

Jordan Loan Guarantee Corp.

Public Shareholding Company

Financial Statements

31 December 2023

**Jordan Loan Guarantee Corp.
Public Shareholding Company**

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INDEPENDENT AUDITOR'S REPORT

To The Shareholders of
Jordan Loan Guarantee Corp.
Public Shareholding Company
Amman - Jordan

Opinion

We have audited the financial statements of **Jordan Loan Guarantee Corp.**, which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Hashemite Kingdom of Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

(1) Provision for Expected Credit Loss

Included in the accompanying financial statements at the end of the year 2023 financial assets totaling JOD (31,073,721), as the provision for expected credit loss of these financial assets are dependent on the management's estimates of different variables, the adequacy of the provision is considered a key audit matter. The audit procedures performed by us to address this key audit matter included inquiring from management about the methodology used in calculating the provision and assessing the reasonableness of estimates and assumptions used by the management in calculating the provision amount. We have also inquired about the management's collection procedures and the amounts collected post year end.

(2) Provisions Against Loans Guarantees

Included in the accompanying financial statements at the end of the year 2023 provisions against loan guarantee totaling JOD (115,557,669) and the calculation of these provisions based on many hypotheses and estimates, the adequacy of these provisions is considered to be a key audit matter for us. The audit procedures performed by us to address this key audit matter included inquiring from management about the methodology used in calculating these provisions and assessing the reasonableness of estimates and assumptions used by the management in calculating the provisions amount.

(3) Deferred Tax Assets

Included in the accompanying financial statements at the end of the year 2023 deferred tax assets totaling JOD (1,427,639) as the expected benefits of these assets is primarily dependent on the Company's ability to generate adequate future profits, and since forecasting future profits is based on the Company's assumptions and estimates, determining the future benefits of the deferred tax assets is considered a key audit matter. The audit procedures performed by us to address this key audit matter included discussing the recoverability of the deferred tax assets with the Company's tax advisor and testing of the Company's budgeting procedures upon which the forecasts are based. We have also considered the appropriateness of its calculation and disclosure in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Jordan Loan Guarantee Corp. maintains for the year ended 31 December 2023 proper accounting records and the accompanying financial statements are in agreement therewith and with the financial data presented in the Board of Directors' report, and we recommend the General Assembly to approve it.

14 February 2024
Amman - Jordan



Arab Professionals
Amin Samara
License No. (481)



**Jordan Loan Guarantee Corp.
Public Shareholding Company
Statement of Financial Position
As at 31 December 2023**

(In Jordanian Dinar)

	Notes	2023	2022
Assets			
Cash and cash equivalents	4	14,246,781	20,481,811
Deposits at banks	5	11,418,146	12,389,666
Restricted bank deposits	12-18	133,357,988	106,965,982
Restricted financial assets measured at amortized cost	12-18	555,959,220	561,071,650
Financial assets measured at fair value through other comprehensive income	6	1,115,788	1,165,788
Financial assets measured at amortized cost	7	16,465,648	6,470,502
Receivables and other current assets	8	2,692,935	1,946,366
Deferred tax assets	9	1,427,639	986,828
Property and equipment	10	3,179,346	3,028,950
Total Assets		<u>739,863,491</u>	<u>714,507,543</u>
Liabilities and Equity			
Liabilities			
Provisions against loans guarantee	11	115,557,669	90,744,560
Central Bank of Jordan loan - Industrial loans guarantees program	12	5,160,695	5,160,695
Central Bank of Jordan loan - Export credit guarantees program	13	99,999,277	99,999,277
Central Bank of Jordan loan - Housing loans guarantees program - Facilitated housing	15	100,000,000	100,000,000
Central Bank of Jordan loan - Facing COVID-19 pandemic program	16	300,000,000	300,000,000
Ministry of Planning deposit	17	1,248,500	1,248,500
Startup micro projects loans	18	67,564,008	68,521,158
Payables and other current liabilities	19	8,437,121	8,856,232
Income tax provision	9	606,077	466,515
Total Liabilities		<u>698,573,347</u>	<u>674,996,937</u>
Equity			
	21		
Paid in capital		29,080,310	29,080,310
Statutory reserve		2,457,560	2,235,402
Voluntary reserve		2,204,824	2,204,824
Fair value adjustments		430,888	478,263
Retained earnings		7,116,562	5,511,807
Total Equity		<u>41,290,144</u>	<u>39,510,606</u>
Total Liabilities and Equity		<u>739,863,491</u>	<u>714,507,543</u>

"The attached notes from (1) to (31) form an integral part of these financial statements"

**Jordan Loan Guarantee Corp.
Public Shareholding Company
Statement of Profit or Loss
For the Year Ended 31 December 2023**

(In Jordanian Dinar)

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Revenues			
Interest income		1,914,637	1,443,235
Bonds interest income		686,132	228,611
Commissions on guaranteed loans		963,154	940,502
Commissions on guaranteed exports and domestic buyers		514,855	392,169
Commissions on guaranteed industrial loans and financial leasing		854,777	639,759
Commissions on guaranteed loans of the national program for facing COVID-19 pandemic		954,595	1,131,663
Dividends income		112,500	90,000
Commissions against managing Central Bank of Jordan loans provisions	11	834,194	630,590
Unneeded provision for lawsuits		1,572	70,466
Unneeded (provision) for expected credit loss for deposits and bonds		(15,480)	11,644
Other revenues		<u>6,604</u>	<u>4,432</u>
Total Revenues		<u>6,827,540</u>	<u>5,583,071</u>
Deduct :			
Administrative expenses	22	2,334,108	2,033,700
Provisions against loans guarantees	11	2,235,158	1,985,394
Provision against end of service indemnity		36,693	70,557
Board of directors' remunerations		<u>55,000</u>	<u>55,000</u>
Total Expenses		<u>4,660,959</u>	<u>4,144,651</u>
Profit for the year before tax		<u>2,166,581</u>	<u>1,438,420</u>
Income and National Contribution tax expenses for the year	9	(437,235)	(287,893)
Prior years income tax saving	9	<u>97,567</u>	<u>-</u>
Profit for the year		<u>1,826,913</u>	<u>1,150,527</u>
Basic and diluted earnings per share	23	<u>0.063</u>	<u>0.040</u>

