

JORDAN LOAN GUARANTEE CORPORATION (PUBLIC SHAREHOLDING COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

30 SEPTEMBER 2024



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**Report on Review of Interim Condensed Financial Statements
To The Board of Directors of Jordan Loan Guarantee Corporation
(Public Shareholding Company)
Amman - Jordan**

Introduction

We have reviewed the interim condensed financial statements of Jordan Loan Guarantee Corporation (the “Company”) as of 30 September 2024, which comprise the interim condensed statement of financial position as at 30 September 2024, and the related interim condensed statement of income, interim condensed statement of comprehensive income, interim condensed statement of changes in equity, interim condensed statement of cash flows for the nine-months period then ended and explanatory notes. Board of directors is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standards No. (34) “Interim Financial Reporting”. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (2410) “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of Interim financial information consists of making inquiries, primarily of persons responsible for the 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 interim condensed financial statements are not prepared, in all material respects, in accordance with IAS (34).

Other matter

The financial statements of the Company for the year ended 31 December 2023 and the interim condensed financial statements for the period ended 30 September 2023 were audited and reviewed by another auditor who expressed an unqualified opinion and conclusion on them on 14 February 2024 and 30 October 2023, respectively.

Amman – Jordan
29 October 2024

ERNST & YOUNG
Amman - Jordan

JORDAN LOAN GUARANTEE CORPORATION - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024 (UNAUDITED)

	Notes	30 September 2024	31 December 2023	1 January 2023
		JD (Unaudited)	JD (Audited) (Restated note 15)	JD (Audited) (Restated note 15)
ASSETS				
Term deposits at banks	5	16,937,368	11,418,146	12,389,666
Restricted bank deposits		145,575,290	133,357,988	106,965,982
Restricted financial assets at amortized cost (Governmental bonds)	13	558,992,206	555,959,220	561,071,650
Financial assets at fair value through other comprehensive income	6	1,114,146	1,115,788	1,165,788
Financial assets at amortized cost	7	27,207,795	16,465,648	6,470,502
Accounts receivables and other current assets		3,152,508	2,692,935	1,946,366
Deferred tax assets	8	1,471,495	1,427,639	986,828
Properties and equipment		3,313,570	3,179,346	3,028,950
Cash and banks balances	4	202,162	14,246,781	20,481,811
TOTAL ASSETS		757,966,540	739,863,491	714,507,543
EQUITY AND LIABILITIES				
EQUITY				
Paid-in capital	9	29,080,310	29,080,310	29,080,310
Statutory reserve	9	2,457,560	2,457,560	2,235,402
Voluntary reserve	9	2,204,824	2,204,824	2,204,824
Fair value reserve		429,332	430,888	478,263
Retained earnings		9,722,503	7,116,562	5,511,807
Total equity		43,894,529	41,290,144	39,510,606
LIABILITIES				
Contractually restricted provisions - Central Bank of Jordan		112,483,406	95,093,506	71,243,670
Contractually restricted provisions - other entities		5,287,378	5,367,780	5,312,732
Expected credit losses provision		17,127,077	15,096,383	14,188,158
Central Bank of Jordan loan - industrial loans guarantee program	13	5,160,695	5,160,695	5,160,695
Central Bank of Jordan Loan - exports credit guarantee program	13	99,999,277	99,999,277	99,999,277
Central Bank of Jordan Loan - housing loan guarantee program- facilitated housing	13	100,000,000	100,000,000	100,000,000
Central Bank of Jordan Loan - confronting Covid-19 pandemic	13	300,000,000	300,000,000	300,000,000
Ministry of Planning deposits		1,248,500	1,248,500	1,248,500
Startup micro project's loans	13	64,187,609	64,394,497	64,447,651
Discounted deferred grants income		2,419,249	3,169,511	4,073,507
Accounts payables and other current liabilities		5,666,918	8,437,121	8,856,232
Income tax provision	8	491,902	606,077	466,515
TOTAL LIABILITIES		714,072,011	698,573,347	674,996,937
TOTAL EQUITY AND LIABILITIES		757,966,540	739,863,491	714,507,543

The accompanying notes from 1 to 15 form an integral part of these interim condensed financial statements

JORDAN LOAN GUARANTEE CORPORATION - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF INCOME
FOR THE THREE AND NINE-MONTHS ENDED 30 SEPTEMBER 2024 (UNAUDITED)

