

**SOCIAL SECURITY CORPORATION –**

**SOCIAL SECURITY INVESTMENT FUND**

**CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2020**



**Ernst & Young Jordan**  
P.O. Box 1140  
Building No. 300  
King Abdullah Street  
Amman 11118  
Hashemite Kingdom of Jordan

Tel: +962 6 552 6111  
+962 6 552 7666  
Fax: +962 6 553 8300  
[amman@jo.ey.com](mailto:amman@jo.ey.com)  
[ey.com/mena](http://ey.com/mena)

**INDEPENDENT AUDITOR'S REPORT  
TO THE CHAIRMAN AND THE MEMBERS OF INVESTMENT BOARD  
SOCIAL SECURITY CORPORATION - SOCIAL SECURITY INVESTMENT FUND  
Amman- Jordan**

**Report on the audit of the consolidated financial statements**

**Opinion**

We have audited the consolidated financial statements of Social Security Investment Fund (the "Fund") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of revenues and expenses, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2020, 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International *Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in 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.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

	Notes	2020	2019
<b><u>Assets</u></b>			
Cash and bank balances	3	11,766	24,747
Deposits at banks and financial institutions	4	1,495,637	1,462,967
Financial assets at fair value through profit or loss	5	95,161	124,711
Loans and granted debts	6	327,023	259,452
Financial asset at fair value through other comprehensive income	7	1,073,665	1,349,321
Investments in associates	8	464,289	475,496
Financial assets at amortized cost	9	6,572,191	6,189,578
Subscribers' contributions and rural files assets	10	201,154	191,087
Projects in progress	11	119,501	118,803
Inventories	12	36,485	32,883
Property and equipment	13	358,334	357,251
Investment properties	14	770,269	717,392
Investments in joint operations	15	1,046	1,050
Due from related parties	37	38	124
Intangible assets	16	58,017	60,886
Other assets	17	454,260	544,195
<b>Total assets</b>		<b>12,038,836</b>	<b>11,909,943</b>
<b><u>Liabilities and Equity</u></b>			
<b>Liabilities-</b>			
Subscribers' contributions and rural files liabilities	10	201,154	191,087
Electricity service subscribers' deposits	18	74,034	70,324
Advance payments form electricity subscribers	19	17,238	26,325
Due to National Electric Power Company	20	248,233	351,425
Bank loans	21	54,265	51,944
End of service indemnity provision	22	16,538	14,881
Due to banks	23	70,229	67,468
Income tax provision	44	5,466	3,356
Other liabilities	24	144,263	130,139
<b>Total liabilities</b>		<b>831,420</b>	<b>906,949</b>
<b>Equity-</b>			
<b>Social Security Corporation Equity-</b>			
Social security corporation current account		6,407,251	6,286,910
Social security corporation current account – unemployment fund	27	174,725	256,611
Property and equipment revaluation reserve	25	31,812	31,812
Fair value reserve	26	(105,193)	176,833
Cash flow hedges reserve		(7,078)	(2,997)
Surplus of revenues over accumulated expenses		4,663,360	4,198,551
<b>Net Social Security Corporation Equity</b>		<b>11,164,877</b>	<b>10,947,720</b>
Non-controlling interests		42,539	55,274
<b>Net Equity</b>		<b>11,207,416</b>	<b>11,002,994</b>
<b>Total liabilities and equity</b>		<b>12,038,836</b>	<b>11,909,943</b>

The attached notes from 1 to 46 represent part of these consolidated financial statements

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**CONSOLIDATED STATEMENT OF REVENUES AND EXPENSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

	Notes	2020	2019
<b>Operating revenues -</b>			
Hotels		13,995	39,643
Press and publication		4,928	8,496
Energy		566,575	586,803
Commercial		26,264	82,354
Others		2,796	3,165
<b>Gross revenues</b>		<u>614,558</u>	<u>720,461</u>
Cost of revenues		<u>(500,665)</u>	<u>(566,686)</u>
<b>Net operating revenues</b>	29	113,893	153,775
Interest income	30	462,529	438,530
Losses on financial assets at fair value through profit or loss, net	31	(567)	(2,008)
Group's share of associates' net operating results	8	5,936	24,139
(Losses) gains on investment properties, net	32	(1,759)	6,927
Dividends distribution	33	14,399	81,116
Other revenues		27,454	28,583
<b>Net revenues</b>		<u><u>621,885</u></u>	<u><u>731,062</u></u>
<b>Expenses-</b>			
General and administrative expenses	34	(73,515)	(77,464)
Energy and maintenance expenses		(6,020)	(8,687)
Selling and distribution expenses		(5,976)	(7,548)
Impairment losses on projects in progress		-	(82)
Depreciation of property and equipment	13	(28,358)	(26,747)
Amortization of intangible assets	16	(2,904)	(2,926)
Provision for expected credit losses		(3,560)	(6,823)
Provision for slow moving inventory	12	(494)	(622)
Finance cost	35	(25,144)	(26,286)
(Provision) recovered from contingent liabilities provision		(2,939)	603
Other revenues (expenses)		645	(387)
<b>Total expenses</b>		<u>(148,265)</u>	<u>(156,969)</u>
Surplus of revenues over expenses for the year before income tax		473,620	574,093
Income tax expense	44	(4,981)	(3,739)
<b>Surplus of revenues over expenses for the year</b>		<u><u>468,639</u></u>	<u><u>570,354</u></u>
<b>Attributable to:</b>			
Social Security Investment Fund		467,387	558,580
Non-controlling interests		1,252	11,774
		<u><u>468,639</u></u>	<u><u>570,354</u></u>

The attached notes from 1 to 46 represent part of these consolidated financial statements

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

	<u>Note</u>	<u>2020</u>	<u>2019</u>
Surplus of revenues over expenses for the year		468,639	570,354
<b>Add: other comprehensive income not to be reclassified to revenues and expenses in subsequent periods</b>			
Change in fair value of financial assets through other comprehensive income		(275,327)	(152,784)
Group's share of net loss of hedging cash flow		(5,830)	(4,100)
The Group's share of actuarial losses on post-retirement health insurance liabilities		-	(1,818)
<b>Total comprehensive income for the year</b>		<u>187,482</u>	<u>411,652</u>
<b>Attributable to:</b>			
Social Security Investment Fund		187,999	401,108
Non-controlling interests		(517)	10,544
		<u>187,482</u>	<u>411,652</u>

The attached notes from 1 to 46 represent part of these consolidated financial statements

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

	Social Security Corporation current account	Social Security Corporation –Unemployment Fund	Property and equipment revaluation reserve	Fair value reserve	Cash flow hedges reserve	Surplus of revenues over accumulated expenses	Net Social Security Corporation equity	Non-controlling interests	Net Equity
<b>2020-</b>									
Balance as at 1 January 2020	6,286,910	256,611	31,812	176,833	(2,997)	4,198,551	10,947,720	55,274	11,002,994
Surplus of revenues over expenses for the year	-	-	-	-	-	467,387	467,387	1,252	468,639
Change in fair value of financial assets through other comprehensive income	-	-	-	(275,307)	-	-	(275,307)	(20)	(275,327)
Realized gains on sale of financial assets through other comprehensive income	-	-	-	(6,719)	-	6,719	-	-	-
Group's share of cash flow hedges reserve (note 8)	-	-	-	-	(4,081)	-	(4,081)	(1,749)	(5,830)
Cash transferred during the year, net	120,341	(91,183)	-	-	-	-	29,158	-	29,158
Unemployment Funds' share of the investment Funds' returns	-	9,297	-	-	-	(9,297)	-	-	-
Dividends from non-controlling interests	-	-	-	-	-	-	-	(12,218)	(12,218)
<b>Balance as at 31 December 2020</b>	<b>6,407,251</b>	<b>174,725</b>	<b>31,812</b>	<b>(105,193)</b>	<b>(7,078)</b>	<b>4,663,360</b>	<b>11,164,877</b>	<b>42,539</b>	<b>11,207,416</b>
<b>2019-</b>									
Balance as at 1 January 2019	5,769,686	351,901	31,812	329,620	(127)	3,668,362	10,151,254	58,930	10,210,184
Surplus of revenues over expenses for the year	-	-	-	-	-	558,580	558,580	11,774	570,354
Change in fair value of financial assets through other comprehensive income	-	-	-	(152,784)	-	-	(152,784)	-	(152,784)
Realized gains on sale of financial assets through other comprehensive income	-	-	-	(3)	-	3	-	-	-
Group's share of cash flow hedges reserve	-	-	-	-	(2,870)	-	(2,870)	(1,230)	(4,100)
Group's share of actuarial losses on health insurance liabilities	-	-	-	-	-	(1,818)	(1,818)	-	(1,818)
Cash transferred during the year, net	517,224	(113,971)	-	-	-	(7,721)	395,532	-	395,532
Unemployment Funds' share of the investment Funds' returns	-	18,681	-	-	-	(18,681)	-	-	-
Dividends from non-controlling interests	-	-	-	-	-	-	-	(14,200)	(14,200)
Prior years' adjustments	-	-	-	-	-	(174)	(174)	-	(174)
<b>Balance as at 31 December 2019</b>	<b>6,286,910</b>	<b>256,611</b>	<b>31,812</b>	<b>176,833</b>	<b>(2,997)</b>	<b>4,198,551</b>	<b>10,947,720</b>	<b>55,274</b>	<b>11,002,994</b>