"The attached notes from (1) to (31) form an integral part of these financial statements"

**Jordan Loan Guarantee Corp.
Public Shareholding Company
Statement of Comprehensive Income
For the Year Ended 31 December 2023**

(In Jordanian Dinar)

	<u>2023</u>	<u>2022</u>
Profit for the year	1,826,913	1,150,527
Other comprehensive income items		
Changes in fair value of financial assets through other comprehensive income	<u>(47,375)</u>	<u>328</u>
Total comprehensive income for the year	<u><u>1,779,538</u></u>	<u><u>1,150,855</u></u>

“The attached notes from (1) to (31) form an integral part of these financial statements”

**Jordan Loan Guarantee Corp.
Public Shareholding Company
Statement of Changes in Equity
For the Year Ended 31 December 2023**

(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 year	-	-	-	(47,375)	1,826,913	1,779,538
Statutory reserve	-	222,158	-	-	(222,158)	-
Balance at 31 December 2023	29,080,310	2,457,560	2,204,824	430,888	7,116,562	41,290,144
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 year	-	-	-	328	1,150,527	1,150,855
Statutory reserve	-	149,342	-	-	(149,342)	-
Balance at 31 December 2022	29,080,310	2,235,402	2,204,824	478,263	5,511,807	39,510,606

* According to instructions issued by SEC, negative (debit) balance in the change in fair value account of equity instruments valued at fair value through comprehensive income is excluded from profits distributable to shareholders.

"The attached notes from (1) to (31) form an integral part of these financial statements"

Jordan Loan Guarantee Corp.
Public Shareholding Company
Statement of Cash Flows
For the Year Ended 31 December 2023
(In Jordanian Dinar)

	<u>2023</u>	<u>2022</u>
Operating Activities		
Profit for the year before income tax	2,166,581	1,438,420
Depreciation	80,161	69,353
Amortization of deferred grants revenue	(130)	(3,341)
Provision against end of service indemnity	34,133	70,557
Provisions against loans guarantee	2,235,158	1,985,394
Board of directors' remunerations	55,000	55,000
(Unneeded) provision for expected credit loss for deposits and bonds	15,480	(11,644)
Unneeded provision for lawsuits	(1,572)	(70,466)
Dividends income	(112,500)	(90,000)
Gain from sale of property and equipment	(6,411)	-
Changes in working capital		
Payables and other current liabilities	(506,553)	(351,683)
Receivables and other current assets	(746,569)	(224,666)
Net payments for loans guarantees	(198,308)	(633,517)
Paid income tax	(638,292)	(527,745)
Net Cash Flows From Operating Activities	<u>2,376,178</u>	<u>1,705,662</u>
Investing Activities		
Deposits at banks	960,902	18,744,346
Financial assets at amortized cost	(10,000,000)	(3,000,010)
Property and equipment	(230,558)	(104,957)
Proceeds from sale of property and equipment	6,412	-
Received dividends income	112,500	90,000
Net Cash Flows (Used in) From Investing Activities	<u>(9,150,744)</u>	<u>15,729,379</u>
Financing Activities		
Restricted bank deposits and financial assets measured at amortized cost	1,496,683	101,361,049
Startup micro projects loans	(957,150)	(957,150)
Central Bank of Jordan loan - Support bank guarantees for contractors outside Jordan program	-	(100,000,000)
Net Cash Flows From Financing Activities	<u>539,533</u>	<u>403,899</u>
Net changes in cash and cash equivalents	(6,235,033)	17,838,940
Cash and cash equivalents, beginning of year (before provision for expected credit loss)	<u>20,492,762</u>	<u>2,653,822</u>
Cash and cash equivalents, end of year (before provision for expected credit loss)	<u>14,257,729</u>	<u>20,492,762</u>

"The attached notes from (1) to (31) form an integral part of these financial statements"

Jordan Loan Guarantee Corp.
Public Shareholding Company
Notes to the Financial Statements
31 December 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 shares are listed in Amman Stock Exchange – Jordan.

This financial statement were authorized for issue by the Company's Board of Directors in their meeting held on 11 February 2024 and requires the General assembly's approval.

2 . Significant Accounting Policies

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards.

The financial statements have been prepared on a historical cost basis except for financial assets at fair value.

The financial statements are presented in the Jordanian Dinar which is the functional currency of the Company.

The accounting policies are consistent with those used in the previous year.

Adoption of new and revised IFRS standards

The following amendments to standards have been published that are mandatory for accounting periods beginning on or after 1 January 2023.

<u>New IFRS and amendments</u>	<u>Effective Date</u>
The amendments aim to improve accounting policy disclosures and to help users of the financial statements to differentiate between changes in accounting estimates and changes in accounting policies. (Amendments to IAS 1 & IAS 8)	1 January 2023
These amendments require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. (Amendments to IAS 12).	1 January 2023

The adoption of these amendments has no material impact on the financial statements of the Company for the current and past year.

Use of Estimates

The preparation of the 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 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).

Cash and Cash Equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise of cash on hand, deposits held at call with banks, other short-term highly liquid investments.

Financial Assets at Fair Value through Other Comprehensive Income

These financial assets represent investments in equity instruments held for the purpose of generating gain on a long term and not for trading purpose.