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2024	2023	2024	2023
		JD	JD (Restated note 15)	JD	JD (Restated note 15)
Revenues					
Interest revenues on bonds and deposits of the central bank and other entities (contractually restricted)	13	10,390,639	9,996,214	30,894,538	29,273,095
Other bank deposits' interests		254,091	512,962	995,286	1,507,044
Interest on investments in financial assets at amortized cost, others		505,855	148,298	1,311,441	395,859
Loans guarantees commissions		251,537	238,318	753,949	717,480
Exports and domestics buyer's guarantees commissions		162,899	81,671	407,287	337,720
Industrial financing and financial leasing guarantees commissions		340,935	224,467	936,667	605,539
National program for confronting Covid-19 guaranteed loans commissions		142,722	243,399	495,315	738,648
Managing Central Bank of Jordan Programs loans commissions		284,001	223,679	740,578	572,589
Investments' dividends received		-	-	90,000	112,500
Reversal of provision for expected credit losses		12,644	-	18,121	-
Other revenues, net		-	-	-	130
Total revenues		<u>12,345,323</u>	<u>11,669,008</u>	<u>36,643,182</u>	<u>34,260,604</u>
Less:					
Administrative expenses		(551,729)	(520,182)	(1,715,604)	(1,576,387)
Finance costs for central bank loans	13	(1,269,397)	(1,274,184)	(3,783,191)	(3,783,850)
Recovered from provision (provision of expected credit losses) for programs financed by the loans of the central bank and other entities (contractually restricted)		412,680	(421,326)	(1,384,697)	(629,756)
Contractually restricted provisions expense	13	(9,533,922)	(8,300,704)	(25,726,650)	(24,859,489)
Provisions for expected credit losses related to Company's programs		(326,231)	(259,798)	(736,191)	(735,196)
Provisions for expected credit losses related to deposits and bonds		-	(10,809)	-	(10,809)
End-of-service indemnity provision		(3,667)	(8,604)	(16,132)	(25,530)
Total expenses		<u>(11,272,266)</u>	<u>(10,795,607)</u>	<u>(33,362,465)</u>	<u>(31,621,017)</u>
Profit for the period before income tax		<u>1,073,057</u>	<u>873,401</u>	<u>3,280,717</u>	<u>2,639,587</u>
Income tax expense for the period	8	(225,341)	(183,414)	(674,776)	(536,595)
Profit for the period		<u>847,716</u>	<u>689,987</u>	<u>2,605,941</u>	<u>2,102,992</u>
		<u>Fils/JD</u>	<u>Fils/JD</u>	<u>Fils/JD</u>	<u>Fils/JD</u>
Basic and diluted earnings per share for the profit of the period	10	<u>0/029</u>	<u>0/024</u>	<u>0/090</u>	<u>0/072</u>

The accompanying notes from 1 to 15 form an integral part of these interim condensed financial statements

JORDAN LOAN GUARANTEE CORPORATION - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE -MONTHS ENDED 30 SEPTEMBER 2024 (UNAUDITED)

	For the three months ended		For the nine months ended	
	30 September		30 September	
	2024	2023	2024	2023
	JD	JD	JD	JD
Profit for the period	847,716	689,987	2,605,941	2,102,992
Add: Other comprehensive income items:				
Change in fair value of financial assets through other comprehensive income	-	-	(1,556)	(48,932)
Total comprehensive income for the period	<u>847,716</u>	<u>689,987</u>	<u>2,604,385</u>	<u>2,054,060</u>

The accompanying notes from 1 to 15 form an integral part of these interim condensed financial statements

JORDAN LOAN GUARANTEE CORPORATION - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2024 (UNAUDITED)

	Paid-in capital	Statutory reserve	Voluntary reserve	Fair value reserve	Retained earnings	Total
	JD	JD	JD	JD	JD	JD
For the nine-months ended 30 September 2024 -						
Balance at 1 January 2024	29,080,310	2,457,560	2,204,824	430,888	7,116,562	41,290,144
Total comprehensive income for the period	-	-	-	(1,556)	2,605,941	2,604,385
Balance at 30 September 2024	29,080,310	2,457,560	2,204,824	429,332	9,722,503	43,894,529
For the nine-months ended 30 September 2023 -						
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)	2,102,992	2,054,060
Balance at 30 September 2023	29,080,310	2,235,402	2,204,824	429,331	7,614,799	41,564,666

The accompanying notes from 1 to 15 form an integral part of these interim condensed financial statements.