The attached notes from 1 to 46 represent part of these consolidated financial statements

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

	Notes	2020	2019
<b><u>Operating activities</u></b>			
Surplus of revenues over expenses for the year before income tax		473,620	574,093
<b>Adjustments-</b>			
Depreciation of property and equipment	13	28,358	26,747
Amortization of intangible assets	16	2,904	2,926
End of service indemnity provision	34	2,124	1,869
Group's share of associates' net operating results	8	(5,936)	(24,139)
Losses of revaluation of financial assets at fair value through profit or loss	31	4,122	2,071
Realized gains on sale of financial assets at fair value through profit or loss	31	(3,556)	(67)
Provision for slow moving inventory	12	494	622
Provision for expected credit losses		6,651	7,336
Recovered from provision for expected credit losses		(3,091)	(513)
Provision for (recovered from) contingent liabilities		2,939	(603)
Losses on investment property valuation at fair value	32	5,362	8,909
Finance costs		25,144	26,286
Recovered lands – lawsuits	32	-	(13,163)
Impairment losses on projects under progress		-	82
<b>Working capital changes-</b>			
Deposits at banks and financial institutions with maturity of more than 3 months		154,656	(345,547)
Financial assets at fair value through profit or loss		28,984	(354)
Inventories		(4,096)	5,806
Other assets		84,363	15,470
Related parties		86	47
Electricity service subscribers' deposits		3,710	4,488
Advance payments from electricity subscribers		(9,087)	1,136
Due to National Electric Power Company		(103,192)	(49,357)
Other liabilities		11,185	13,121
Payments of end of service indemnity	22	(934)	(2,467)
Income tax paid	44	(3,072)	(5,050)
<b>Net cash flows from operating activities</b>		<b>701,738</b>	<b>249,749</b>
<b><u>Investing activities</u></b>			
Financial assets at fair value through other comprehensive income		1,327	(52,825)
Financial assets at amortized cost		(379,990)	(709,832)
Investments in associates	8	(39)	-
Dividends received from associates	8	10,354	17,882
Investment properties	14	(58,108)	(57,957)
Property and equipment and projects in progress, net		(29,673)	(50,277)
Loans and granted debts		(67,121)	(75,203)
Intangible assets	16	(35)	(25)
Investments in joint operations		4	(116)
<b>Net cash flows used in investing activities</b>		<b>(523,281)</b>	<b>(928,353)</b>
<b><u>Financing activities</u></b>			
Net amounts transferred from Social Security Corporation		29,028	395,532
Bank loans		2,321	(6,585)
Change in non-controlling interests		(12,218)	(14,200)
Finance costs paid		(25,144)	(26,286)
<b>Net cash flows (used in) from financing activities</b>		<b>(6,013)</b>	<b>348,461</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>172,444</b>	<b>(330,143)</b>
Cash and cash equivalents at 1 January		123,407	453,550
<b>Cash and cash equivalents at 31 December</b>	36	<b>295,851</b>	<b>123,407</b>

The attached notes from 1 to 46 represent part of these consolidated financial statements

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**

**(IN THOUSANDS OF JORDANIAN DINARS)**

---

**(1) GENERAL**

Social Security Investment Fund was established in accordance with the Social Security Fund's Investment Law No. (111) for the year 2001 and in conjunction with article (76) of the Social Security Law No. (19) for the year 2001. The date 1 January 2003 was considered the date for commencing the Fund's activities, and in accordance with the Social Security Corporation's Board of Directors Decision No. 1/2003 dated 2 January 2003, the balances of investment accounts and their other related accounts were transferred from the Social Security Corporation records to the records of the Social Security Investment Fund.

In accordance with Social Security temporary law No. (7) of 2010 the name of the Investment Fund was modified to become "Social Security Investment Fund" (The Fund). The Fund's registered address Abdul Rahman Arshidat St. Shmeisani, P.O.Box 850633, Amman 11185, The Hashemite Kingdom of Jordan.

The Fund's main activity is to manage the investments of the Social Security Corporation in a manner that ensures the development of its financial resources, and in order to achieve the Social Security Corporation's objectives, the Fund undertakes the following tasks:

- Establishing projects in cooperation with the public and private sectors on corporation investments.
- Underwriting purchasing and selling of bonds, bills and other securities.
- Purchasing and selling quoted or unquoted shares in Amman Stock Exchange.
- Investing in cash deposits with the banking system with appropriate returns.
- Contributing in mutual funds.
- Contributing in the financing of national projects of economic feasibility by providing long-term loans and against appropriate guarantees.
- Purchase, sale and development of properties for the purpose of acquisition, participation, investment or trading.
- Carry out any investment activities approved by the Investment Board and approved by the Board of Directors of the Social Security Corporation.
- Conducting economic feasibility studies for the projects it intends to invest in, and in this field, to use the role of experts and specialists.
- Follow-up on the performance of the institutions in which the corporation contributes, and report on the performance of these companies, along with recommendations to the Board of Investment.

The consolidated financial statements of the Social Security Investment Fund for the year 2020 have been approved by the Board of Investment on its meeting held on 24 June 2021.

**(2) ACCOUNTING POLICIES**

**(2-1) BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared in accordance with historical cost convention, except for the financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and investment properties which have been presented at fair value at the date of these consolidated financial statements.

The consolidated financial statements have been presented in Jordanian Dinars (JD) which is the functional currency of the Group.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**

**(IN THOUSANDS OF JORDANIAN DINARS)**

**(2-2) BASIS OF CONSOLIDATION**

The consolidated financial statements comprise the financial statements of the Social Security Investment Fund and the financial statements of its subsidiaries (“the Group”) as at 31 December 2020. The subsidiaries that have been included in the consolidated financial statements are as follows:

	Sector	Paid in capital		Percentage of Ownership	
		2020	2019	2020	2019
				%	%
Jordan Press Foundation Public Shareholding Company / Al-Rai	Press and publication	10,000,000	10,000,000	54.93	54.93
Jordan Duty Free Public Shareholding Company	Trading	22,500,000	22,500,000	57.1	57.1
Al-Daman for Investment Public Shareholding Company	Investment and leasing	10,000,000	10,000,000	61.4	61.4
Rama for Investments and saving LLC	Investment	560,000	560,000	100	100
National Company for Touristic Development LLC	Tourism	2,050,000	2,050,000	100	100
United Travelling Center LLC*	Leasing	4,654,339	4,654,339	100	100
Al Daman for Lease Financing	Finance leasing	500,000	100,000	100	100
Al Daman for Hotel Transport Services	Services	100,000	100,000	100	100
Kingdom Electricity Company for Energy Investments**	Energy distribution	50,000	50,000	70	70
Daman for Development Zone Private Shareholding Company***	Land leasing and development	40,000,000	40,000,000	100	100
Jordan Daman Company for International Business****	Investment	100,000	100,000	100	100
Al Daman for Agriculture and Investment *****	Investment	500,000	-	100	-

\* Subsequent to year end, United Travelling Center Company decreased its capital to 1,986,499 instead of 4,654,339.

\*\* The Board of Directors of Daman for Energy Investment decided in its meeting number 2/2019 held on 17 February 2019 to voluntarily to liquidate the Company. The General assembly approved in its meeting held on 21 April 2019 to approve the liquidation of the Company, and thus all of the Company’s assets (which mainly comprises of the shares of Kingdom Electricity Company and current accounts) to the Social Security Investments Fund, which made Kingdom Electricity Company directly a subsidiary to the Fund

The financial statements of Kingdom Electricity Company for Energy Investment Private Shareholding Company include the following subsidiaries:

	Percentage of Ownership	Country of Incorporation
Electricity Distribution Company - Public Shareholding Company	100%	Jordan
Irbid District Electricity Company - Public Shareholding Company*	55.52%	Jordan

\* Electricity Distribution Company owns 55.46% of Irbid District Electricity Company, which represents the actual ownership percentage of the Group, in addition to 0.06% of direct ownership of Kingdom Electricity Company for Energy Investment in Irbid District Electricity Company.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**

**(IN THOUSANDS OF JORDANIAN DINARS)**

\*\*\* The financial statements of Daman for Development Zone Private Shareholding Company include the following subsidiaries:

	<u>Percentage of Ownership</u>	<u>Country of Incorporation</u>
Al-Mafraq Development Company	80%	Jordan
North Development Company	100%	Jordan

\*\*\*\* The financial statements of Jordan Daman Company for International Business include the following subsidiary:

	<u>Percentage of Ownership</u>	<u>Country of Incorporation</u>
Jordan Daman Company for International Investments	100%	Jordan

\*\*\*\*\* During the year 2020, the Fund established Al Daman for Agriculture and Investment Company (“Private Limited Shareholding Company”) with an authorized and paid-in capital of JD 500,000 divided into 500,000 shares at a par value of JD 1 per share.