Financial assets at fair value through other comprehensive income initially stated at fair value plus transaction costs at purchase date.

Subsequently, they are measured at fair value with gains or losses arising from changes in fair value recognized in the statement of other comprehensive income and within owner's equity, including the changes in fair value resulting from translation of non-monetary assets stated at foreign currency. In case those assets – or part of them – were sold, the resultant gain or loss is recorded in the statement of comprehensive income within owners' equity and the reserve for the sold assets is directly transferred to the retained earnings and not through the statement of profit or loss.

These assets are not subject to impairment testing.

Dividends are recorded in the statement of profit or loss on a separate line item.

Financial Assets at Amortized Cost

Financial assets at amortized cost are the financial assets which the company management intends according to its business model to hold for the purpose of collecting the contractual cash flows which comprise the contractual cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets are recorded at cost upon purchase plus acquisition expenses. Moreover, the issue premium or discount is amortized using the effective interest rate method, and recorded to interest account. Provisions associated with the decline in value of these investments leading to the inability to recover the investment or parts thereof are deducted. Any impairment is registered in the statement of profit or loss and should be presented subsequently at amortized cost less any impairment losses.

Trading and settlement date accounting

Purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Company commits its self to purchase or sell the asset.

Fair value

For fair value of investments, which are traded in organized financial markets, is determined by reference to the quoted market bid price at the close of the business on the statement of financial position date. For investments which are listed in inactive stock markets, traded in small quantities or have no current prices, the fair value is measured using the current value of cash flows or any other method adopted. If there is no reliable method for the measurement of these investments, then they are stated at cost less any impairment in their value.

Impairment of financial assets

The Company has changed the loan loss impairment method by replacing IAS 39's incurred loss approach with an expected credit loss approach as described by the provisions of IFRS 9.

The expected credit loss allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

The 12 months' expected credit loss is the portion of lifetime expected credit loss that represent the expected credit loss that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company groups its assets that are subject to impairment test into Stage 1, Stage 2, and Stage 3 as described below:

Stage 1: Includes financial instruments that have not deteriorated significantly in credit quality since initial recognition or that has low credit risk at the reporting date. At this stage, a 12-month expected credit losses are recognized and interest revenue is calculated on the gross carrying amount of the asset.

Stage 2: Includes financial instruments that have deteriorated significantly in credit quality since initial recognition but that do not have objective evidence of a credit loss event. At this stage, a lifetime expected credit losses are recognized Interest revenue is still calculated on the asset's gross carrying amount.

Stage 3: Includes financial assets that have objective evidence of impairment at the reporting date. At this stage, a lifetime expected credit losses are recognized Interest revenue is calculated on the net carrying amount (i.e. reduced for expected credit losses).

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statements of profit or loss.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

Depreciation is computed on a straight-line basis using the following annual depreciation rates:

Buildings	2%
Furniture & fixtures	10-20%
Vehicles	15%
Computers & software	20%

The useful life and depreciation method are reviewed annually to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Projects under construction

Projects under construction are recorded at cost which represents the contractual obligations of the Company for the construction. Allocated costs directly attributable to the construction of the asset are capitalized. The Projects under construction is transferred to the appropriate asset category and depreciated in accordance with the Company's policies when construction of the asset is completed and commissioned.

Grants

Grants are recognized in the statement profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Grants whose primary condition is that the Company should purchase, construct or otherwise acquire depreciable assets are recognized as deferred revenue in the statement of financial position and transferred to the statement of profit or loss on a systematic and rational basis over the useful lives of the related assets.

Accounts payable

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

Provision for end of service indemnity

The provision for end of service indemnity is calculated based on the contractual provisions of the employment.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and the company intends to either settle them on a net basis, or to realize the asset and settle the liability simultaneously.

Revenues

Revenues from sale of goods are recognized when control transferred to the buyer, while revenues from rendering services are recognized over time and according to percentage of completion. In all cases, it is necessary that the amount of revenue can be measured reliably.

Commissions on loans guarantees are recognized annually on the ceilings or guaranteed portion of loans - granted by banks and financial institutions according to guarantee type.

Commissions on post-shipment export credit guarantees are recognized annually on the guaranteed export amount after deducting the reinsurance Company share.

Interest revenue is recognized on a time proportion basis that reflects the effective yield on the assets.

Other revenues are recognized on the accrual basis accounting.

Dividends are recognized when the Company's right to receive payment is established.

Income tax

Income tax expenses represent accrued taxes and deferred taxes.

Income tax expenses are accounted for on the basis of taxable income. Taxable income differs from income declared in the financial statements because the latter includes non-taxable revenues or disallowed taxable expenses in the current year but deductible in subsequent years, accumulated losses acceptable by the tax law, and items not accepted for tax purposes or subject to tax.

Taxes are calculated on the basis of the tax rates according to the prevailing laws, regulations, and instructions of the countries where the Company operates.

Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and the value of the taxable amount. Deferred tax is calculated on the basis of the liability method in the statement of financial position according to the rates expected to be applied when the tax liability is settled or tax assets are recognized. Deferred tax assets are reviewed at the date of the statement of financial position, and reduced in case it is expected that no benefit will arise therefore, partially or totally.

Foreign Currency

Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinar using the prevailing exchange rates at year end. Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions. Foreign exchange gains or losses are reflected in the statement of profit or loss.