JORDAN LOAN GUARANTEE CORPORATION - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF CASH FLOWS
30 SEPTEMBER 2024 (UNAUDITED)

	Notes	For the nine months ended 30	
		September	
		2024	2023
		JD	JD (Restated note 15)
<u>OPERATING ACTIVITIES</u>			
Profit for the period before tax		3,280,717	2,639,587
Adjustments for -			
Depreciation		77,752	58,531
End-of-service indemnity provision		16,132	25,530
Provisions of expected credit losses of the Company's programs		736,191	735,196
Recovered from provision for expected credit losses for bonds and deposits		(18,121)	(10,809)
Provision of expected credit losses for programs financed by the loans from the central bank and other entities (contractually restricted)		1,384,697	629,756
Interest revenue on bonds and deposits of the central bank and other entities (contractually restricted)		(30,894,538)	(29,273,095)
Investment's dividends		(90,000)	(112,500)
Bank deposits' interest, others		(995,286)	(1,507,044)
Interest on investments in financial assets at amortized cost, others		(1,311,441)	(395,859)
Finance costs of central bank loans		3,783,191	3,783,850
Contractually restricted provisions expense		25,726,650	24,859,489
Working capital adjustments:			
Accounts receivables and other current assets		(459,573)	(481,489)
Accounts payables and other current liabilities		(2,770,203)	(2,304,630)
Provision of loans guarantees (contractually restricted) net		(9,462,506)	(9,057,252)
Income tax paid	8	(832,720)	(610,188)
Net cash flows used in operating activities		(11,829,058)	(11,020,927)
<u>INVESTING ACTIVITIES</u>			
Purchase of properties and equipment		(211,978)	(135,948)
Term deposits at banks		(5,519,222)	(5,803,696)
Investments' dividends received		90,000	112,500
Purchase of financial assets at amortized cost		(13,775,133)	(128,649)
Interests received		2,306,727	1,902,903
Restricted bank deposits		(12,217,302)	(14,143,999)
Interest revenues on bonds and deposits of the central bank and other entities (contractually restricted)		30,894,538	29,273,095
Net cash flows from investing activities		1,567,630	11,076,206
<u>FINANCING ACTIVITIES</u>			
Finance costs paid		(3,783,191)	(3,783,850)
Net cash flows used in financing activities		(3,783,191)	(3,783,850)
Decrease in cash and cash equivalents		(14,044,619)	(3,728,571)
Cash and cash equivalents at the beginning of the period		14,246,781	20,481,811
Cash and cash equivalents at the end of the period	4	202,162	16,753,240

The accompanying notes from 1 to 15 form an integral part of these interim condensed financial statements.

JORDAN LOAN GUARANTEE CORPORATION - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (UNAUDITED)

(1) GENERAL

Jordan Loan Guarantee Corporation was established as a Public Shareholding Company on 26 March 1994 as a result of the transfer of the loans guarantee project, under the Council of Ministers' decision, according to which all accounts and assets of the project were transferred to the Central Bank of Jordan in order to establish a public shareholding company to guarantee loans under the number (242). The Company is registered in Amman- The Hashemite Kingdom of Jordan.

The principal objective of the Company is to provide the necessary guarantees to cover the loans granted by banks and financial institutions with various terms and types, full or partial coverage for establishing economic projects or expanding them and to raise their production and marketing efficiency in order to create job opportunities or provide the capabilities of earning or saving foreign currencies. As well as providing the necessary guarantees to cover risks in the field of Jordanian exports financing and in any other economic sector in general and in any sector or field that achieves the interest of the company in particular.

These interim condensed financial statements were authorized for issuance by the Board of Directors on 29 October 2024.

(2-1) BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim condensed financial statements for the nine months ended on 30 September 2024 have been prepared in accordance with IAS number (34) "Interim Financial Reporting".

The interim condensed financial statements have been prepared under the historical cost convention except for the financial assets which are appearing in their fair value through other comprehensive income.

The interim condensed financial statements are presented in the Jordanian Dinar which is also the functional currency used by the Company.