Hotels and resorts that have been included in the consolidated financial statements and are fully owned by the Fund are as follows:

- Crowne Plaza Hotel - Amman
- Crowne Plaza Hotel Petra and its Rest House
- Intercontinental Hotel - Aqaba
- Amman Cham Palace Hotel – Amman\*
- Holiday Inn Hotel – Dead Sea
- Crowne Plaza Resort – Dead Sea

\* The consolidated financial statements of the Fund include the financial statements of Amman Cham Palace Hotel for the year 2017. The Hotel’s financial statements for the years 2020, 2019 and 2018 have not been consolidated as they were not available.

The financial statements of the Fund and its subsidiaries are prepared using the same accounting period as the Funds and using the same accounting policies, except for Investment properties for Al Daman for Investments Public Share Holding Company and National Company for Touristic Development which are presented at cost in the companies’ financial statements. However, they are presented at fair value in the consolidated financial statements and proper reconciliations are prepared in the Fund’s consolidated statements.

Control is achieved when the Group has the rights to variable returns from its involvement with the company it has invested in and has the ability to affect those returns through its power over the investee. Control over the investee is exercised when the following factors exist:

- Power over the investee (i.e., existing rights that give the Group the ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**

**(IN THOUSANDS OF JORDANIAN DINARS)**

---

When the Group owns less than a majority of the voting rights in an investee, in this case, the Group considers all factors and circumstances to determine whether it has control over the investee, which include the following:

- Contractual agreements with shareholders that have voting rights in the investee
- Rights resulting from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, revenues and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group obtains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of subsidiary.
- Derecognizes the carrying amount of any non-controlling interest.
- Derecognizes the cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any investment retained by subsidiary.
- Recognizes any gains or losses as a result of losing control.
- Reclassifies the Group's share of components previously recognized in other comprehensive income to profit or loss.

### **(2-3) CHANGES IN ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of the consolidated financial statements for the year ended 31 December 2020 are consistent with those adopted for the year ended 31 December 2019, except for the adoption of new standards and amendments effective as of 1 January 2020:

#### **Amendments to IFRS 3: Definition of a Business**

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

The amendments have been applied to transactions that are either a business merger or the acquisition of assets whose acquisition date is on or after the start of the first annual reporting period that began on or after January 1, 2020. Consequently, the Fund has not required to review these transactions that occurred on earlier periods. Early application is permitted and must be disclosed.

These amendments had no impact on the Group's consolidated financial statements.

**Amendments to IAS 1 and IAS 8: Definition of “Material”**

The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of ‘material’ across the standards and to clarify certain aspects of the definition. The new definition states that, ‘Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

**Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform**

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

These amendments have no impact on the consolidated financial statements of the Group.

**Amendments to IFRS 16 Covid-19 Related Rent Concessions**

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. This relates to any reduction in lease payments which are originally due on or before 30 June 2021. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. The Group did not have any leases impacted by the amendment.

**(2-4) SIGNIFICANT ACCOUNTING POLICIES**

**Financial assets at amortized cost**

Financial assets that the Group’s management aims, according to its business model to hold to collect their contractual cash which represents the principal amount and the interest on the outstanding principal amount.

These financial assets are initially measured at amortized cost plus transaction costs. Subsequently they are amortized using the effective interest rate method less allowance for impairment. The losses arising from impairment are recognized in the consolidated statement of revenues and expenses.

The amount of the impairment consists of the difference between the book value and present value of the expected future cash flows discounted at the original effective interest rate.

No assets may be reclassified from/to this item except in the cases specified in IFRS and, (if any such asset is sold before its maturity date, the result of the sale is recognized in the consolidated statement of revenues and expenses in a separate line and disclosed in accordance with the requirements of International Financial Reporting Standards In particular).

**(IN THOUSANDS OF JORDANIAN DINARS)**

### **Financial assets at fair value through profit or loss**

These assets represent investments in companies' shares for trading purposes and are intended to generate profits from fluctuations in short-term market prices or trading profit margins.

Financial assets at fair value through profit or loss are initially measured at fair value (transaction costs are recorded in the consolidated statement of revenues and expenses at the purchase date), subsequently, these assets are revalued at fair value. Gains or losses arising on subsequent measurement of these financial assets including the change in fair value arising from non-monetary assets in foreign currencies are recognized in the consolidated statement of revenues and expenses. When these assets or portion of these assets are sold, the gain or loss arising is recorded in the consolidated statement of revenues and expenses.

Dividend and interest income are recorded in the consolidated statement of revenues and expenses.

### **Financial assets at fair value through other comprehensive income**

These assets represent investments in equity instruments for the purpose of retention over the long-term.

These financial instruments are initially measured at their fair value plus transaction costs. Subsequently, they are revalued at fair value. Gains or losses arising on subsequent measurement of these equity investments including the change in fair value arising from non-monetary assets in foreign currencies are recognized in the consolidated statement of comprehensive income. In case of sale of such asset or part of it, the gain or loss is recorded in the consolidated statement of comprehensive income and in the consolidated statement of changes in equity and the fair value reserve balance for sold assets is directly transferred to the accumulated surplus of revenues over expenses and not through the consolidated statement of profit or loss.

It is not permitted to reclassify assets to/from this item except in certain circumstances determined in IFRS.

These financial assets are not subject to impairment testing.

Dividend income is recognized in the consolidated statement of revenues and expenses.

### **Loans and granted debts**

Loans are recognized at fair value, subsequently they are amortized using the effective interest rate method.

A provision for expected credit losses for loans and granted debts is recognized through reaching an estimation for the probability of default and the percentage of loss assuming default. The Group relies on several main economic indicators in building a number of assumptions, mainly GDP growth indicators, the financial market index and debit indicators in addition to the classification issued by the credit rating institution and according to the statistical data of the global default rate of this classification.

### **Fair value**

The Group measures its financial instruments such as financial assets at fair value through other comprehensive income at the date of the consolidated financial statements as disclosed in (note 38).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Group uses the following valuation methods and alternatives in measuring and recording the fair value of financial instruments:

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**

**(IN THOUSANDS OF JORDANIAN DINARS)**

---

### **Impairment of financial assets**

The Group recognizes a provision for expected credit losses for all debt instruments not held at fair value, in the statement of profit or loss. Expected credit losses rely on the difference between accrued contracted cash flows in accordance to the contract and all cash flows the Group expects to receive, discounted at the original effective interest rate. The expected cash flows include cash flows from the sale of held collaterals or other credit enhancement that are an integral part of the contractual terms (if any).

The Group's management calculates the provision based on its historical credit loss experience adjusted for the future factors of debtors and the economic environment.

### **Property and equipment**

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment in value. Depreciation is calculated using the straight-line method, (except for lands), over the estimated useful lives of property and equipment when they are ready for use, Depreciation rates used are as follows

	<u>%</u>
Buildings	2-10
Furniture and fixtures	9-25
Machinery and equipment	3-20
Vehicles	15-20
Additions and improvements	15
Computers	20-25
Electromechanical equipment	15
Sanitary extensions	15
Others	10-20

When the recoverable value of property and equipment is less than their carrying amount, assets are written down to its recoverable amount and impairment losses are recognized in the consolidated statement of revenues and expenses.

Useful lives of property and equipment are reviewed at the end of each year. If the expectations of useful lives are different from the previous estimates, the change is accounted for as changes in estimate in future periods.

### **Goodwill**

Goodwill is initially measured at cost which represents the excess of the cost of acquisition or purchase of investment in an associate or subsidiary company over the Group's share in the net fair value of the identifiable assets at the date of acquisition. Goodwill arising from the investment in subsidiaries is separately presented within intangible assets, while goodwill arising from the investment in associates is recognized within investment in associates and subsequently adjusted for any impairment losses.

Goodwill is allocated to each of the Group's cash-generating units, or groups of cash generating units for the purpose of impairment testing.

Goodwill is reviewed for impairment at the date of the consolidated of the financial statements, if events or conditions indicate that the estimated recoverable amount of a cash-generating unit or group of cash-generating units is less than their carrying amount, impairment losses are recognized in the consolidated statement of revenues and expenses.

**(IN THOUSANDS OF JORDANIAN DINARS)**

### **Intangible assets**

Intangible assets are classified based on the assessment of their useful life to definite and indefinite. Intangible assets with definite lives are amortized over the useful economic life and amortization expenses are recognized in the consolidated statement of profit or loss, while intangible assets with indefinite useful lives are assessed for impairment at each reporting date and impairment loss is recognized in the consolidated statement of revenues and expenses.

