

Jordan Loan Guarantee Corp.
Public Shareholding Company
Condensed Interim Financial Statements (Unaudited)
31 March 2023

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 2023 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".

25 April 2023
Amman - Jordan




Arab Professionals
Ibrahim Hammoudeh
License No. (606)

Jordan Loan Guarantee Corp.
Public Shareholding Company
Interim Statement of Financial Position as at 31 March 2023
(In Jordanian Dinar)

	<u>Notes</u>	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Assets			
Cash and cash equivalents		16,555,390	20,481,811
Deposits at banks		17,160,467	12,389,666
Restricted bank deposits		107,771,447	106,965,982
Restricted financial assets measured at amortized cost		564,159,239	561,071,650
Financial assets measured at fair value through other comprehensive income		1,115,788	1,165,788
Financial assets measured at amortized cost		6,470,130	6,470,502
Receivables and other current assets		1,731,520	1,946,366
Deferred tax assets		1,014,311	986,828
Property and equipment		3,077,907	3,028,950
Total Assets		<u>719,056,199</u>	<u>714,507,543</u>
Liabilities and Equity			
Liabilities			
Provisions against loans guarantee	4	96,434,220	90,744,560
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 - 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		68,042,583	68,521,158
Payables and other current liabilities		7,346,064	8,856,232
Income tax provision		533,927	466,515
Total Liabilities		<u>678,765,266</u>	<u>674,996,937</u>
Equity			
Paid in capital		29,080,310	29,080,310
Statutory reserve		2,235,402	2,235,402
Voluntary reserve		2,204,824	2,204,824
Fair value adjustments		430,888	478,263
Retained earnings		6,339,509	5,511,807
Total Equity		<u>40,290,933</u>	<u>39,510,606</u>
Total Liabilities and Equity		<u>719,056,199</u>	<u>714,507,543</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 Profit or Loss For the Three Months Ended at 31 March 2023
(In Jordanian Dinar)

	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Revenues		
Interest income	507,059	336,595
Bonds interest income	114,892	49,642
Commissions on guaranteed loans	236,904	207,339
Commissions on guaranteed exports and domestic buyers	156,158	140,702
Commissions on guaranteed industrial loans and financial leasing	184,904	139,773
Commissions on guaranteed loans of the national program for facing COVID-19 pandemic	247,186	281,162
Commissions against managing Central Bank of Jordan loans provisions	158,364	133,973
Dividends income	112,500	90,000
Unneeded (provision) for expected credit losses for deposits	(866)	26,177
Other revenues	130	1,110
Total revenues	1,717,231	1,406,473
Deduct :		
Administrative expenses	510,790	426,167
Provisions against loans guarantees	172,729	222,759
Provision against end of service indemnity	8,416	7,562
Profit for the period before income tax	1,025,296	749,985
Income and National Contribution tax expense for the period	(197,594)	(143,323)
Profit for the period	827,702	606,662
Basic and diluted earnings per share	0.028	0.021

“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 2023
(In Jordanian Dinar)

	<u>31 March 2023</u> (Unaudited)	<u>31 March 2022</u> (Unaudited)
Profit for the period	827,702	606,662
Other comprehensive income:		
Changes in fair value of financial assets through other comprehensive income	<u>(47,375)</u>	<u>-</u>
Total comprehensive income for the period	<u>780,327</u>	<u>606,662</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 2023 (Unaudited)

(In Jordanian Dinar)

	<u>Paid in capital</u>	<u>Reserves</u>		<u>Fair value adjustments</u>	<u>Retained earnings</u>	<u>Total</u>
		<u>Statutory</u>	<u>Voluntary</u>			
Balance at 1 January 2023	29,080,310	2,235,402	2,204,824	478,263	5,511,807	39,510,606
Total comprehensive income for the period	-	-	-	(47,375)	827,702	780,327
Balance at 31 March 2023	<u>29,080,310</u>	<u>2,235,402</u>	<u>2,204,824</u>	<u>430,888</u>	<u>6,339,509</u>	<u>40,290,933</u>
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>

“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 2023

(In Jordanian Dinar)