The interim condensed financial statements do not comprise all the information and disclosures required for financial statements prepared in accordance with the International Financial Reporting Standards, and should be read in conjunction with the annual financial statements as of 31 December 2023. In addition, results of the nine-month period ended 30 September 2024 are not necessarily indicative of the results expected for the financial year ending 31 December 2024.

(2-2) CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2023 except for the adoption of new amendments on the standards effective as of 1 January 2024:

SUPPLIER FINANCE ARRANGEMENTS - AMENDMENTS TO IAS 7 AND IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. As a result, the amendments had no material impact on the Company's interim condensed financial statements.

AMENDMENTS TO IFRS 16: LEASE LIABILITY IN A SALE AND LEASEBACK

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no material impact on the Company's interim condensed financial statements.

AMENDMENTS TO IAS 1: CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement,
- That a right to defer must exist at the end of the reporting period,
- That classification is unaffected by the likelihood that an entity will exercise its deferral right,
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification.

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no material impact on the Company's interim condensed financial statements.

JORDAN LOAN GUARANTEE CORPORATION - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (UNAUDITED)

(3) BALANCES OF GRANTED CEILINGS AND GUARANTEED LOANS

Balances of granted and guaranteed loans and ceilings provided by the Company are as follows:

	<u>Loan ceiling</u>		<u>Guaranteed amount</u>	
	<u>30 September 2024</u> JD	<u>30 September 2023</u> JD	<u>30 September 2024</u> JD	<u>30 September 2023</u> JD
The National Program for confronting Covid – 19 pandemics	137,406,866	255,433,559	137,406,866	255,433,559
Industrial financing and financial leasing	145,470,004	78,175,674	145,470,004	78,175,674
Productive loans guarantee program	46,982,959	46,856,734	45,223,011	41,892,238
Startups micro projects	29,873,519	25,150,994	29,873,519	25,150,994
Housing loans guarantee program	16,195,906	16,414,906	9,578,814	11,110,371
Guarantee of exports and local buyers' credit	<u>8,815,055</u>	<u>10,403,644</u>	<u>8,815,055</u>	<u>10,403,644</u>
	<u>384,744,309</u>	<u>432,435,511</u>	<u>376,367,269</u>	<u>422,166,480</u>

(4) CASH AND BANKS BALANCES

	<u>30 September 2024</u> JD (Unaudited)	<u>31 December 2023</u> JD (Audited)
Banks' balances – current accounts	200,162	324,625
Cash on hand	2,000	495
Deposits maturing within three months*	-	13,932,609
	<u>202,162</u>	<u>14,257,729</u>
Expected credit losses provision	-	(10,948)
	<u>202,162</u>	<u>14,246,781</u>

* Term deposits are held for one to three months with an interest rate between 4% to 7% as at 31 December 2023.

JORDAN LOAN GUARANTEE CORPORATION - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (UNAUDITED)

Movement on the expected credit losses provision was as follows:

	<u>30 September 2024</u>	<u>31 December 2023</u>
	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period / year	10,948	10,951
Recovered from the provision	-	(3)
Provision transferred to term deposits account (note 5)	<u>(10,948)</u>	<u>-</u>
Balance at the end of the period / year	<u><u>-</u></u>	<u><u>10,948</u></u>

For the purpose of the preparation of interim condensed statement of cash flows, the details of cash and cash equivalents are as follows:

	<u>30 September 2024</u>	<u>30 September 2023</u>
	JD (Unaudited)	JD (Unaudited)
Cash and cash equivalents	<u><u>202,162</u></u>	<u><u>16,753,240</u></u>

(5) BANKS DEPOSITS

	<u>30 September 2024</u>		
	<u>Deposits maturing in more than three months and up to six months</u>	<u>Deposits maturing within six months and up to one year</u>	<u>Total</u>
	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)
Term deposits	-	16,974,505	16,974,505
Less: provision for expected credit losses	<u>-</u>	<u>(37,137)</u>	<u>(37,137)</u>
	<u><u>-</u></u>	<u><u>16,937,368</u></u>	<u><u>16,937,368</u></u>

JORDAN LOAN GUARANTEE CORPORATION - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (UNAUDITED)

	31 December 2023		
	Deposits maturing in more than three months and up to six months	Deposits maturing within six months and up to one year	Total
	JD (Audited)	JD (Audited)	JD (Audited)
Term deposits	3,470,021	7,992,435	11,462,456
Less: provision for expected credit losses	(6,079)	(38,231)	(44,310)
	<u>3,463,942</u>	<u>7,954,204</u>	<u>11,418,146</u>

The average interest rates on balances of the bank's deposits ranges between 5.5% and 6.8% for the year ended as at 30 September 2024 (31 December 2023: 4% - 6.95%).