Internally generated intangible assets are not capitalized and are expensed in the consolidated statement of revenues and expenses.

Indications of impairment of intangible assets are reviewed and their useful economic lives are reassessed at each reporting date. Adjustments are reflected in the subsequent periods.

### **Investment properties**

Investment properties are stated at cost including the acquisition costs and is measured subsequently at fair value which primarily reflects the conditions and market prices as of the date of the consolidated financial statements.

Gains and losses resulting from changes in the fair value of investment properties are recognized in the consolidated statement of revenues and expenses.

Investment properties are valued using assumptions that reflect market prices using the average valuation for five independent real estate experts after excluding the highest and lowest valuations. Investment properties purchased during the year are valued using the purchase price.

### **End of service indemnity provision**

Provision for end of service indemnity is recognized when the Group is committed to providing its employees with end of service indemnities. The Group is obligated when it has a detailed formal compensation plan and there is no real prospect of withdrawing the plan.

Provision for end of service indemnity is measured based on the Group's number of employees at the date of the consolidated financial position in accordance with the Group's internal policies and IAS (19). Social Security Investment Fund's employees are subject to civil services rules.

### **Trade payable and accruals**

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

### **Loans**

All loans are initially recognized at the fair value of the consideration received less directly attributable transaction costs. Profits and losses are recognized in the consolidated statement of revenues and expenses when the obligation is paid. After initial recognition, interest bearing loans are subsequently measured at amortized cost using the effective interest method.

### **Accounts receivable**

Accounts receivable are stated at original invoice amount less any provision of expected credit losses. The Group applies a simplified approach in calculating estimated credit losses. The Group has historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment in accordance to International Financial Reporting Standard (9).

### **Leases**

#### **The Group as a lessee**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### **Right-of-use assets**

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right of use assets is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment.

#### **Lease contract liabilities**

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

**(IN THOUSANDS OF JORDANIAN DINARS)**

### **Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to some of its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### **The Group as a lessor**

Operating lease income is recognized as rental income in the consolidated statement of revenues and expenses on a straight-line basis over the lease term.

### **Revenue and expense recognition**

Revenues are recognized in accordance with IFRS (15) – Five step model, which specifies the contract, price, performance obligations and recognizing revenues based on the fulfillment of performance obligations.

The Group recognizes revenue from the sale of newspapers, distribution of advertisements and commercial press revenues at a certain point in time at which the control of the asset is transferred to the customer upon the delivery of goods.

Interest income is recognized on a timely basis to reflect the return on assets.

Dividends on investment securities are recognized when approved by the General Assembly of the investee.

Revenue from the sale of energy is recognized when used by consumer and an invoice has been issued.

Hotel revenues represent revenues recognized from providing hotel rooms to customers. Hotel revenues (stay in) are recognized once the service is provided.

Food and beverage revenues represent revenues recognized from providing food and beverage to consumers through the room service department in addition to restaurants inside the hotel. Food and beverage revenues are recognized once the service is provided and an invoice is issued to the customer which usually occurs at a certain period of time.

Rent revenues represent revenues recognized through providing rental services to customers where payments from tenants are recorded as unrealized and are recognized at the start of the contract period over the life of the contract.

### **Revenue from the Sale of goods**

The Group recognizes revenues from the sale of goods at the fair value of considerations received or to be received and when there is a reasonable possibility for collection in accordance with IFRS (15).

The Group recognizes revenues from the sale of goods at a certain point in time at the date in which control is transferred to the customer. Generally, when goods are delivered, and an invoice is issued to the customer.

**(IN THOUSANDS OF JORDANIAN DINARS)**

### **Recognition of financial assets**

Purchases and sales of financial assets are recognized at the date of trade (that is the date the Group commits to purchase or sell the asset).

### **Derivative financial instruments**

Trading financial derivatives are stated at fair value (such as future interest rates, swap agreements and foreign currency option contracts) in the consolidated statement of financial position within other assets or other liabilities, fair value is measured according to the prevailing market prices, the change in their fair value is recognized in the consolidated statement of revenues and expenses.

### **Repurchase and resale agreements**

Assets sold with a corresponding commitment to repurchase them at a future date continue to be recognized in the consolidated financial statements as a result of the Group's continuous control over these assets and as the related risks and rewards are transferred to the Group upon occurrence. They also continue to be measured in accordance with the adopted accounting policies. Amounts received against these contracts are recorded within liabilities under borrowed funds. The difference between the sale price and the repurchase price is recognized as an interest expense amortized over the contract period using the effective interest rate.

Purchased assets with corresponding commitment to sell at a specific future date are not recognized in the consolidated financial statements because the Group has no control over such assets and the related risks and rewards are not transferred to the Group upon occurrence. Payments related to these contracts are recorded under deposits at banks and other financial institutions or loans and granted debts in accordance with the nature of each case. The difference between the purchase price and resale price is recorded as interest revenue amortized over the life of the contract using the effective interest rate method.

### **Investments in associates**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee. The Group's investments in associates are accounted for using the equity method.

Under the equity method, investments in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually. The consolidated statement of revenues and expenses reflects the Group's share of the results of operations of the associate. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

### **Inventory**

Inventory is valued at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### **Income tax**

- Income tax expense represents accrued tax and deferred tax.
- Income tax expenses are accounted for on the basis of taxable income. Taxable income differs from income declared in the consolidated financial statements as the declared income includes non-taxable revenue or not deductible expenses in the current year, but deductible in subsequent years, accumulated losses acceptable by the tax authorities, and items not accepted for tax purposes or subject to tax.
- Taxes are calculated on the basis of tax rates prescribed according to the prevailing laws, regulations and instructions of the Hashemite kingdom of Jordan. Social Security Corporation revenues are exempted from income tax by law except for rental revenues, revenue of some hotels and foreign investments.
  
- Deferred taxes are taxes expected to be paid or recovered as a result of temporary differences in the value of assets or liabilities in the consolidated financial statements and the value upon which taxable income is calculated. Deferred taxes are provided using the liability method on the consolidated financial statements and are calculated based on the tax rates expected to be implemented upon the settlement of a tax commitment or upon the realization of tax asset.
- Deferred tax assets and liabilities are reviewed as of the date of the consolidated financial statements and reduced in case it is expected that no benefit will arise therefrom, partially or totally.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, balances with the Central Bank of Jordan and balances with banks and financial institutions maturing within three months net of bank overdrafts.

### **Subscribers' contributions assets and liabilities**

These assets are stated separately based on the Energy and Mineral Regulatory Commission regulations within non-current assets under subscribers' contributions assets, with a similar contra liability account under subscribers' contributions liabilities with the same amount.

Amortization of these assets is calculated on a straight-line basis at an annual rate of 4% along with the amortization of subscriber's contributions liabilities. The amortization of assets and liabilities of subscribers' contributions is offset, and accordingly has no impact on the consolidated statement of revenues and expenses.

### **Rural files assets**

This term represents the infrastructure assets used to connect the electricity company to rural areas. It is recorded under non-current asset as "Rural files assets" and is offset with a liability under the term "Rural files liabilities" carrying the same amount, and that is to conform with the legislations. Depreciation and amortization of those assets and liabilities is calculated on a straight-line basis at annual rate of 4%. The depreciation and amortization of assets and liabilities of rural files are offset, and accordingly has no impact on the consolidated statement of revenues and expenses.

**(IN THOUSANDS OF JORDANIAN DINARS)**

### **Investments in joint operations**

Joint operations are a contractual agreement between the Fund and other parties in jointly controlled economic activities where financial, operational and strategic policy decisions on project activities require the unanimous approval of the parties involved in the control.

Assets, liabilities, revenues and expenses related to joint operations are recognized by the Group to its percentage of ownership in these operations.

### **Offsetting**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a current enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### **Foreign currency**

Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transaction.

Financial assets and financial liabilities denominated in foreign currencies are translated at the average rates prevailing on the date of the consolidated statement of financial position as declared by the Central Bank of Jordan.

Gains or losses resulting from foreign currency translation are recognized in the consolidated statement of revenues and expenses.

Translation differences for non-monetary assets and liabilities denominated in foreign currencies (such as financial assets at fair value through the statement of profit or loss) are recorded as part of the change in fair value.

### **(2-5) SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and the disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. 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 has made some judgements in applying the Group's accounting policies. Judgments made by management that have the greatest impact on amounts recognized in the consolidated financial statements are disclosed in the relevant notes to the consolidated financial statements.

**(IN THOUSANDS OF JORDANIAN DINARS)**

Key assumptions relating to future key and other sources of estimation at the date of the consolidated financial statements that may pose significant risk of material changes in the carrying amount of assets and liabilities during the next financial year are also disclosed in the relevant notes to the consolidated financial statements.

The Group included its assumptions and estimates in preparing the consolidated financial statements. However, current conditions and estimates related to further developments may change as a result of market changes or circumstances that may arise outside the Group's control. The Group reflects these changes to assumptions once they occur.

