606,662</u>	<u>450,443</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 Three Months Ended at 31 March 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	-	-	-	-	606,662	606,662
Balance at 31 March 2022	<u>29,080,310</u>	<u>2,086,060</u>	<u>2,204,824</u>	<u>477,935</u>	<u>5,117,284</u>	<u>38,966,413</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	-	-	-	-	450,443	450,443
Balance at 31 March 2021	<u>29,080,310</u>	<u>1,937,505</u>	<u>2,204,824</u>	<u>471,464</u>	<u>3,979,487</u>	<u>37,673,590</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 Three Months Ended at 31 March 2022

(In Jordanian Dinar)

	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
Operating Activities		
Profit for the period before income tax	749,985	570,181
Depreciation	17,458	17,837
Provision against end of service indemnity	7,562	7,089
Provisions against loans guarantees	222,759	219,741
Unneeded provision for expected credit losses for deposits and bonds	(26,177)	(37,355)
Changes in working capital		
Receivables and other current assets	173,929	72,015
Payables and other current liabilities	(1,310,488)	(800,974)
Net paid provision against loans guarantee	(376,061)	(295,422)
Paid income tax	(119,751)	(7,123)
Net Cash Flows Used in Operating Activities	(660,784)	(254,011)
Investing Activities		
Property and equipment	(24,640)	(16,274)
Deposits at banks	19,212,961	23,779,158
Net Cash Flows From Investing Activities	19,188,321	23,762,884
Financing Activities		
Restricted bank deposits and financial assets measured at amortized cost	1,548,126	1,140,694
Startup micro projects loans	(478,575)	(478,575)
Net Cash Flows From Financing Activities	1,069,551	662,119
Net changes in cash and cash equivalents	19,597,088	24,170,992
Cash and cash equivalents, beginning of year	2,652,036	2,343,950
Cash and cash equivalents, end of period	22,249,124	26,514,942

“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)
31 March 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 27 April 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. Any impairment is taken to the interim statement of profit or loss.
- Management reviews periodically provisions against loan guarantee to assess their sufficiency according to 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).

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

3 . Balances of guaranteed loans and ceilings

	Loans Ceilings		Guaranteed loans	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Housing loans guarantees	20,656,906	24,565,505	14,023,048	15,109,756
Productive loans guarantees	40,241,634	44,510,134	36,175,731	36,107,448
Export credit guarantees & domestic buyers	13,274,844	8,448,757	13,274,844	8,448,757
Industrial loans guarantees and Finance lease	38,193,670	32,664,050	38,193,670	32,632,023
Startup micro projects	19,057,908	10,000,000	19,057,908	12,835,119
National program for facing COVID-19 pandemic	304,496,252	325,467,658	304,496,252	325,467,658

4 . Provisions against loans guarantee

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

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Provision for productive loans guarantees	430,303	605,312
Provision for housing loans guarantees	184,210	208,669
Provision for export guarantees	247,809	201,643
Special provision against loans guarantees	2,000,000	2,000,000
Provision for industrial financing *	11,169,528	11,040,785
Provision for pioneer projects financing *	234,223	222,496
Provision for startup companies financing *	13,190,352	12,614,556
Provision for export credit guarantees financing *	12,524,873	11,449,305
Provision for supporting bank guarantees for contractors outside Jordan program*	9,203,156	8,329,648
Provision for housing loans guarantees financing – Facilitated housing *	8,740,663	7,704,624
Provision for facing COVID-19 pandemic loans guarantees financing*	23,394,668	20,393,328
	81,319,785	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 three months ended 31 March 2022 was calculated in accordance with the Income Tax Law.

Jordan Loan Guarantee Corp.
Notes to the Condensed Interim Financial Statements (Unaudited)
31 March 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.

31 March 2022	Up to one year	More than one year	Total
Assets			
Cash and cash equivalents	22,249,124	-	22,249,124
Deposits at banks	11,914,164	-	11,914,164
Restricted bank deposits	-	94,282,914	94,282,914
Restricted financial assets measured at amortized cost	-	665,648,045	665,648,045
Financial assets measured at fair value through other comprehensive income	-	1,165,443	1,165,443
Financial assets measured at amortized cost	-	3,482,638	3,482,638
Receivables and other current assets	1,547,879	-	1,547,879
Deferred tax assets	-	654,477	654,477
Property and equipment	-	3,000,528	3,000,528
Total assets	35,711,167	768,234,045	803,945,212
Liabilities			
Provisions against loans guarantees	1,000,605	80,319,180	81,319,785
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	7,853,239	-	7,853,239
Income tax provision	397,570	-	397,570
Total liabilities	11,457,064	753,521,735	764,978,799
31 December 2021			
	Up to one year	More than one year	Total
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

Financial instruments comprise of financial assets and financial liabilities. Financial assets of the Company include cash and cash equivalents, financial securities and receivables. Financial liabilities of the Company include Central Bank of Jordan loans, accounts payable, Ministry of Planning deposit and startup micro projects loans.

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>31 March 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>916,253</u>	<u>145,000</u>	<u>104,190</u>	<u>1,165,443</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.