Movement on the provision for expected credit losses was as follows:

	30 September 2024	31 December 2023
	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period / year	44,310	33,692
(Reversal) provision for the period / year	(18,121)	10,618
Provision transferred from cash and banks balances account (note 4)	10,948	-
Balance at the end of the period / year	<u>37,137</u>	<u>44,310</u>

(6) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 September 2024	31 December 2023
	JD (Unaudited)	JD (Audited)
Shares of quoted companies on Amman Stock Exchange	914,956	916,598
Shares of unquoted companies on Amman Stock Exchange	199,190	199,190
	<u>1,114,146</u>	<u>1,115,788</u>

JORDAN LOAN GUARANTEE CORPORATION - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (UNAUDITED)

(7) FINANCIAL ASSETS AT AMORTIZED COST

	30 September 2024	31 December 2023
	JD (Unaudited)	JD (Audited)
Treasury and loan bonds inside Jordan	27,233,759	16,490,967
Provision for expected credit losses	(25,964)	(25,319)
	<u>27,207,795</u>	<u>16,465,648</u>

The average annual interest rates on bonds in Jordanian Dinar ranges between 6.099% to 10.25% and their due dates extend till 2029.

Movement on the provision for expected credit losses during the period / year was as follows:

	30 September 2024	31 December 2023
	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period / year	25,319	20,454
Provision for the period / year	645	4,865
Balance at the end of the period / year	<u>25,964</u>	<u>25,319</u>

(8) INCOME TAX

Movement of income tax provision for the period / year was as follows:

	30 September 2024	31 December 2023
	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period / year	606,077	466,515
Income tax for the period / year	718,545	875,421
Surplus of the prior year income tax provision	-	(97,567)
Income tax paid	(832,720)	(638,292)
Balance at the end of the period / year	<u>491,902</u>	<u>606,077</u>

JORDAN LOAN GUARANTEE CORPORATION - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (UNAUDITED)

The income tax shown in the interim condensed statement of income consists of the following:

	30 September 2024	30 September 2023
	JD (Unaudited)	JD (Unaudited)
Income tax expense for the period	684,329	660,101
National contribution tax	34,216	33,005
Deferred tax assets benefits	(43,769)	(156,511)
	<u>674,776</u>	<u>536,595</u>

Below are the details of the deferred tax assets' balances during the period / year:

	30 September 2024	31 December 2023
	JD (Unaudited)	JD (Audited)
Expected credit losses provision for the Company's programs	1,480,603	1,344,944
End of service indemnity provision	1,429	89,649
Provision for expected credit losses for bonds and deposits	13,251	16,921
Accumulated change in the fair value of the financial assets	(23,788)	(23,875)
	<u>1,471,495</u>	<u>1,427,639</u>

Movement on deferred tax assets and liabilities for the period / year was as follows:

	30 September 2024	31 December 2023
	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period / year	1,427,639	986,828
Net changes during the period / year – deferred tax assets	43,769	440,811
Net changes during the period / year – deferred tax liabilities	87	-
Balance at the end of the period / year	<u>1,471,495</u>	<u>1,427,639</u>

JORDAN LOAN GUARANTEE CORPORATION - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (UNAUDITED)

- The Company obtained a final clearance from the Income and Sales Tax Department for the years up to 2023, except for the year 2020.
- The Company submitted their tax returns for the year 2020 within the legal period but they have not been reviewed by the Income and Sales Tax Department to this date.

(9) EQUITY

Share Capital

The authorized, subscribed and paid in - capital is JD (29,080,310) divided into (29,080,310) shares at par value of JD 1 each.

Statutory Reserve

The amounts accumulated in this account represent 10% of the annual profit before tax transferred to statutory reserve as required by the Jordanian Companies Law. The reserve is not available for distribution to the shareholders.

Voluntary Reserve

The amounts accumulated in this account represent no more than 20% of the annual profit before tax transferred to statutory reserve as required by the Jordanian Companies Law. The reserve is available for distribution to the shareholders.