	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Operating Activities		
Profit for the period before income tax	1,025,296	749,985
Depreciation	19,483	17,458
Provision against end of service indemnity	8,416	7,562
Provisions against loans guarantees	172,729	222,759
(Unneeded) provision for expected credit losses for deposits	866	(26,177)
Dividends income	(112,500)	(90,000)
Changes in working capital		
Receivables and other current assets	215,218	173,929
Payables and other current liabilities	(1,518,584)	(1,310,488)
Net paid provision against loans guarantee	(63,638)	(376,061)
Paid income tax	(155,040)	(119,751)
Net Cash Flows Used in Operating Activities	<u>(407,754)</u>	<u>(750,784)</u>
Investing Activities		
Property and equipment	(68,440)	(24,640)
Deposits at banks	(4,771,667)	19,212,961
Dividends income	112,500	90,000
Net Cash Flows (Used in) From Investing Activities	<u>(4,727,607)</u>	<u>19,278,321</u>
Financing Activities		
Restricted bank deposits and financial assets measured at amortized cost	1,687,515	1,548,126
Startup micro projects loans	(478,575)	(478,575)
Net Cash Flows From Financing Activities	<u>1,208,940</u>	<u>1,069,551</u>
Net changes in cash and cash equivalents	(3,926,421)	19,597,088
Cash and cash equivalents, beginning of year	<u>20,481,811</u>	<u>2,652,036</u>
Cash and cash equivalents, end of period	<u><u>16,555,390</u></u>	<u><u>22,249,124</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)
31 March 2023
(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 25 April 2023.

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 2022.

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 IFRS 9 commensurate with 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 2023

3 . Balances of guaranteed loans and ceilings

	Loans Ceilings		Guaranteed loans	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Housing loans guarantees	17,522,906	20,656,906	11,922,145	14,023,048
Productive loans guarantees	44,542,634	40,241,634	37,472,501	36,175,731
Export credit guarantees & domestic buyers	9,655,862	13,274,844	9,655,862	13,274,844
Industrial loans guarantees and Finance lease	59,202,852	38,193,670	59,202,852	38,193,670
Startup micro projects	23,852,123	19,057,908	23,852,123	19,057,908
National program for facing COVID-19 pandemic	277,322,865	304,496,252	277,322,865	304,496,252

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 2023 (Unaudited)	31 December 2022 (Audited)
Provision for productive loans guarantees	846,074	705,145
Provision for housing loans guarantees	185,925	187,221
Provision for export guarantees	444,593	475,135
Special provision against loans guarantees	3,000,000	3,000,000
Provision for industrial financing *	13,736,832	13,530,328
Provision for pioneer projects financing *	290,499	274,758
Provision for startup companies financing *	15,554,958	14,931,831
Provision for export credit guarantees financing *	14,961,316	13,828,576
Provision for supporting bank guarantees for contractors outside Jordan program*	444,652	436,787
Provision for housing loans guarantees financing – Facilitated housing*	12,992,349	11,895,012
Provision for facing COVID-19 pandemic loans guarantees financing*	33,977,022	31,479,767
	96,434,220	90,744,560

* 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 2020.
- The income tax returns for the years 2020 and 2022 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 2023 was calculated in accordance with the Income Tax Law.

Jordan Loan Guarantee Corp.
Notes to the Condensed Interim Financial Statements (Unaudited)
31 March 2023

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 2023	Up to one year	More than one year	Total
Assets			
Cash and cash equivalents	16,555,390	-	16,555,390
Deposits at banks	17,160,467	-	17,160,467
Restricted bank deposits	-	107,771,447	107,771,447
Restricted financial assets measured at amortized cost	-	564,159,239	564,159,239
Financial assets measured at fair value through other comprehensive income	-	1,115,788	1,115,788
Financial assets measured at amortized cost	-	6,470,130	6,470,130
Receivables and other current assets	1,731,520	-	1,731,520
Deferred tax assets	-	1,014,311	1,014,311
Property and equipment	-	3,077,907	3,077,907
Total assets	35,447,377	683,608,822	719,056,199
Liabilities			
Provisions against loans guarantees	857,602	95,576,618	96,434,220
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 – 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	67,085,433	68,042,583
Payables and other current liabilities	7,346,064	-	7,346,064
Income tax provision	533,927	-	533,927
Total liabilities	10,943,243	667,822,023	678,765,266
31 December 2022			
Assets			
Cash and cash equivalents	20,481,811	-	20,481,811
Deposits at banks	12,389,666	-	12,389,666
Restricted bank deposits	-	106,965,982	106,965,982
Restricted financial assets measured at amortized cost	-	561,071,650	561,071,650
Financial assets measured at fair value through other comprehensive income	-	1,165,788	1,165,788
Financial assets measured at amortized cost	-	6,470,502	6,470,502
Receivables and other current assets	1,946,366	-	1,946,366
Deferred tax assets	-	986,828	986,828
Property and equipment	-	3,028,950	3,028,950
Total assets	34,817,843	679,689,700	714,507,543
Liabilities			
Provisions against loans guarantees	633,517	90,111,043	90,744,560
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 – 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	8,856,232	-	8,856,232
Income tax provision	466,515	-	466,515
Total liabilities	12,161,914	662,835,023	674,996,937

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 2023</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>916,598</u>	<u>95,000</u>	<u>104,190</u>	<u>1,115,788</u>
<u>31 December 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>916,598</u>	<u>145,000</u>	<u>104,190</u>	<u>1,165,788</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.