3 . Balances of guaranteed loans and ceilings

	Loans Ceilings		Guaranteed loans	
	2023	2022	2023	2022
Housing loans guarantees	16,414,906	18,828,508	10,631,330	12,204,473
Productive loans guarantees	47,075,505	43,703,134	41,022,864	37,859,984
Export credit guarantees & domestic buyers	8,811,301	9,792,902	8,811,301	9,792,902
Industrial loans guarantees and finance lease	96,003,884	54,412,887	96,003,884	54,412,887
Startup micro projects	26,676,838	24,460,492	26,676,838	24,460,492
National program for facing COVID-19 pandemic	216,360,027	272,374,807	216,360,027	272,374,807
Micro finance loans guarantees	3,657,613	2,169,573	3,657,613	2,169,573

4 . Cash and cash equivalents

	2023	2022
Cash on hand	495	2,000
Cash at banks	324,625	216,362
Deposits mature within three months	13,932,609	20,274,400
	14,257,729	20,492,762
Provision for expected credit loss	(10,948)	(10,951)
	14,246,781	20,481,811

Annual interest rate for bank deposits ranging between (4%) and (7%).

The movement on the provision for expected credit loss was as follow:

	2023	2022
Balance at the beginning of the year	10,951	1,786
(Unneeded) provision for the year	(3)	9,165
Balance at the end of the year	10,948	10,951

5 . Deposits at banks

	2023		2022	
	Deposits mature after (3) months till (6) months	Deposits mature after (6) months till (1) year	Total	Total
Inside Jordan	3,470,021	7,992,435	11,462,456	12,423,358
Less: provision for expected credit losses /Deposits	(6,079)	(38,231)	(44,310)	(33,692)
Total	3,463,942	7,954,204	11,418,146	12,389,666

- The annual interest rates on the deposits ranged between (%4) to (%6.95) during the year 2023, (2022: 4.25% to 5.75%).

The movement on the provision for expected credit loss was as follow:

	2023	2022
Balance at the beginning of the year	33,692	66,756
(Unneeded) provision for the year	10,618	(33,064)
Balance at the end of the year	44,310	33,692

6 . Financial assets measured at fair value through other comprehensive income

	<u>2023</u>	<u>2022</u>
Investments in listed shares (in Jordan)	916,598	916,598
Investments in unlisted shares (in Jordan)	<u>199,190</u>	<u>249,190</u>
	<u>1,115,788</u>	<u>1,165,788</u>

7 . Financial assets measured at amortized cost

	<u>2023</u>	<u>2022</u>
Investment in bonds – Jordan	16,490,967	6,490,956
Provision for expected credit loss	<u>(25,319)</u>	<u>(20,454)</u>
	<u>16,465,648</u>	<u>6,470,502</u>

*Investment in bonds mature up to the year 2029 with an annual interest rate ranging between (6.099%) and (10.25%).

The movement on the provision for expected credit loss was as follow:

	<u>2023</u>	<u>2022</u>
Balance at the beginning of the year	20,454	8,199
Provision for the year	<u>4,865</u>	<u>12,255</u>
Balance at the end of the year	<u>25,319</u>	<u>20,454</u>

8 . Receivables and other current assets

	<u>2023</u>	<u>2022</u>
Accrued commissions income	943,264	793,359
Accrued commissions for managing Central Bank of Jordan loans provisions	834,194	630,590
Accrued interest income	848,617	445,132
Accounts receivable	16,176	35,213
Prepaid expenses	36,618	26,914
Refundable deposits	7,815	7,815
Others	<u>6,251</u>	<u>7,343</u>
	<u>2,692,935</u>	<u>1,946,366</u>

9 . Income tax

The movement on the income tax provision was as follows:

	<u>2023</u>	<u>2022</u>
Balance at the beginning of the year	466,515	410,101
Current year income and National Contribution tax expenses	875,421	584,159
Prior years income tax saving	(97,567)	-
Paid income tax	<u>(638,292)</u>	<u>(527,745)</u>
	<u>606,077</u>	<u>466,515</u>

Income tax expense for the year which appears in the statement of profit or loss consists of the following:

	<u>2023</u>	<u>2022</u>
Income tax expense for the year	833,734	556,342
National Contribution tax for the year	41,687	27,817
Saving from deferred tax assets	(438,186)	(296,266)
Prior years income tax saving	<u>(97,567)</u>	<u>-</u>
	<u>339,668</u>	<u>287,893</u>

Statutory and National Contribution tax rate	21%	21%
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Deferred tax assets presented in the statement of financial position relates to:

	<u>2023</u>	<u>2022</u>
Provisions against loans guarantee	1,344,944	917,175
End of service provision	89,649	82,481
Provision for expected credit loss for deposits and bonds	16,921	13,672
Cumulative changes in fair value for financial assets	<u>(23,875)</u>	<u>(26,500)</u>
	<u>1,427,639</u>	<u>986,828</u>

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2022 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 year 2023 was calculated in accordance with the Income Tax Law.