(10) EARNING PER SHARE FOR THE PERIOD

	<u>For the three months ended on 30 September</u>		<u>For the nine months ended on 30 September</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Profit for the period (JD)	<u>847,716</u>	<u>689,987</u>	<u>2,605,941</u>	<u>2,102,992</u>
Weighted average number of shares (share)	<u>29,080,310</u>	<u>29,080,310</u>	<u>29,080,310</u>	<u>29,080,310</u>
	<u>Fils/JD</u>	<u>Fils/JD</u>	<u>Fils/JD</u>	<u>Fils/JD</u>
Profit per share for the period	<u>0/029</u>	<u>0/024</u>	<u>0/090</u>	<u>0/072</u>

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(11) SHARES REGISTERED IN THE COMPANY'S NAME

The Company has invested in the Innovative Startups and SMEs Fund on behalf of the Jordanian Government, where this investment was financed by a loan from the International Bank to the Jordanian government, and the Company will be responsible to execute specific transactions in accordance with the agreements made between the Company, the International Bank and the Jordanian Government, and there will be no any obligations nor benefits to the Company from its investment in the Fund.

The par value of the Fund's shares registered in the name of the Company as a contribution in the Innovative Startups and SMEs Fund are JD 21,292,462 / Share as of 30 September 2024 and as of 31 December 2023.

(12) RELATED PARTIES' TRANSACTIONS

The related parties represent the Central Bank of Jordan, shareholders and the executive management of the Company. Pricing policies and terms of these transactions are approved by the Company's management.

Related parties' balances included in interim condensed financial statements were as follow:

	30 September 2024	31 December 2023
	JD (Unaudited)	JD (Audited)
Central Bank of Jordan loans	556,507,072	557,464,222
Arab Bank loan	2,486,561	2,486,561
Cairo Amman Bank loan	537,212	537,212
Housing Bank for Trade and Finance loan	1,854,691	1,854,691
Jordan Ahli Bank loan	604,115	604,115
Bank Al- Etihad loan	638,222	638,222

Summarized transactions with related parties included in the interim condensed statement of income were as follows:

	For the nine months ended 30 September	
	2024	2023
	JD (Unaudited)	JD (Unaudited)
Central Bank loans' finance costs	3,783,191	3,783,850

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Summarized benefits (Salaries, incentives and other benefits) for the executive management of the Company are as follow:

Total salaries and incentives paid for the executive management of the Company for the nine months ended 30 September 2024 amounted to JD 869,542 (For the nine months ended 30 September 2023 amounted to JD 426,445).

(13) LOANS GRANTED TO THE COMPANY

The Company provides the necessary guarantees to cover the loans granted by banks and financial institutions of various terms and types, full or partial coverage for establishing economic projects or expanding them to raise their production and marketing efficiency. as well as providing the necessary guarantees to cover risks in the field of Jordanian exports financing and in any other economic sector in general and in any sector or field that achieves the interest of the Company in particular.

During the previous years, the Company obtained several loans from the Central Bank of Jordan totaling approximately JD 550 million as illustrated in the table below, as these agreements stipulate that the loans granted to the Company are to be utilized exclusively for the purposes of guaranteeing loans and the Company's programs through the Central Bank of Jordan purchasing a government bonds in favor of the Company and mortgaging all these bonds in its favor, as the Company does not have the control to dispose of these bonds and benefit from their returns, and in accordance with the contractual arrangements within the signed agreements, the Company records the interest revenue from these bonds and the interest of Central Bank loans in the interim condensed statement of income, and also records the provision for expected credit losses for the Company's programs as contractually restricted provisions expenses related to the Central Bank in the interim condensed statement of income.

<u>Loan</u>	<u>Loan Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Duration</u>
Central Bank of Jordan loan - confronting Covid -19 pandemic	2020	JD 300 million	0.5%	15 years
Central Bank of Jordan loan - exports credit guarantee program	2018	JD 99.99 million	2%	10 years
Central Bank of Jordan loan - housing loan guarantee program - facilitated housing	2019	JD 100 million	0.5%	10 years
Central Bank of Jordan loan - startup micro projects loans	2018	JD 50 million	2%	10 years
Total		<u>JD 549.99 million</u>		

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During the previous years, the Company has also obtained a number of loans from the Central Bank, other Commercial and Islamic banks and other parties with zero interest rate as illustrated in the table below, as the Company used the proceeds of these loans and invested them as bank deposits and recorded the returns of these investments as revenues within the interim condensed statement of income, where the proceeds of these loans are exclusively used to finance the Company's programs in accordance with the contractual arrangements in the signed agreements.