Reasonable judgments used in the preparation of the consolidated financial statements are detailed as follows:

- Impairment of investment properties is recorded based on recent valuations approved by the accredited real estate experts for impairment testing purposes and are reviewed periodically.
- Fiscal year is charged with its related income tax expense in accordance with laws, regulations and accounting standards.
- Management periodically reviews the useful lives of property and equipment for the purpose of annual depreciation calculation based on the general state of those assets and expected future useful lives, impairment losses are recorded in the consolidated statement of revenues and expenses.
- A provision recognized for lawsuits raised against the Group based on a legal study prepared by Group's legal counsel and legal advisors upon which future probable risks are determined, those studies are reviewed periodically.
- Management periodically reviews financial assets stated at cost to evaluate any impairment in value, this impairment is recorded in the consolidated statement of profit or loss.

- Fair value levels:

The level of the fair value hierarchy in which fair value measurements are categorized is determined and disclosed, and fair value measurements are separated to the stages specified in IFRS. The difference between stage (2) and stage (3) for fair value measurements is an assessment of whether information or inputs are observed and the extent of information that is not observable, which requires careful judgment and analysis of inputs used to measure fair value including consideration of all factors that concern the asset or obligation.

- Provision for expected credit losses:

The determination of a provision for impairment of financial assets requires the Group's management to make significant judgment to estimate the amounts and timing of future cash flows, as well as to estimate any significant increase in the credit risk of financial assets after initial recognition, and to take into account further measurement information for expected credit losses.

The Group determined the value of the provision for impairment of financial assets in accordance with international financial reporting standards. The Group's policy is to determine common elements on which credit risk and expected credit losses are measured on a collective basis or an individual basis.

**Methodology of application of IFRS (9) (Financial instruments):**

Key concepts that have a material impact and require a high degree of management judgment and which have been considered by the Group when applying the standard include the following:

- **Assessment of significant increase in credit risk:**

An assessment is made as to whether there has been a significant increase in credit risk since inception, The Group compares the risk of default to the financial instrument at the end of each financial period with the risk of default when the financial instrument arises using key concepts of the Group's risk management processes.

The significant increase in credit risk is assessed annually and separately for each exposure to credit risk based on three factors. If one of these factors indicates a significant increase in credit risk, the financial instrument is reclassified from stage 1 to stage 2:

- 1- We have set limits to measure the significant increase in credit risk based on the change in the risk of default of the financial instrument as compared its date of inception.
- 2- Any reschedules or adjustments made to customer accounts during the evaluation period shall be recognized as an indication of significant increase in credit risk.
- 3- IFRS (9) (financial instruments) includes an assumption that there is a significant increase in the credit risk of financial instruments that have been impaired and have been recognized for more than 30 days. A substantial increase in the credit risk of financial instruments that have defaulted and matured for over 60 days which will be reduced to 30 days within 3 years. In this respect the Group adopted a 45 days period.

The change between stage 2 and stage 3 depends on whether the financial instruments are impaired at the end of the financial period.

- **Macrocosmic factors, expected future events and the use of more than one scenario**

Historical information, current conditions and expected future events should be considered based on reliable information when measuring expected credit losses for each stage. The measurement and application of expected future information requires the Group's management to make substantial efforts based on cooperation with international entities with expertise in this area.

Probability of default, loss ratio assuming default, impact upon default and inputs used in stage 1 and stage 2 of the credit facility impairment are designed based on variable economic factors (or factors related to changes in macroeconomic) that are directly related to the credit risk associated with the portfolio.

Each macroeconomic scenario used to calculate the expected credit loss is linked to changing macroeconomic factors. In our estimates used to calculate expected credit losses for stages 1 and 2 discounted weighted scenarios that include future macroeconomic information for the subsequent three years.

The base line scenario is based on macroeconomic forecasts (i.e. GDP, inflation, and interest rates). The ups and downs of economic factors will be developed on the basis of possible alternative economic conditions.

- **Definition of stumbling**

The definition of default used to measure expected credit losses and in the assessment of change between stages is consistent with the concept of default used by the Group's internal credit risk management. The default is not defined in the standard, and there is a presumption that default occurs when the payment is ceased for 90 days or more.

- **Expected life**

When measuring expected credit losses, the Group considers the maximum extent of expected cash flows that the Group considers to be at risk of impairment. All contractual obligations for life expectancy including prepayment options and extension options of some revolving credit facilities with no fixed repayment date is measured based on the Group's exposure to credit risk that management cannot avoid.

- **Scope of application**

Provision for expected credit losses for all financial assets of the Group is measured as follows:

- Monetary market instruments include current accounts, deposits at banks, deposits against pledged bonds and swap contracts.
- Bonds which include Jordanian treasury bonds, government bonds denominated in US dollars, public companies' bonds and private companies' bonds and debts.
- Loans including direct loans, syndicated loans and other loans.
- Account receivables.

- **Hypotheses and methodology of work**

Each of the above investment instruments, which is subject to the scope of IFRS 9, has been examined to determine the probability of default and the loss ratios assuming default. A number of key economic indicators have been based on the construction of a number of assumptions, most importantly GDP growth indicators, the index of the financial market, indicators of public debt of the country, in addition to the sovereign classification of Jordan issued by credit rating institutions and according to the statistical data of the cumulative global default rates of the classification.

A number of scenarios have been assumed for the purpose of calculating the probability default, using available data on companies either from the outside or within the investment fund, in addition to using the self- assessment system for the classification of companies and banks approved within the Investment Fund.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**

**(IN THOUSANDS OF JORDANIAN DINARS)**

**(3) CASH AND BANK BALANCES**

This item consists of the following:

	<u>2020</u>	<u>2019</u>
Cash on hand	1,731	356
Current accounts and deposits on demand*	<u>10,035</u>	<u>24,391</u>
	<u><u>11,766</u></u>	<u><u>24,747</u></u>

\* This item includes the amount of JD 22 thousand of current accounts related to the Unemployment Fund as at 31 December 2020 (31 December 2019: JD 94 thousand).

- Current accounts do not include balances with foreign banks and financial institution as at 31 December 2020 and 2019.

- There were no restricted balances as at 31 December 2020 and 2019.

**(4) DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS**

This item consists of the following:

	<u>2020</u>	<u>2019</u>
Deposits maturing within 3 months or less	354,314	166,128
Deposits maturing within 3 to 6 months	576,089	749,261
Deposits maturing within 6 to 12 months	<u>575,442</u>	<u>556,926</u>
	1,505,845	1,472,315
Less: provision for expected credit losses*	<u>(10,208)</u>	<u>(9,348)</u>
	<u><u>1,495,637</u></u>	<u><u>1,462,967</u></u>

- Interest rates on Jordanian Dinar deposits range between 2.75% to 6.4% for the year ended at 31 December 2020 and from 2% to 6.5% for the year ended at 31 December 2019.

- There are no balances with foreign banks and financial institutions and there are no restricted balances as at 31 December 2020 and 2019.

- Deposits include an amount of JD 174 Million which represents deposits against the mortgage of government bonds for the benefit of the Fund held at Societe Generale Bank Jordan (31 December 2019: JD 174 Million).

\* Movements on provision for expected credit losses for deposits at banks and financial institutions during the year were as follows:

	<u>2020</u>				<u>2019</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>	<u>Total</u>
Balance as at 1 January	9,348	-	-	9,348	7,686
Provision for the year	<u>860</u>	<u>-</u>	<u>-</u>	<u>860</u>	<u>1,662</u>
Balance as at 31 December	<u><u>10,208</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>10,208</u></u>	<u><u>9,348</u></u>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**

**(IN THOUSANDS OF JORDANIAN DINARS)**

**(5) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

This item consists of the following:

<b>Quoted shares:</b>	<u>2020</u>	<u>2019</u>
Local	88,134	116,540
Foreign	<u>7,027</u>	<u>8,171</u>
	<u>95,161</u>	<u>124,711</u>

**(6) LOANS AND GRANTED DEBTS**

This item consists of the following:

	<u>2020</u>	<u>2019</u>
Direct loans	287,783	218,976
Syndicated loans	42,797	47,552
Housing loans	<u>3,069</u>	<u>-</u>
	<u>333,649</u>	<u>266,528</u>
Less: provision for expected credit losses*	<u>(6,626)</u>	<u>(7,076)</u>
	<u>327,023</u>	<u>259,452</u>

\* Movements on provision for expected credit losses for loans and granted debts during the year were as follows:

	<u>2020</u>				<u>2019</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>	<u>Total</u>
Balance as at 1 January	4,916	-	2,160	7,076	7,589
Provision for the year	18	-	-	18	-
Recovered from provision during the year	<u>(232)</u>	<u>-</u>	<u>(236)</u>	<u>(468)</u>	<u>(513)</u>
Balance as at 31 December	<u>4,702</u>	<u>-</u>	<u>1,924</u>	<u>6,626</u>	<u>7,076</u>