10 . Property and equipment

	<u>Lands</u>	<u>Building</u>	<u>Furniture & Fixtures</u>	<u>Vehicles</u>	<u>Computers & Software</u>	<u>Projects under construction</u>	<u>Total</u>
Cost							
Balance at 1/1/2023	1,688,453	1,557,945	252,440	109,901	560,471	64,933	4,234,143
Additions	-	-	12,567	-	93,398	124,600	230,565
Disposals	-	-	(636)	(34,000)	(132)	-	(34,768)
Transfers from projects under construction	-	51,183	-	-	-	(51,183)	-
Balance at 31/12/2023	<u>1,688,453</u>	<u>1,609,128</u>	<u>264,371</u>	<u>75,901</u>	<u>653,737</u>	<u>138,350</u>	4,429,940
Accumulated depreciation							
Balance at 1/1/2023	-	400,861	188,639	95,899	519,794	-	1,205,193
Disposals	-	-	(630)	(33,999)	(131)	-	(34,760)
Depreciation for the year	-	32,829	13,881	8,400	25,051	-	80,161
Balance at 31/12/2023	-	<u>433,690</u>	<u>201,890</u>	<u>70,300</u>	<u>544,714</u>	-	1,250,594
Net book value at 31/12/2023	<u>1,688,453</u>	<u>1,175,438</u>	<u>62,481</u>	<u>5,601</u>	<u>109,023</u>	<u>138,350</u>	<u>3,179,346</u>
Cost							
Balance at 1/1/2022	1,688,453	1,557,945	235,165	109,901	537,722	-	4,129,186
Additions	-	-	17,275	-	22,749	64,933	104,957
Balance at 31/12/2022	<u>1,688,453</u>	<u>1,557,945</u>	<u>252,440</u>	<u>109,901</u>	<u>560,471</u>	<u>64,933</u>	4,234,143
Accumulated depreciation							
Balance at 1/1/2022	-	369,129	176,163	87,015	503,533	-	1,135,840
Depreciation for the year	-	31,732	12,476	8,884	16,261	-	69,353
Balance at 31/12/2022	-	<u>400,861</u>	<u>188,639</u>	<u>95,899</u>	<u>519,794</u>	-	1,205,193
Net book value at 31/12/2022	<u>1,688,453</u>	<u>1,157,084</u>	<u>63,801</u>	<u>14,002</u>	<u>40,677</u>	<u>64,933</u>	<u>3,028,950</u>

11 . Provisions against loans guarantees

Provisions against loans guarantees are calculated according to IFRS (9) requirements.

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

	<u>2023</u>	<u>2022</u>
Provision for productive loans guarantees	1,310,504	705,145
Provision for housing loans guarantees	206,331	187,221
Provision for export guarantees	887,656	475,135
Special provision against loans guarantees	4,000,000	3,000,000
Provision for industrial financing *	14,018,721	13,530,328
Provision for pioneer projects financing *	363,372	274,758
Provision for startup companies financing *	17,516,057	14,931,831
Provision for export credit guarantees financing *	18,480,722	13,828,576
Provision for supporting bank guarantees for contractors outside Jordan program*	-	436,787
Provision for housing loans guarantees financing – Facilitated housing*	16,369,562	11,895,012
Provision for facing COVID-19 pandemic loans guarantees financing*	42,404,744	31,479,767
	<u>115,557,669</u>	<u>90,744,560</u>

* Provisions against loans guarantees for these programs are constructed from returns on investments financed by supporter parties.

The movements on these provisions were as follows:

Provision for productive loans guarantees

	<u>2023</u>	<u>2022</u>
Balance at beginning of the year	705,145	605,312
Charge for the year	838,740	800,825
Recoveries	397,838	317,107
Compensations paid	(631,219)	(1,018,099)
	<u>1,310,504</u>	<u>705,145</u>

Provision for housing loans guarantees	2023	2022
Balance at beginning of the year	187,221	208,669
Unneeded provision	(56,793)	(136,083)
Recoveries	75,903	209,730
Compensations paid	-	(95,095)
	<u>206,331</u>	<u>187,221</u>
Provision for export guarantees	2023	2022
Balance at beginning of the year	475,135	201,643
Charge for the year	453,211	320,652
Compensations paid	(42,355)	(47,160)
Recoveries	1,665	-
	<u>887,656</u>	<u>475,135</u>
Special provision against loans guarantees	2023	2022
Balance at beginning of the year	3,000,000	2,000,000
Charge for the year	1,000,000	1,000,000
	<u>4,000,000</u>	<u>3,000,000</u>
Provision for industrial financing	2023	2022
Balance at beginning of the year	13,530,328	11,040,785
Charge for the year against Central Bank of Jordan loan's interest	1,133,757	702,130
Transfer from export credit guarantees provision	-	2,000,000
Recoveries	17,108	88,687
Compensations paid	(532,646)	(171,142)
Income and National Contribution tax expense for the year	(129,826)	(130,132)
	<u>14,018,721</u>	<u>13,530,328</u>
Provision for pioneer projects financing	2023	2022
Balance at beginning of the year	274,758	222,496
Charge for the year against ministry of planning deposits	97,185	66,154
Recoveries	14,985	-
Income and National Contribution tax expense for the year	(23,556)	(13,892)
	<u>363,372</u>	<u>274,758</u>
Provision for startup companies financing	2023	2022
Balance at beginning of the year	14,931,831	12,614,556
Charge for the year against startup micro projects loans	5,180,866	4,698,038
Interest on loans for startup companies guarantees financing	(1,055,655)	(1,074,800)
Recoveries	78,936	34,243
Compensations paid	(915,026)	(724,221)
Income and National Contribution tax expense for the year	(704,895)	(615,985)
	<u>17,516,057</u>	<u>14,931,831</u>

Provision for export credit guarantees financing

	2023	2022
Balance at beginning of the year	13,828,576	11,449,305
Charge for the year against Central Bank of Jordan loan	8,137,784	7,716,979
Interest on Central Bank of Jordan loan	(1,999,980)	(1,999,980)
Transfer to industrial financing provision	-	(2,000,000)
Expenses charged to the provision	(26,615)	(17,193)
Management fees	(199,165)	(151,441)
Compensations paid	(23,232)	(4,984)
Income and National Contribution tax expense for the year	(1,236,646)	(1,164,110)
	<u>18,480,722</u>	<u>13,828,576</u>

Provision for supporting bank guarantees for contractors outside Jordan

	2023	2022
Balance at beginning of the year	436,787	8,329,648
Charge for the year against Central Bank of Jordan loan	14,411	5,053,238
Interest on Central Bank of Jordan loan	-	(1,501,371)
Transfer to Central Bank of Jordan	(447,678)	(10,698,836)
Transfer to the liability account	(494)	-
Income and National Contribution tax expense for the year	(3,026)	(745,892)
	<u>-</u>	<u>436,787</u>

