

Jordan Loan Guarantee Corp.
Public Shareholding Company
Condensed Interim Financial Statements (Unaudited)
31 March 2021

Jordan Loan Guarantee Corp.
Public Shareholding Company

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Report on Review of Condensed Interim Financial Statements

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

Introduction

We have reviewed the accompanying condensed interim financial statements of **Jordan Loan Guarantee Corp.**, comprising the interim statement of financial position as at 31 March 2021 and the related interim statement of profit or loss, interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows for the three-months period then ended and the notes about condensed interim financial statements. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard number (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial statements based on our review.

Scope of Review


We conducted our review in accordance with the International Standard on Review Engagements number (2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial statement consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as at 31 March 2021 are not prepared, in all material respects, in accordance with International Accounting Standard number (34) "Interim Financial Reporting".

28 April 2021
Amman - Jordan




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Jordan Loan Guarantee Corp.
Public Shareholding Company
Interim Statement of Financial Position as at 31 March 2021
(In Jordanian Dinar)

	Note	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Assets			
Cash and cash equivalents		26,514,942	2,343,950
Deposits at banks		5,740,557	29,482,252
Restricted bank deposits		71,231,516	69,856,909
Restricted financial assets measured at amortized cost		673,293,151	669,135,861
Financial assets measured at fair value through other comprehensive income		1,158,613	1,158,613
Financial assets measured at amortized cost		3,482,627	3,482,735
Receivables and other current assets		1,462,825	1,534,840
Deferred tax assets		468,348	490,597
Property and equipment		3,030,969	3,032,532
Total Assets		786,383,548	780,518,289
Liabilities and Equity			
Liabilities			
Provisions against loans guarantee	4	53,558,551	46,961,641
Central Bank of Jordan loan - Industrial loans guarantees program		5,160,695	5,160,695
Central Bank of Jordan loan - Export credit guarantees program		99,999,277	99,999,277
Central Bank of Jordan loan - Support bank guarantees for contractors outside Jordan program		100,000,000	100,000,000
Central Bank of Jordan loan - Housing loans guarantees program – Facilitated housing		100,000,000	100,000,000
Central Bank of Jordan loan - Facing COVID-19 pandemic program		300,000,000	300,000,000
Ministry of Planning deposit		1,248,500	1,248,500
Startup micro projects loans		81,196,083	81,674,658
Payables and other current liabilities		7,430,061	8,223,946
Income tax provision		116,791	26,425
Total Liabilities		748,709,958	743,295,142
Equity			
Paid in capital		29,080,310	29,080,310
Statutory reserve		1,937,505	1,937,505
Voluntary reserve		2,204,824	2,204,824
Fair value adjustments		471,464	471,464
Retained earnings		3,979,487	3,529,044
Total Equity		37,673,590	37,223,147
Total Liabilities and Equity		786,383,548	780,518,289

“The accompanying notes from (1) to (7) are an integral part of these condensed interim financial statements and read with review report”

Jordan Loan Guarantee Corp.
Public Shareholding Company
Interim Statement of Profit or Loss For the Three Months Ended at 31 March 2021
(In Jordanian Dinar)

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Revenues		
Interest income	299,799	437,202
Bonds interest income	49,642	58,670
Commissions on guaranteed loans	255,890	266,995
Commissions on guaranteed exports and domestic buyers	77,132	65,859
Commissions on guaranteed industrial loans and financial leasing	123,231	131,385
Commissions on guaranteed loans of the national program for facing COVID-19 pandemic	273,235	-
Commissions against managing Central Bank of Jordan loans provisions	79,026	-
Unneeded provision for expected credit losses of deposits	37,355	27,954
Other revenues	1,999	3,237
Total revenues	1,197,309	991,302
Deduct :		
Administrative expenses	400,298	366,598
Provisions against loans guarantees	219,741	239,239
Provision against end of service indemnity	7,089	6,171
Profit before income tax	570,181	379,294
Income tax expense for the period	(119,738)	(79,651)
Profit for the period	450,443	299,643
 Basic and diluted earnings per share	 0.015	 0.010

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Jordan Loan Guarantee Corp.
Public Shareholding Company
Interim Statement of Comprehensive Income For the Three Months Ended at 31 March 2021
(In Jordanian Dinar)

	31 March 2021 <u>(Unaudited)</u>	31 March 2020 <u>(Unaudited)</u>
Profit for the period	450,443	299,643
Other comprehensive income:		
Changes in fair value of financial assets through other comprehensive income	<u>-</u>	<u>(1,966)</u>
Total comprehensive income for the period	<u>450,443</u>	<u>297,677</u>

“The accompanying notes from (1) to (7) are an integral part of these condensed interim financial statements and read with review report”

Jordan Loan Guarantee Corp.
Public Shareholding Company
Interim Statement of Changes in Equity For the Three Months Ended at 31 March 2021 (Unaudited)
(In Jordanian Dinar)