The table below illustrates interest rates, maturity dates, and collaterals for the aforementioned loans:

	<u>Balance</u>	<u>Interest rate</u>	<u>The last installment maturity date</u>	<u>Guarantees</u>
	JD	%		
Direct loans	287,783	5 – 8.37	4 April 2025	Governmental, real estate, legal
Syndicated loans	42,797	5.21 – 7.72	14 June 2028	Governmental, real estate, legal
Housing loans	<u>3,069</u>	4.75	28 February 2056	Real estate
	<u>333,649</u>			

Non-performing loans and debts amounted to JD 1,924 thousand representing 0.58% of loans and granted debts as at 31 December 2020 compared to JD 2,160 thousand representing 0.81% of loans and granted debts at 31 December 2019. A provision was provided in full against those loans.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**

**(IN THOUSANDS OF JORDANIAN DINARS)**

**(7) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

This item consists of the following:

	<u>2020</u>	<u>2019</u>
<b>Financial Assets- Quoted Shares*:</b>		
Quoted shares – local	935,307	1,215,689
Quoted shares – foreign	<u>91,373</u>	<u>74,614</u>
	1,026,680	1,290,303
<b>Financial Assets- Unquoted Shares:</b>	<u>42,239</u>	<u>50,733</u>
<b>Other financial assets:</b>		
Investments in mutual funds – USD	<u>4,746</u>	<u>8,285</u>
	<u><u>1,073,665</u></u>	<u><u>1,349,321</u></u>

\* Quoted Financial Assets are distributed according to the following sectors:

	<u>Ratio</u>	<u>2020</u>	<u>Ratio</u>	<u>2019</u>
	%		%	
Banking sector	65	666,018	74	957,901
Manufacturing sector	32	327,274	23	294,694
Services sector	3	30,902	3	34,237
Insurance sector	0.2	<u>2,486</u>	0.3	<u>3,471</u>
		<u><u>1,026,680</u></u>		<u><u>1,290,303</u></u>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

**(8) INVESTMENTS IN ASSOCIATES**

This item consists the following:

												2020		2019		
					Balance				Share of			Balance				
					using equity				cash flow			using equity		Fair market		
	Number of	Ownership	Last issued audited	method at the	Purchase/	Sale/	Share of	cash flow	Share of	hedges	Share of fair	method at	Fair market	Balance using	Fair market	
capital	percentage	financial	beginning of	Capital	Capital	Dividends	companies'	reserves	value reserve	value reserve	year end	value at year	equity method	value at year		
shares	Ownership	statements	the year	increase	decrease	received	results	reserve	value reserve	value reserve	year end	end	at year end	end		
<b>Listed in Amman Stock Exchange</b>																
Jordan Kuwait Bank	150,000,000	31,562,466	21.04	Banking	31 December 2020	94,374	-	-	-	(949)	-	478	93,903	45,450	94,374	52,815
Jordan Petroleum Refinery Co.	100,000,000	20,407,497	20.41	Petrochemical	31 December 2020	56,583	-	-	(3,468)	(2,924)	-	(8)	50,183	50,352	56,583	65,054
Jordan Cement Factories	60,444,460	13,207,226	21.85	Construction	31 December 2020	-	-	-	-	-	-	-	-	3,827	-	4,223
Jordan Telecommunication Co.	187,500,000	54,150,000	28.88	Telecommunication	31 December 2020	220,743	-	-	(4,332)	5,055	-	-	221,466	79,600	220,743	77,976
Jordan Worsted Mill Factories	15,000,000	3,004,000	20.03	Textiles	31 December 2020	11,369	-	-	(541)	261	-	(1,445)	9,644	6,150	11,369	6,900
East Company for Investments	16,000,000	4,164,153	26.03	Hotel services	31 December 2020	5,389	-	-	-	(327)	-	(23)	5,039	10,410	5,389	10,372
Jordan Electricity Company	86,080,154	18,489,044	21.48	Energy	31 December 2020	42,090	-	-	(1,341)	1,574	-	-	42,323	22,357	42,090	22,542
						430,548	-	-	(9,682)	2,690	-	(998)	422,558	218,146	430,548	239,882
<b>Non-listed in Amman Stock Exchange</b>																
South Dead Sea Development	17,000,000	5,100,000	30	Investment	31 December 2020	5,570	-	-	-	1	-	-	5,571	5,439	5,570	5,591
Electrical Equipment Industries	3,750,000	881,250	23.5	Manufacturing	31 December 2020	1,079	-	-	-	(88)	-	-	991	-	1,079	-
Al Zanpaq Company	167,000	50,100	30	Electricity generation	31 December 2020	1,127	-	-	(151)	130	(186)	-	920	-	1,127	-
Zahrat Al Salam Company	167,000	50,100	30	Electricity generation	31 December 2020	1,135	-	-	(136)	120	(186)	-	933	-	1,135	-
Alward Aljouy Company	167,000	50,100	30	Electricity generation	31 December 2020	1,236	-	-	(149)	130	(186)	-	1,031	-	1,236	-
Jordan Solar Company	100,000	30,000	30	Electricity generation	31 December 2020	1,206	-	-	(236)	33	(376)	-	627	-	1,206	-
<b>Al-Zarqa Station for Electrical Power Generation</b>																
Power Generation	50,000	20,000	40	Electricity generation	31 December 2020	33,595	-	-	-	2,924	(4,896)	-	31,623	-	33,595	-
<b>National Company for Infrastructure Investment</b>																
Infrastructure Investment	80,000	39,000	48.75	Investment	-	-	39	-	-	(4)	-	-	35	36	-	-
						44,948	39	-	(672)	3,246	(5,830)	-	41,731	5,475	44,948	5,591
						475,496	39	-	(10,354)	5,936	(5,830)	(998)	464,289	223,621	475,496	245,473

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

The following schedules illustrate summarized financial information for the Group's major investments in associates:

	Jordan Kuwait Bank	
	2020	2019
<b>Statement of Financial Position</b>		
Assets	2,809,895	2,756,001
Liabilities	(2,353,463)	(2,296,468)
Non-controlling interest	-	-
Net equity	456,432	459,533
Percentage of ownership	21.04%	21.04%
Net investment as of 31 December	93,903	94,374
<b>Statement of Comprehensive Income</b>		
Net Interest revenues, commissions and foreign currency	96,183	104,237
(Losses) gains on financial assets at fair value through other comprehensive income	(407)	91
Cash dividends at fair value through other comprehensive income	2,768	1,878
Provision for impairment of direct credit facilities	(44,953)	(14,004)
Provision for credit losses	(7,269)	(130)
Employees' expenditures	(28,868)	(27,843)
Other revenues and expenses, Net	(21,965)	(34,291)
(Loss) profit for the year	(4,511)	29,938
Attributable to Bank's shareholders	(4,511)	29,938
Attributable to non-controlling interests	-	-
Group's share of profit	(949)	6,299

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

	Jordan Petroleum Refinery	
	2020	2019
<b>Statement of Financial Position</b>		
Current assets	817,841	1,017,251
Non-current assets	276,129	273,942
Current liabilities	(790,893)	(951,512)
Non-current liabilities	(87,095)	(92,782)
Non-controlling interest	(9,138)	(8,690)
Net equity	206,844	238,209
Percentage of ownership	20.41%	20.41%
Net investment as of 31 December	50,183	56,583
<b>Statement of Comprehensive Income</b>		
Sales	957,288	1,463,356
Cost of sales	(921,060)	(1,348,339)
Bank interests and commissions	(22,458)	(42,575)
Selling and distribution expenses	(50,830)	(58,033)
Other revenues and expenses, net	22,782	29,779
(Loss) profit for the year	(14,278)	44,188
Attributable to the Company's share holders	(14,326)	43,861
Attributable to non-controlling interests	48	327
Group's share of profit	(2,924)	8,952

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

	Jordan Telecommunication Company	
	2020	2019
<b>Statement of Financial Position</b>		
Current assets	151,440	131,569
Non-current assets	541,487	556,845
Current liabilities	(258,918)	(249,858)
Non-current liabilities	(160,026)	(167,074)
Net equity	<u>273,983</u>	<u>271,482</u>
Percentage of ownership	<u>28.88%</u>	<u>28.88%</u>
Net investment as of 31 December	<u><u>221,466</u></u>	<u><u>220,743</u></u>
<b>Statement of Comprehensive Income</b>		
Revenues	317,066	318,740
Cost of services	(123,806)	(138,078)
Administrative expenses	(27,746)	(27,575)
Selling and marketing expenses	(37,225)	(38,469)
Finance income	956	889
Other revenues and expenses, net	(111,743)	(96,463)
Profit for the year	<u>17,502</u>	<u>19,044</u>
Group's share of profit	<u><u>5,055</u></u>	<u><u>5,500</u></u>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