Provision for housing loans guarantees financing – Facilitated housing

	2023	2022
Balance at beginning of the year	11,895,012	7,704,624
Charge for the year against Central Bank of Jordan loan	6,341,351	5,935,692
Interest on Central Bank of Jordan loan	(500,000)	(500,000)
Management fees	(177,364)	(131,404)
Income and National Contribution tax expense for the year	(1,189,437)	(1,113,900)
	<u>16,369,562</u>	<u>11,895,012</u>

Provision for facing COVID-19 pandemic loans guarantees financing

	2023	2022
Balance at beginning of the year	31,479,767	20,393,328
Charge for the year against Central Bank of Jordan loan	18,602,644	17,504,846
Recoveries	274,916	9,329
Interest on Central Bank of Jordan loan	(1,500,000)	(1,500,000)
Compensations paid	(3,090,810)	(1,632,964)
Management fees	(457,665)	(347,745)
Income and National Contribution tax expense for the year	(2,904,108)	(2,947,027)
	<u>42,404,744</u>	<u>31,479,767</u>

12 . Central Bank of Jordan loan - industrial loans guarantees program

The Board of Ministers in their meeting held on 7 February 2006 authorized the Central Bank of Jordan, to give the Company a non interest bearing loan granted by the European Commission of an amount equivalent to JOD (5,160,695), the loan does not have a maturity date or any interest. The grant shall revert to the Central Bank of Jordan upon the liquidation of the Company.

Interest earned on the amount restricted against the loan is transferred to the provision for industrial financing and is to be used along with the restricted amount against liabilities resulting from industrial loans doubtful debt.

The restricted balance presented under assets in the statement of financial position amounted to JOD (19,309,242) and JOD (18,821,155) as at 31 December 2023 and 2022 respectively.

13 . Central Bank of Jordan loan - export credit guarantees program

During 2018 the Company has acquired a loan from Central Bank of Jordan totaling JOD (100) million with an annual interest rate (2%) for a period of ten years, the purpose of this loan is to strengthen the Company's ability to provide guarantees for exporters of value added industries against the risk of importers' default, through the use of loan proceeds to purchase governmental securities and retain investment income after deducting interest expense as a provision to meet any obligations arising from the granted guarantees .

The restricted balance presented under assets in the statement of financial position amounted to JOD (119,716,644) as at 31 December 2023 and JOD (114,991,962) as at 31 December 2022, all financial assets at amortized cost are mortgaged against Central Bank of Jordan loan, and their book value amounted to JOD (100,001,582).

14 . Central Bank of Jordan loan - Support bank guarantees for contractors outside Jordan program

During 2019 the Company has acquired a loan from Central Bank of Jordan totaling JOD (100) million with an annual interest rate (2%) for a period of ten years, it will be used by the Company to guarantee the risks of supporting bank guarantees for contractors outside Jordan program, by participating in guarantee a maximum (50%) of bank guarantees for contractors outside Jordan, through the use of loan proceeds to purchase governmental securities and retain investment income after deducting interest expense as a provision to meet any obligations arising from the granted guarantees .

During 2022, the program was suspended due to the lack of guarantee requests to benefit from the program. Therefore the loan principal was returned to the Central Bank of Jordan on 30 September 2022 and the full balance of the provision has been transferred according to the maturity date of deposits after making the necessary tax adjustments.

The restricted balance presented under assets in the statement of financial position amounted to JOD (3,078) as at 31 December 2023 and (1,182,679) as at 31 December 2022.

15 . Central Bank of Jordan loan - Housing loans program - Facilitated housing

At the end of 2019 the Company has acquired a loan from Central Bank of Jordan totaling JOD (100) million with an annual interest rate (0.5%) for a period of ten years, it will be used by the Company to guarantee the risks of housing loans granted by banks to low and limited income individuals within facilitated housing program, by participating in guarantee a maximum (80%) of loans granted, through the use of loan proceeds to purchase governmental securities and retain investment income after deducting interest expense as a provision to meet any obligations arising from the granted guarantees.

The restricted balance presented under assets in the statement of financial position amounted to JOD (117,559,001) as at 31 December 2023 and JOD (113,008,915) as at 31 December 2022, all financial assets at amortized cost are mortgaged against Central Bank of Jordan loan, and their book value amounted to JOD (100,000,000).

16 . Central Bank of Jordan loan - Facing COVID-19 pandemic program

During 2020 the Company has acquired a loan from Central Bank of Jordan totaling JOD (300) million with an annual interest rate (0.5%) for a period of fifteen years, it will be used by the Company to guarantee the risks of loans granted by banks to sectors of professionals, proprietorships, small and medium companies, with the aim of enabling them to obtain financing at low costs in order to cover their financing needs during the circumstances and procedures for containing COVID-19 pandemic , through the use of loan proceeds to purchase governmental securities and retain investment income after deducting interest expense as a provision to meet any obligations arising from the granted guarantees .

The restricted balance presented under assets in the statement of financial position amounted to JOD (345,308,849) as at 31 December 2023 and JOD (334,426,793) as at 31 December 2022, all financial assets at amortized cost are mortgaged against Central Bank of Jordan loan, and their book value amounted to JOD (300,000,000).

17 . Ministry of Planning deposit

During 2012 the Company signed an agreement with the Ministry of Planning and Development and Employment fund whereby, the Ministry will provide an amount of JOD (1,250,000) for setting up a loan guarantee scheme for the loans granted by the Development and Employment Fund to finance pioneer projects. guarantees given under this scheme will cover up to maximum of (80%) of the principal value of a guaranteed loan and of the interest accrued up to maximum of (181) days, funds transferred to the Company under this agreement plus accrued interest shall be used to cover the guaranteed portion of defaulted loans.

