

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

27 July 2023
Amman - Jordan




Arab Professionals
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Jordan Loan Guarantee Corp.
Public Shareholding Company
Interim Statement of Financial Position as at 30 June 2023
(In Jordanian Dinar)

	Notes	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Assets			
Cash and cash equivalents		17,666,792	20,481,811
Deposits at banks		16,668,228	12,389,666
Restricted bank deposits		119,001,649	106,965,982
Restricted financial assets measured at amortized cost		555,930,708	561,071,650
Financial assets measured at fair value through other comprehensive income		1,114,145	1,165,788
Financial assets measured at amortized cost		6,470,439	6,470,502
Receivables and other current assets		1,945,760	1,946,366
Deferred tax assets		1,072,897	986,828
Property and equipment		3,092,374	3,028,950
Total Assets		<u>722,962,992</u>	<u>714,507,543</u>
Liabilities and Equity			
Liabilities			
Provisions against loans guarantee	4	102,178,837	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		4,956,270	8,856,232
Income tax provision		502,151	466,515
Total Liabilities		<u>682,088,313</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		429,331	478,263
Retained earnings		6,924,812	5,511,807
Total Equity		<u>40,874,679</u>	<u>39,510,606</u>
Total Liabilities and Equity		<u>722,962,992</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 Six Months Ended at 30 June 2023

(In Jordanian Dinar)

	For the three months ended		For the six months ended	
	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Revenues				
Interest income	487,023	339,589	994,082	676,184
Bonds interest income	132,669	50,916	247,561	100,558
Commissions on guaranteed loans	242,258	239,850	479,162	447,189
Commissions on guaranteed exports and domestic buyers	99,891	86,784	256,049	227,486
Commissions on guaranteed industrial loans and financial leasing	196,168	149,678	381,072	289,451
Commissions on guaranteed loans of the national program for facing COVID-19 pandemic	248,063	284,002	495,249	565,164
Commissions against managing Central Bank of Jordan loans provisions	190,546	170,374	348,910	304,347
Dividends income	-	-	112,500	90,000
Unneeded provision for expected credit loss for deposits and bonds	6,890	2,928	6,024	29,105
Other revenues	-	835	130	1,945
Total revenues	1,603,508	1,324,956	3,320,739	2,731,429
Deduct				
Administrative expenses	545,415	453,008	1,056,205	879,175
Provisions against loans guarantees	308,693	189,323	481,422	412,082
Provision against end of service indemnity	8,510	7,645	16,926	15,207
Profit for the period before income tax	740,890	674,980	1,766,186	1,424,965
Income and National Contribution tax expenses for the period	(155,587)	(141,742)	(353,181)	(285,065)
Profit for the period	585,303	533,238	1,413,005	1,139,900
Basic and diluted earnings per share	0.020	0.018	0.049	0.039

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 2023

(In Jordanian Dinar)

	For the three months ended		For the six months ended	
	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Profit for the period	585,303	533,238	1,413,005	1,139,900
Other comprehensive income items:				
Changes in fair value of financial assets through other comprehensive income	(1,557)	410	(48,932)	410
Total comprehensive income for the period	583,746	533,648	1,364,073	1,140,310

“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 2023 (Unaudited)

(In Jordanian Dinar)

	Paid in capital	Reserves		Fair value adjustments	Retained earnings	Total
		Statutory	Voluntary			
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	-	-	-	(48,932)	1,413,005	1,364,073
Balance at 30 June 2023	29,080,310	2,235,402	2,204,824	429,331	6,924,812	40,874,679
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

“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 2023

(In Jordanian Dinar)

	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Operating Activities		
Profit for the period before income tax	1,766,186	1,424,965
Depreciation	38,879	34,381
Provision against end of service indemnity	16,926	15,207
Provision against loans guarantees	481,422	412,082
Unneeded provision for expected credit loss for deposit and bonds	(6,024)	(29,105)
Changes in working capital		
Receivables and other current assets	669	40,165
Payables and other current liabilities	(3,916,888)	(3,985,568)
Net payments for loans guarantee	(95,382)	(345,022)
Paid income tax	(400,903)	(352,218)
Net Cash Flows Used in Operating Activities	(2,115,115)	(2,785,113)
Investing Activities		
Property and equipment	(102,303)	(55,499)
Deposits at banks	(4,272,538)	12,314,841
Net Cash Flows (Used In) From Investing Activities	(4,374,841)	12,259,342
Financing Activities		
Restricted bank deposits and financial assets measured at amortized cost	4,153,512	4,149,152
Startup micro projects loans	(478,575)	(478,575)
Net Cash Flows From Financing Activities	3,674,937	3,670,577
Net changes in cash and cash equivalents	(2,815,019)	13,144,806
Cash and cash equivalents, beginning of year	20,481,811	2,652,036
Cash and cash equivalents, end of period	17,666,792	15,796,842

“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 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 27 July 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, 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) commensurate with 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 2023	30 June 2022	30 June 2023	30 June 2022
Housing loans guarantees	17,275,906	19,456,905	11,618,344	12,769,837
Productive loans guarantees	45,841,734	41,041,634	38,872,446	38,093,943
Export credit and domestic buyers guarantees	11,719,411	8,358,834	11,719,411	8,358,834
Industrial loans and finance lease guarantees	64,095,052	46,344,362	64,095,052	46,344,362
Startup loans guarantees	24,360,934	22,922,947	24,360,934	22,922,947
National program for facing COVID-19 pandemic	280,140,865	302,620,637	280,140,865	302,620,637
	443,433,902	440,745,319	430,807,052	431,110,560

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 2023 (Unaudited)	31 December 2022 (Audited)
Provision for productive loans guarantees	1,017,935	705,145
Provision for housing loans guarantees	221,280	187,221
Provision for export guarantees	514,326	475,135
Special provision against loans guarantees	3,000,000	3,000,000
Provision for industrial financing *	13,957,027	13,530,328
Provision for pioneer projects financing *	309,828	274,758
Provision for startup companies financing *	16,293,376	14,931,831
Provision for export credit guarantees financing *	16,114,518	13,828,576
Provision for supporting bank guarantees for contractors outside Jordan program*	-	436,787
Provision for housing loans guarantees financing – Facilitated housing *	14,094,312	11,895,012
Provision for facing COVID-19 pandemic loans guarantees financing*	36,656,235	31,479,767
	102,178,837	90,744,560

* Provisions against loans guarantees for these programs are constructed 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 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 six months ended 30 June 2023 was calculated in accordance with the Income Tax Law.

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

30 June 2023	Up to one year	More than one year	Total
Assets			
Cash and cash equivalents	17,666,792	-	17,666,792
Deposits at banks	16,668,228	-	16,668,228
Restricted bank deposits	-	119,001,649	119,001,649
Restricted financial assets measured at amortized cost	-	555,930,708	555,930,708
Financial assets measured at fair value through other comprehensive income	-	1,114,145	1,114,145
Financial assets measured at amortized cost	-	6,470,439	6,470,439
Receivables and other current assets	1,945,760	-	1,945,760
Deferred tax assets	-	1,072,897	1,072,897
Property and equipment	-	3,092,374	3,092,374
Total assets	36,280,780	686,682,212	722,962,992
Liabilities			
Provisions against loans guarantees	190,764	101,988,073	102,178,837
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	4,956,270	-	4,956,270
Income tax provision	502,151	-	502,151
Total liabilities	7,854,835	674,233,478	682,088,313
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

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.

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.

<u>30 June 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	914,955	95,000	104,190	1,114,145
<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	916,598	145,000	104,190	1,165,788