	Jordan Worsted Mill Factory	
	2020	2019
<b>Statement of Financial Position</b>		
Current assets	11,357	14,601
Non-current assets	44,361	52,126
Current liabilities	(903)	(1,799)
Non-current liabilities	(147)	(1,196)
Non-controlling interest	(3,957)	(4,415)
Net equity	50,711	59,317
Percentage of ownership	20.04%	20.04%
Net investment as of 31 December	9,644	11,369
<b>Statement of Comprehensive Income</b>		
Sales	4,855	6,331
Cost of sales	(3,056)	(4,034)
Administrative expenses	(1,250)	(1,219)
Selling and marketing expenses	(50)	(58)
Other revenue and expense, net	1,125	2,221
Profit for the year	1,624	3,241
Attributable to Company's shareholders	1,304	2,869
Attributable to non-controlling interests	320	372
Group's share of profit	261	575

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

	East Company for Investments Projects	
	2020	2019
<b>Statement of Financial Position</b>		
Current assets	993	1,735
Non-current assets	18,860	19,968
Current liabilities	(493)	(1,116)
Net equity	19,360	20,587
Percentage of ownership	26.03%	26.03%
Net investment as of 31 December	5,039	5,389
<b>Statement of Comprehensive Income</b>		
Operating revenues	2,027	5,593
Operating costs	(862)	(1,941)
Administrative expenses, maintenance, marketing and depreciation	(2,436)	(3,337)
Other revenues	13	102
(Loss) profit for the year before tax	(1,258)	417
Income tax expense	-	(92)
(Loss) profit for the year	(1,258)	325
Group's share of profit	(327)	84

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

	Jordan Electricity Company	
	2020	2019
<b>Statement of Financial Position</b>		
Current assets	580,177	562,955
Non-current assets	424,559	612,652
Current liabilities	(531,511)	(672,079)
Non-current liabilities	(348,962)	(379,834)
Non-controlling interest	-	-
Net equity	<u>124,263</u>	<u>123,694</u>
Percentage of ownership	<u>21.48%</u>	<u>21.48%</u>
Net investment as of 31 December	<u><u>42,323</u></u>	<u><u>42,090</u></u>
<b>Statement of Comprehensive Income</b>		
Operating revenues	901,162	135,011
Operating costs	(762,530)	(113,538)
Administrative expenses, maintenance, marketing and depreciation	(112,508)	(25,062)
Other revenues and expenses, net	(14,795)	12,719
Profit for the year before tax	<u>11,329</u>	<u>9,130</u>
Income tax expense	(2,977)	(1,678)
Profit for the year	<u>8,352</u>	<u>7,452</u>
Attributable to Company's shareholders	<u>7,330</u>	<u>7,448</u>
Attributable to non-controlling interest	<u>-</u>	<u>-</u>
Group's share of profit	<u><u>1,574</u></u>	<u><u>1,601</u></u>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

**(9) FINANCIAL ASSETS AT AMORTIZED COST**

This item consists of the following:

	Average interest rates	2020	2019
	%		
<b>A- Government and public institution bonds</b>			
Treasury bonds*	3.47 – 7.99	6,411,196	6,013,009
Public institutions bonds	3.97 – 6.48	40,626	40,620
		<u>6,451,822</u>	<u>6,053,629</u>
<b>B- Bonds, debts and other securities:</b>			
Private companies bonds and debts	3.23 – 10.92	133,572	151,775
Less: provision for expected credit losses**		(13,203)	(15,826)
		<u>120,369</u>	<u>135,949</u>
		<u>6,572,191</u>	<u>6,189,578</u>

- Financial assets at amortized cost have maturity dates ranging between 1 month and 27 years.

\* Treasury bonds include an amount of JD 161,855 thousand as of 31 December 2020, representing treasury bonds related to the unemployment fund (31 December 2019: JD 219,598 thousand).

\*\* Movements on provision for expected credit losses for financial assets at amortized cost during the year were as follows:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
Balance as at 1 January	15,826	-	-	15,826	13,505
Provision for the year	-	-	-	-	2,321
Recovered from provision during the year	(2,623)	-	-	(2,623)	-
Balance as at 31 December	<u>13,203</u>	<u>-</u>	<u>-</u>	<u>13,203</u>	<u>15,826</u>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

**(10) SUBSCRIBERS' CONTRIBUTIONS AND RURAL FILS ASSETS AND LIABILITIES**

This item represents the infrastructure constructed by the subsidiaries of Kingdom Electricity Company for Energy Investment to connect customers and rural areas to electricity. The cost of infrastructures is paid by Subscribers and Jordanian Rural Fills Fund Project and recognized as assets and liabilities in the consolidated statement of financial position. Movements on this account during the year were as follows:

	<u>2020</u>	<u>2019</u>
<b>Cost</b>		
Balance as at 1 January	357,287	336,741
Transfer from projects in progress	<u>24,636</u>	<u>20,546</u>
Balance as at 31 December	<u><u>381,923</u></u>	<u><u>357,287</u></u>
<b>Accumulated amortization</b>		
Balance as at 1 January	166,200	152,210
Depreciation for the year*	<u>14,569</u>	<u>13,990</u>
Balance as at 31 December	<u>180,769</u>	<u>166,200</u>
<b>Net book value as at 31 December</b>	<u><u>201,154</u></u>	<u><u>191,087</u></u>

\* Subscribers contribution and rural fils assets are depreciated at a rate of 4% annually and subscribers' contribution and rural fils liabilities are depreciated at the same rate, and thus there is no effect on the financial performance of the Group. Details of subscribers' contribution and rural fils liabilities as at 31 December are as follows:

	<u>2020</u>	<u>2019</u>
Subscribers contribution liability	147,460	137,117
Rural fils liabilities	<u>53,694</u>	<u>53,970</u>
	<u><u>201,154</u></u>	<u><u>191,087</u></u>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

**(11) PROJECTS IN PROGRESS**

This item consists of the following:

	<u>2020</u>	<u>2019</u>
Aqaba Touristic Beach project*	32,142	32,142
Al-Mafraq project's land infrastructure cost**	28,392	29,711
Electricity connection projects ***	20,335	34,368
Investment Fund's Solar Energy Project****	16,433	9,868
Development of Duty-Free Shops*****	11,044	6,880
Crowne Plaza Resort renovation – Petra*****	5,206	2,366
Infrastructure costs for Irbid projects*****	4,145	2,410
Intercontinental Hotel renovation – Aqaba	563	315
Amra Crowne Plaza renovation – Amman	412	245
Crowne Plaza Hotel – Dead Sea	182	174
Other projects in progress	<u>647</u>	<u>324</u>
	<u>119,501</u>	<u>118,803</u>

\* This item represents an amount of JD 32,142 thousand which represents the touristic beach project. The Fund still has not decided on how to utilize the land or whether to proceed with the project that was being constructed on it. The Group's management believes that the book value recorded is less than the land's fair value as at 31 December 2020.

\*\* The Company has updated the estimated cost estimate for completion of the project by an engineering company on February 5, 2019. The total cost expected to complete the Mafraq project is approximately JD 143 million as at 31 December 2020 and 2019. The estimated cost per square meter developer is 78/12 dinar after the distribution of the estimated cost on the net land area (11.3 square kilometers). Construction is expected to be completed in 2030. The management believes that this estimate is reasonable and reflects the prices and the development cost of infrastructure for the year 2020.

\*\*\* This item represents the infrastructure projects for the delivery of electricity, which are in progress as at 31 December 2020. The cost of completion of the unfinished part of the projects under progress is estimated at JD 21,193 thousand as at 31 December 2020 (31 December 2019: 23,795).

\*\*\*\* This item represents the Investment Fund's Solar Energy Project, which represents the construction of a power plant that uses solar energy. The expected cost of the project is JD 16,500 thousand and is expected to be completed during the year 2021.

\*\*\*\*\* This item represents the cost of completing Jordan Duty Free Shop's border stores. The expected cost is estimated at approximately JD 16,897 thousand as at 31 December 2020 (31 December 2019: JD 16,676 thousand). These projects are expected to be completed during the year 2021.

\*\*\*\*\* This item represents an amount of JD 4,847 thousand, which represents Crowne Plaza Resort renovation – Petra development project. The expected cost of the project is JD 19,500 thousand and is expected to be completed during the year 2022.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

\*\*\*\*\*This item represents the infrastructure development projects of the Daman for Development Zone. The Company contracted with a consultation company to study the volume of demand and study the market after the Government returned those lands to the Company and the tender for the preparation of the new master plan for the North Development Company project has been submitted to specialized engineering office and was completed during the year 2019 and was approved by the Board. The estimated cost of infrastructure is approximately JD 68 million as of 31 December 2020 and 2019 and is expected to be completed in 2046, based on the study provided by the consulting company.