The fund balance as at 31 December 2023 amounted to JOD (1,248,500) and the restricted balance presented under assets in the statement of financial position amounted to JOD (1,635,425) as at 31 December 2023 and JOD (1,537,152) as at 31 December 2022 respectively.

18 . Startup micro projects loans

During 2016 the Company has acquired interest free loans from the Central Bank of Jordan and other commercial and Islamic banks for the purpose of helping startup companies to develop their business activities, by using the proceeds from these loans exclusively in financing startup micro projects loans guarantee program through investing them in low risk financial instruments and retain their returns as a provision to face any liabilities that may arise against the granted guarantees, in case of running out from the retained returns the Company will stop granting any new guarantees.

The loan from Central Bank of Jordan which amounted to JOD (11,239,200) was settled during 2021 and the loans from the commercial and Islamic banks which amounted to JOD (15,259,758) will mature on 1 March 2026.

Also during 2018 the Company has acquired two loans from the Central Bank of Jordan totaling JOD (57,090,000) with (2%) annual interest rate, JOD (50) Million will be settled after ten years from date of loan execution, and JOD (7,090,000) will be settled through (15) semiannual installment starts from 15 March 2019, for the purpose of increasing the ceiling of loans guarantee for startup companies from JOD (100,000) to JOD (250,000), through investing them in low risk financial instruments and retain their returns as a provision to face any liabilities that may arise against the granted guarantees, in case of running out from the retained returns the Company will stop granting any new guarantees.

The restricted balance presented under assets in the statement of financial position amounted to JOD (85,784,969) as at 31 December 2023 and JOD (84,068,976) as at 31 December 2022 part of it is mortgaged against Central Bank of Jordan loan amounted to JOD (50,361,759).

19 . Payables and other current liabilities

	2023	2022
Income tax payable on provisions against restricted assets	6,191,546	6,730,938
Unearned commissions	945,614	729,898
Reinsurers payables	292,068	425,046
Provision for end of service indemnity	426,900	392,767
Accrued expenses	277,120	265,579
Shareholders' withholdings	78,814	78,999
Deferred grant income (Note 20)	151,906	146,312
Provision for Board of Directors' remunerations	55,000	55,000
Others	18,153	31,693
	<u>8,437,121</u>	<u>8,856,232</u>

20 . Deferred grant income

The German Agency for International Cooperation has granted the Company EUR (397,940) to implement the business process management platform and digital transformation. Total amount transferred to the Company until the end of 2023 was JOD (157,675), an amount of JOD (5,769) was disbursed against expenses covered by grant, and an amount of JOD (80,700) was disbursed as payment to purchase software.

21 . Equity

Capital

The Company's authorized, subscribed and paid in capital is JOD (29,080,310) divided equally into (29,080,310) shares with par value of JOD (1) each as at 31 December 2023 and 2022.

Statutory Reserve

The accumulated amounts in this account represent 10% of the Company's net income before income tax according to the Companies Law. The statutory reserve is not available for distribution to shareholders.

Voluntary Reserve

The accumulated amounts in this account represent cumulative appropriations not exceeding 20% of net income. This reserve is available for distribution to shareholders.

22 . Administrative expenses

	2023	2022
Salaries and wages	1,460,101	1,204,752
Company's contribution in social security	142,399	122,899
Company's contribution in saving fund	122,409	100,318
Subscriptions	87,150	91,387
Board of Directors' transportation	105,600	72,050
Depreciation (Note 10)	80,161	69,353
Medical and health insurance expenses	79,315	67,696
Official duties and training courses	39,554	54,649
Professional fees	36,913	53,550
Maintenance	47,720	42,673
Post, telephone, water and electricity	36,892	34,256
Marketing expenses	24,447	29,048
Archiving services	2,783	25,300
Stationary and printings	20,121	14,340
Security	10,872	10,872
Vehicles expenses	8,410	10,182
Companies Controller fees	600	1,200
Others	28,661	29,175
	<u>2,334,108</u>	<u>2,033,700</u>

23 . Basic and diluted earnings per share

	2023	2022
Profit for the year	1,826,913	1,150,527
Weighted average number of shares	29,080,310	29,080,310
	<u>0.063</u>	<u>0.040</u>

24 . Shares registered in the name of the Company

The Company has invested in the Innovative Startups and SMEs Fund as an agent to the Government of Jordan, this investment has been financed by loan from the World Bank to the Government of Jordan, the Company will manage the Fund in compliance with agreements between the Company, World Bank and the Government of Jordan, there will be no liabilities nor returns to the Company from its investment in the Fund.

The par value of Fund's shares registered in the name of the Company is (21,292,462) JOD/Share as at 31 December 2023 and 2022 respectively.

25 . Executive management remuneration

The salaries and remunerations of the executive management amounted to JOD (697,638) and JOD (525,559) as at 31 December 2023 and 2022 respectively.

26 . 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.

2023	Up to one year	More than one year	Total
Assets			
Cash and cash equivalents	14,246,781	-	14,246,781
Deposits at banks	11,418,146	-	11,418,146
Restricted bank deposits	-	133,357,988	133,357,988
Restricted financial assets measured at amortized cost	-	555,959,220	555,959,220
Financial assets measured at fair value through other comprehensive income	-	1,115,788	1,115,788
Financial assets measured at amortized cost	-	16,465,648	16,465,648
Receivables and other current assets	2,692,935	-	2,692,935
Deferred tax assets	-	1,427,639	1,427,639
Property and equipment	-	3,179,346	3,179,346
Total assets	28,357,862	711,505,629	739,863,491
Liabilities			
Provisions against loans guarantees	415,912	115,141,757	115,557,669
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	66,606,858	67,564,008
Payables and other current liabilities	8,437,121	-	8,437,121
Income tax provision	606,077	-	606,077
Total liabilities	11,664,760	686,908,587	698,573,347
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

Jordan Loan Guarantee Corp.
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27 . Interest rate re-pricing gap

The Company adopts the assets – liabilities compatibility principle and the suitability of maturities to narrow gaps through categorizing assets and liabilities into various maturities or price review maturities, whichever are nearer, to lower risks in interest rates, studying gaps in the related interest rates.