	Paid in capital	Reserves		Fair value adjustments	Retained earnings	Total
		Statutory	Voluntary			
Balance at 1 January 2021	29,080,310	1,937,505	2,204,824	471,464	3,529,044	37,223,147
Total comprehensive income for the period	-	-	-	-	450,443	450,443
Balance at 31 March 2021	29,080,310	1,937,505	2,204,824	471,464	3,979,487	37,673,590
Balance at 1 January 2020	29,080,310	1,852,454	2,204,824	473,840	2,969,076	36,580,504
Total comprehensive income for the period	-	-	-	(1,966)	299,643	297,677
Balance at 31 March 2020	29,080,310	1,852,454	2,204,824	471,874	3,268,719	36,878,181

“The accompanying notes from (1) to (7) are an integral part of these condensed interim financial statements and read with review report”

Jordan Loan Guarantee Corp.
Public Shareholding Company
Interim Statement of Cash Flows For the Three Months Ended at 31 March 2021
(In Jordanian Dinar)

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Operating Activities		
Profit for the period before income tax	570,181	379,294
Depreciation	17,837	19,096
Provision against end of service indemnity	7,089	6,171
Provisions against loans guarantees	219,741	3,648,301
Unneeded provision for expected credit losses of deposits	(37,355)	(27,954)
Changes in working capital		
Receivables and other current assets	72,015	(677,708)
Payables and other current liabilities	(800,974)	294,584
Net paid provision against loans guarantee	(295,422)	(455,354)
Paid income tax	(7,123)	(62,008)
Net Cash Flows (Used in) From Operating Activities	<u>(254,011)</u>	<u>3,124,422</u>
Investing Activities		
Property and equipment	(16,274)	(937)
Deposits at banks	23,779,158	23,326,798
Net Cash Flows From Investing Activities	<u>23,762,884</u>	<u>23,325,861</u>
Financing Activities		
Restricted bank deposits and financial assets measured at amortized cost	1,140,694	(3,501,751)
Startup micro projects loans	(478,575)	-
Net Cash Flows From (Used in) Financing Activities	<u>662,119</u>	<u>(3,501,751)</u>
Net changes in cash and cash equivalents	24,170,992	22,948,532
Cash and cash equivalents, beginning of year	2,343,950	1,135,189
Cash and cash equivalents, end of period	<u><u>26,514,942</u></u>	<u><u>24,083,721</u></u>

"The accompanying notes from (1) to (7) are an integral part of these condensed interim financial statements and read with review report"

Jordan Loan Guarantee Corp.
Public Shareholding Company
Notes to the Condensed Interim Financial Statements (Unaudited)
31 March 2021
(In Jordanian Dinar)

1 . General

Jordan Loan Guarantee Corp. is a public shareholding company incorporated on 26 March 1994. The Company was formed as successor to the Loan Guarantee Project as result of the Council of Ministers' decision that transferred all accounts and assets of the project to the Central Bank of Jordan in preparation for the establishment of a public shareholding company for loan guarantee. The Company head office is in the Hashemite Kingdom of Jordan.

The Company's goals include providing guarantees to fully or partially cover loans of different types, granted by banks and financial institutions for the establishing, expanding, and raising the productive and marketing capacity of economic projects with the aim of creating job opportunities and securing possibilities for earning or saving foreign reserves. The company's goals also include extending guarantees required to cover risks in the field of Jordanian export sector.

The Company's stocks are listed in Amman Stock Exchange – Jordan.

The accompanying condensed interim financial statements have been approved for issue by the Company's Board of Directors on 28 April 2021.

2 . Summary of Significant Accounting Policies

Basis of Preparation

The condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standard number (34) "Interim Financial Reporting". They do not include all of the information required in annual financial statements in accordance with IFRSs, and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2020.

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

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

The accounting policies are consistent with those used in the previous period, except for the adoption of new and amended standards effective as at the beginning of the period.

Use of Estimates

The preparation of the condensed interim financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues, expenses and the provisions. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

- Management reviews periodically the tangible assets in order to assess the depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the interim statement of profit or loss.
- The measurement of impairment losses under IFRS 9 requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. Elements of the expected credit loss model that are considered accounting judgments and estimates include Probability of default (PD), Loss given default (LGD) and Exposure at default (EAD).