Loan	Amount
Total Loans obtained from various banks to guarantee the Startup micro loans	JD 16.6 million
Central Bank of Jordan Loan / Industrial loans guarantee program (Ejada)	JD 5.16 million
Total	JD 21.76 million

(14) CONTINGENT LIABILITIES

LAWSUIT -

The Company is a defendant in a lawsuit representing legal claims related to its ordinary course of business in the sector of export credit guarantees amounting to JD 231,638 as at 30 September 2024 (31 December 2023: None). The Company's legal counsel believes that there is a good chance that the lawsuit will be rebutted and based on the opinion of the Company's management, the recorded provision is sufficient to meet any contingent liabilities and there is no need to record an additional provision for this lawsuit.

(15) PREVIOUS YEARS RESTATEMENT

During the nine-months ended on 30 September 2024, the Company's management adjusted the comparative figures for the year ended 31 December 2023 in accordance with International Accounting Standard No. 8 (IAS.8) "Accounting Policies, Changes in Accounting Estimates and Errors", where the Company amended its accounting policy by recording interest revenue on bonds and deposits of the Central Bank and other entities, and interest on loans receivable within the statement of income that it had previously recorded in net under "Contractually Restricted Provisions in the statement of financial position". The Company has also obtained a several loans from the Central Bank, other Commercial and Islamic banks and other parties with zero interest rate, where the proceeds of these loans are used exclusively to finance the Company's programs in accordance with the contractual arrangements in the signed agreements, as shown in Note No.(13), the Company has discounted these loans to present them at fair value and to present the value of the discount as a separate item within the statement of financial position " Deferred Interest Revenues".

The Company has recognized the interest income of bonds and deposits of the Central Bank and other entities, the finance costs for the Central Bank loans, the expected credit losses expenses and the expense of contractually restricted provisions in the statement of income for the nine months ended 30 September 2024. The amendments did not result in any impact on the retained earnings and equity as of 1 January 2023.

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The effect of the restatement on the interim condensed statement of financial position as at 1 January 2023 was as follows:

	Before adjustment	Adjustment impact	After adjustment
	JD	JD	JD
Liabilities			
Provision of loans guarantee	90,744,560	(90,744,560)	-
Startup micro project's loans	68,521,158	(4,073,507)	64,447,651
Deferred interest revenues	-	4,073,507	4,073,507
Contractually restricted provisions - Central Bank of Jordan	-	71,243,670	71,243,670
Contractually restricted provisions - other entities	-	5,312,732	5,312,732
Expected credit losses provision	-	14,188,158	14,188,158
	<u>159,265,718</u>	<u>-</u>	<u>159,265,718</u>

The effect of the restatement on the interim condensed statement of income for the period ended 30 September 2023:

	Before adjustment	Adjustment impact	After adjustment
	JD	JD	JD
Revenues			
Interest revenues on bonds and deposits of the central bank and other entities (contractually restricted)	-	29,273,095	29,273,095
Expenses			
Provision for expected credit losses for programs financed by the loans of the central bank and other entities (contractually restricted)	-	(629,756)	(629,756)
Finance costs for central bank loans	-	(3,783,850)	(3,783,850)
Expense of contractually restricted provisions	-	(24,859,489)	(24,859,489)
	<u>-</u>	<u>(29,273,095)</u>	<u>(29,273,095)</u>

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The effect of the amendments on the interim condensed statement of cash flows for the period ended 30 September 2023 were as follows:

	Before adjustment	Adjustment impact	After adjustment
	JD	JD	JD
Interest revenues on bonds and deposits of the central bank and other entities (contractually restricted)	-	(29,273,095)	(29,273,095)
Expense of contractually restricted provisions	-	24,859,489	24,859,489
Finance costs for central bank loans	-	3,783,850	3,783,850
Provision of expected credit losses for programs financed by the loans of the central bank and other entities (contractually restricted)	-	629,756	629,756
	<u>-</u>	<u>-</u>	<u>-</u>

The amendments did not result in any impact on the Company's business results nor equity as at 1 January 2023.