2023	Up to one year	More than one year	Non-interest bearing	Total
Assets				
Cash and cash equivalents	13,921,661	-	325,120	14,246,781
Deposits at banks	11,418,146	-	-	11,418,146
Restricted bank deposits	-	-	133,357,988	133,357,988
Restricted financial assets measured at amortized cost	-	-	555,959,220	555,959,220
Financial assets measured at fair value through other comprehensive income	-	-	1,115,788	1,115,788
Financial assets measured at amortized cost	-	16,465,648	-	16,465,648
Receivables and other current assets	-	-	2,692,935	2,692,935
Deferred tax assets	-	-	1,427,639	1,427,639
Property and equipment	-	-	3,179,346	3,179,346
Total assets	25,339,807	16,465,648	698,058,036	739,863,491
Liabilities				
Provisions against loans guarantees	-	-	115,557,669	115,557,669
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	-	-	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	-	-	67,564,008	67,564,008
Payables and other current liabilities	-	-	8,437,121	8,437,121
Income tax provision	-	-	606,077	606,077
Total liabilities	-	-	698,573,347	698,573,347
Interest rate re-pricing gap	25,339,807	16,465,648	(515,311)	41,290,144
2022	Up to one year	More than one year	Non-interest bearing	Total
Assets				
Cash and cash equivalents	20,263,449	-	218,362	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	32,653,115	6,470,502	675,383,926	714,507,543
Liabilities				
Provisions against loans guarantees	-	-	90,744,560	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	-	-	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	68,521,158
Payables and other current liabilities	-	-	8,856,232	8,856,232
Income tax provision	-	-	466,515	466,515
Total liabilities	-	-	674,996,937	674,996,937
Interest rate re-pricing gap	32,653,115	6,470,502	386,989	39,510,606

28 . Operating segments

The Company's main operations include providing guarantees to fully or partially cover loans of different types granted by banks and financial institutions, extending guarantees required to cover risks in the field of Jordanian export sector, and investing in financial securities, information about operating segments are as follows:

	Local	
	2023	2022
Revenue from loans guarantees	2,772,526	2,711,924
Revenue from exports guarantees	514,855	392,169
Revenue from investing in financial securities	2,713,269	1,761,846
Revenue from managing Central Bank of Jordan loans provisions	834,194	630,590
Assets related to guarantees of loans and export sector and managing Central Bank of Jordan loans provisions	691,094,666	669,461,581
Assets related to investment in financial securities	43,769,860	40,734,537

29 . 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 loan, 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.

2023	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	916,598	95,000	104,190	1,115,788
2022	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	916,598	145,000	104,190	1,165,788

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.

30 . Financial Risk Management

Credit Risk

Credit risks are those risks resulting from the default of counterparties to the financial instrument to repay their commitment to the Company. The Company limits its credit risk by only dealing with reputable banks and by setting credit limits for individual customers and monitoring outstanding receivables. The maximum exposure to credit risk is represented by the carrying value of each financial asset.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its net financial obligation. In this respect, the Company's management diversified its funding sources, and managed assets and liabilities taking into consideration liquidity and keeping adequate balances of cash, and cash equivalents and quoted securities.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date:

2023	Less than one year	More than one year	Total
Provisions against loans guarantees	415,912	115,141,757	115,557,669
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	66,606,858	67,564,008
Payables and other current liabilities	8,437,121	-	8,437,121
Income tax provision	606,077	-	606,077
	<u>11,664,760</u>	<u>686,908,587</u>	<u>698,573,347</u>
2022	Less than one year	More than one year	Total
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
	<u>12,161,914</u>	<u>662,835,023</u>	<u>674,996,937</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of its holdings of financial instruments, annual interest rates on bank deposits and bonds ranging between (4% - 10.25%) (2022: 4.25% - 7.50%). To avoid this risk, the company's deposits are short term and have fixed interest rates, if interest rates had increased or decreased by (0.5%) annually the net result for the year would have been reduced / increased by JOD (209,430) for 2023 (2022: JOD 195,944).

Loans and exports guarantees risks

The company guarantees (70%) of productive loans to the low and medium income applicants not exceeding JOD (250,000) and guarantees (75%) of housing loans to the low and medium income applicants provided that the loan does not exceed JOD (75,000). The company guarantees (80%) of industrial loans and financial leasing up to JOD (1,000,000) for each.

The company guarantees (90%) of post shipment exports losses caused by any of the risks covered by the guarantee contract. The company reinsures the guaranteed capital through agreements with Regional & International Insurance Companies.

Currency Risk

The management considers that the Company is not exposed to significant currency risk. The majority of their transactions and balances are in either Jordanian Dinar or US Dollar. As the Jordanian Dinar is pegged to the US Dollar, balances in US Dollar are not considered to represent significant currency risk and the Company's results or equity to movements in exchange rates is not considered significant.

Equity Price Risk

Equity price risk result from the change in the fair value of equity securities. The Company manages these risks through the diversification of investments in several geographical areas and economic sectors. If the quoted market price of listed equity securities had increased or decreased by (10%), the comprehensive income for the year would be increased / reduced by JOD (86,848) during 2023 (2022: JOD 86,848).

31 . Capital Management

The Company manages its capital structure with the objective of safeguarding the entity's ability to continue as a going concern and providing an adequate return to shareholders by investing the Company's assets commensurately with the level of risk.