3 . Balances of guaranteed loans and ceilings

	Loans Ceilings		Guaranteed loans	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Housing loans guarantees	24,565,505	25,735,905	15,109,756	16,652,883
Productive loans guarantees	44,510,134	49,829,134	36,107,448	46,219,961
Export credit guarantees & domestic buyers	8,448,757	4,996,834	8,448,757	4,996,834
Industrial loans guarantees	31,711,404	27,419,946	31,679,377	27,419,946
Finance lease	952,646	1,126,015	952,646	1,126,015
Startup micro projects	10,000,000	8,600,000	12,835,119	9,732,475
National program for facing COVID-19 pandemic	325,467,658	-	325,467,658	-

4 . Provisions against loans guarantee

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

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Provision for productive loans guarantees	781,520	894,959
Provision for housing loans guarantees	247,291	209,533
Provision for export guarantees	8,581	8,581
Special provision against loans guarantees	1,000,000	1,000,000
Provision for industrial financing *	8,790,752	8,683,722
Provision for pioneer projects financing *	229,636	217,412
Provision for startup companies financing *	10,532,645	9,858,080
Provision for export credit guarantees financing *	10,197,670	9,128,196
Provision for supporting bank guarantees for contractors outside Jordan program*	5,714,798	4,859,888
Provision for housing loans guarantees financing – Facilitated housing *	4,631,327	3,622,259
Provision for facing COVID-19 pandemic loans guarantees financing*	11,424,331	8,479,011
	53,558,551	46,961,641

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

5 . Tax Status

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2019.
- The income tax 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 three months ended 31 March 2021 was calculated in accordance with the Income Tax Law.

Jordan Loan Guarantee Corp.
Notes to the Condensed Interim Financial Statements (Unaudited)
31 March 2021

6 . Analysis of the maturities of assets and liabilities

The following table illustrates the analysis of assets and liabilities according to the expected period of their recoverability or settlement.

31 March 2021	Up to one year	More than one year	Total
Assets			
Cash and cash equivalents	26,514,942	-	26,514,942
Deposits at banks	5,740,557	-	5,740,557
Restricted bank deposits	-	71,231,516	71,231,516
Restricted financial assets measured at amortized cost	-	673,293,151	673,293,151
Financial assets measured at fair value through other comprehensive income	-	1,158,613	1,158,613
Financial assets measured at amortized cost	-	3,482,627	3,482,627
Receivables and other current assets	1,462,825	-	1,462,825
Deferred tax assets	-	468,348	468,348
Property and equipment	-	3,030,969	3,030,969
Total assets	33,718,324	752,665,224	786,383,548
Liabilities			
Provisions against loans guarantees	-	53,558,551	53,558,551
Central Bank of Jordan loan – Industrial loans guarantees program	-	5,160,695	5,160,695
Central Bank of Jordan loan – Export credit guarantees program	-	99,999,277	99,999,277
Central Bank of Jordan loan – Support bank guarantees for contractors outside Jordan program	-	100,000,000	100,000,000
Central Bank of Jordan loan – Housing loans guarantees program – Facilitated housing	-	100,000,000	100,000,000
Central Bank of Jordan loan – Facing COVID-19 pandemic program	-	300,000,000	300,000,000
Ministry of Planning deposit	1,248,500	-	1,248,500
Startup micro projects loans	12,196,350	68,999,733	81,196,083
Payables and other current liabilities	7,430,061	-	7,430,061
Income tax provision	116,791	-	116,791
Total liabilities	20,991,702	727,718,256	748,709,958
31 December 2020	Up to one year	More than one year	Total
Assets			
Cash and cash equivalents	2,343,950	-	2,343,950
Deposits at banks	29,482,252	-	29,482,252
Restricted bank deposits	-	69,856,909	69,856,909
Restricted financial assets measured at amortized cost	-	669,135,861	669,135,861
Financial assets measured at fair value through other comprehensive income	-	1,158,613	1,158,613
Financial assets measured at amortized cost	-	3,482,735	3,482,735
Receivables and other current assets	1,534,840	-	1,534,840
Deferred tax assets	-	490,597	490,597
Property and equipment	-	3,032,532	3,032,532
Total assets	33,361,042	747,157,247	780,518,289
Liabilities			
Provisions against loans guarantees	-	46,961,641	46,961,641
Central Bank of Jordan loan – Industrial loans guarantees program	-	5,160,695	5,160,695
Central Bank of Jordan loan – Export credit guarantees program	-	99,999,277	99,999,277
Central Bank of Jordan loan – Support bank guarantees for contractors outside Jordan program	-	100,000,000	100,000,000
Central Bank of Jordan loan – Housing loans guarantees program – Facilitated housing	-	100,000,000	100,000,000
Central Bank of Jordan loan – Facing COVID-19 pandemic program	-	300,000,000	300,000,000
Ministry of Planning deposit	1,248,500	-	1,248,500
Startup micro projects loans	957,150	80,717,508	81,674,658
Payables and other current liabilities	8,223,946	-	8,223,946
Income tax provision	26,425	-	26,425
Total liabilities	10,456,021	732,839,121	743,295,142

7 . Fair Value of Financial Instruments

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

The fair values of the financial assets and liabilities are not materially different from their carrying values as most of these items are either short-term in nature or re-priced frequently.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

31 March 2021	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	<u>909,423</u>	<u>145,000</u>	<u>104,190</u>	<u>1,158,613</u>
31 December 2020	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	<u>909,423</u>	<u>145,000</u>	<u>104,190</u>	<u>1,158,613</u>

Financial assets included in level 3 are stated at cost less impairment charges, as the fair value of these assets cannot be measured reliably due to the lack of available active markets for identical assets.