**(12) INVENTORIES**

This item consists of the following:

	<u>2020</u>	<u>2019</u>
Electricity tools, material and spare parts	18,177	16,610
Finished goods	13,923	11,542
Raw materials	1,238	1,674
Food and beverage	235	341
Goods in transit	90	57
Supplies and operational tools	5	9
Others	6,811	6,188
	<u>40,479</u>	<u>36,421</u>
Less: provision for slow moving inventory*	<u>(3,994)</u>	<u>(3,538)</u>
	<u><u>36,485</u></u>	<u><u>32,883</u></u>

\* Movements on provision for slow moving inventory during the year were as follows:

	<u>2020</u>	<u>2019</u>
Balance as at 1 January	3,538	3,260
Provision for the year	494	622
Inventory written off during the year	<u>(38)</u>	<u>(344)</u>
Balance as at 31 December	<u><u>3,994</u></u>	<u><u>3,538</u></u>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

**(13) PROPERTY AND EQUIPMENT**

This item consists of the following:

	Land	Buildings	Furniture and fixtures	Machinery and equipment	Vehicles	Additions and improvements	Computers	Electromechanical equipment	Sanitary extensions	Others	Total
<b>2020-</b>											
<b>Cost:</b>											
Balance as at 1 January	18,915	172,930	47,707	384,445	18,012	6,580	34,343	47,262	11,605	8,054	749,853
Additions	-	139	133	11,965	115	1	1,797	73	39	49	14,311
Disposal	-	(64)	(258)	(2,870)	(164)	(2,530)	(235)	(1,266)	(103)	(376)	(7,866)
Transfers from projects in progress	-	2,216	83	7,330	-	-	6,778	-	-	40	16,447
Balance as at 31 December	<u>18,915</u>	<u>175,221</u>	<u>47,665</u>	<u>400,870</u>	<u>17,963</u>	<u>4,051</u>	<u>42,683</u>	<u>46,069</u>	<u>11,541</u>	<u>7,767</u>	<u>772,745</u>
<b>Accumulated depreciation:</b>											
Balance as at 1 January	-	55,960	38,850	195,038	12,757	6,553	20,966	43,555	11,605	7,318	392,602
Depreciation for the year	-	4,310	933	17,067	1,589	2	3,584	745	38	90	28,358
Disposal	-	(27)	(253)	(1,625)	(149)	(2,530)	(228)	(1,261)	(102)	(374)	(6,549)
Balance as at 31 December	<u>-</u>	<u>60,243</u>	<u>39,530</u>	<u>210,480</u>	<u>14,197</u>	<u>4,025</u>	<u>24,322</u>	<u>43,039</u>	<u>11,541</u>	<u>7,034</u>	<u>414,411</u>
<b>Net book value as of 31 December 2020</b>	<u>18,915</u>	<u>114,978</u>	<u>8,135</u>	<u>190,390</u>	<u>3,766</u>	<u>26</u>	<u>18,361</u>	<u>3,030</u>	<u>-</u>	<u>733</u>	<u>358,334</u>
<b>2019-</b>											
<b>Cost:</b>											
Balance as at 1 January	18,915	171,238	47,516	361,326	17,657	6,549	28,801	46,676	11,576	7,981	718,235
Additions	-	198	522	16,015	1,200	37	5,731	656	39	82	24,480
Disposal	-	-	(384)	(3,779)	(845)	(6)	(189)	(165)	(10)	(9)	(5,387)
Transfers from projects in progress	-	1,494	53	10,883	-	-	-	95	-	-	12,525
Balance as at 31 December	<u>18,915</u>	<u>172,930</u>	<u>47,707</u>	<u>384,445</u>	<u>18,012</u>	<u>6,580</u>	<u>34,343</u>	<u>47,262</u>	<u>11,605</u>	<u>8,054</u>	<u>749,853</u>
<b>Accumulated depreciation:</b>											
Balance as at 1 January	-	51,907	38,201	179,842	11,945	6,548	18,388	42,979	11,506	7,222	368,538
Depreciation for the year	-	4,053	1,023	16,337	1,615	5	2,762	740	109	103	26,747
Disposal	-	-	(374)	(1,141)	(803)	-	(184)	(164)	(10)	(7)	(2,683)
Balance as at 31 December	<u>-</u>	<u>55,960</u>	<u>38,850</u>	<u>195,038</u>	<u>12,757</u>	<u>6,553</u>	<u>20,966</u>	<u>43,555</u>	<u>11,605</u>	<u>7,318</u>	<u>392,602</u>
<b>Net book value as at 31 December 2019</b>	<u>18,915</u>	<u>116,970</u>	<u>8,857</u>	<u>189,407</u>	<u>5,255</u>	<u>27</u>	<u>13,377</u>	<u>3,707</u>	<u>-</u>	<u>736</u>	<u>357,251</u>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

**(14) INVESTMENT PROPERTIES**

This item consists of the following:

	<u>2020</u>	<u>2019</u>
Land held for investment	736,278	683,442
Buildings held for investment	30,126	30,078
Advance payments to purchase investment properties	3,629	3,629
Others	<u>236</u>	<u>243</u>
	<u>770,269</u>	<u>717,392</u>

Movements on investment properties during the year were as follows:

	<u>2020</u>	<u>2019</u>
Balance as at 1 January	717,392	656,639
Purchase of investment properties	58,108	57,957
Transfers from Social Security Corporation*	130	-
Transfers from investments in joint operations**	-	1,098
Recovered lands – Lawsuits (note 32) ***	-	13,163
Losses on valuation of investment properties at fair value (note 32)	(5,362)	(8,909)
Transfers from (to) projects in progress****	<u>1</u>	<u>(2,556)</u>
Balance as at 31 December	<u>770,269</u>	<u>717,392</u>

\* During 2020, the Social Security Corporation’s administrative building in Aqaba was transferred to the Investment Fund due to a change in its intended use.

\*\* During 2019, lands from investments in joint operations were transferred to investment property after they were sorted, and their ownership was transferred to the Fund. The lands were re-evaluated by real estate experts and were recorded at fair value.

\*\*\* During 2019, lawsuits were settled in favor of the Fund, these lands represent recovered lands that the Fund had lost, in legal cases, in the prior years.

\*\*\*\* During 2019, lands in investment property were transferred to projects in progress to be used to set up power plants that use solar energy.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

**(15) INVESTMENTS IN JOINT OPERATIONS**

This item consists of Al-Zaytuna project (1) and Al-Zaytuna project (2) which represent lands that the Fund invested in, jointly with Housing and Urban development Corporation as well as other partners. These lands have been sorted and are to be distributed to investors based on their percentage of ownership in these projects. Investments in joint operations are stated at cost as at 31 December 2020 and 2019, the details of these projects were as follows:

	<u>2020</u>	<u>2019</u>
Al-Zaytuna project (1)*	13	27
Al-Zaytuna project (2)*	<u>1,033</u>	<u>1,023</u>
	<u><u>1,046</u></u>	<u><u>1,050</u></u>

\* It is expected that during 2021, the projects' lands will be transferred to investment properties.

**(16) INTANGIBLE ASSETS**

<b>2020-</b>	Exclusive right*	Licenses**	Right of passing ***	Right to use and operate ****	Goodwill*****	Total
<b>Cost:</b>						
Balance as at 1 January	8,000	39,411	8,285	4,151	28,014	87,861
Additions	-	-	13	22	-	35
<b>Balance as at 31 December</b>	<u>8,000</u>	<u>39,411</u>	<u>8,298</u>	<u>4,173</u>	<u>28,014</u>	<u>87,896</u>
<b>Accumulated amortization:</b>						
Balance as at 1 January	7,333	13,799	3,545	2,298	-	26,975
Amortization for the year	400	1,972	383	149	-	2,904
<b>Balance as at 31 December</b>	<u>7,733</u>	<u>15,771</u>	<u>3,928</u>	<u>2,447</u>	<u>-</u>	<u>29,879</u>
<b>Net book value as of 31 December 2020</b>	<u>267</u>	<u>23,640</u>	<u>4,370</u>	<u>1,726</u>	<u>28,014</u>	<u>58,017</u>
<b>2019-</b>	Exclusive right*	Licenses**	Right of passing ***	Right to use and operate ****	Goodwill*****	Total
<b>Cost:</b>						
Balance as at 1 January	8,000	39,411	8,275	4,136	28,014	87,836
Additions	-	-	10	15	-	25
<b>Balance as at 31 December</b>	<u>8,000</u>	<u>39,411</u>	<u>8,285</u>	<u>4,151</u>	<u>28,014</u>	<u>87,861</u>
<b>Accumulated amortization:</b>						
Balance as at 1 January	6,933	11,829	3,157	2,130	-	24,049
Amortization for the year	400	1,970	388	168	-	2,926
<b>Balance as at 31 December</b>	<u>7,333</u>	<u>13,799</u>	<u>3,545</u>	<u>2,298</u>	<u>-</u>	<u>26,975</u>
<b>Net book value as of 31 December 2019</b>	<u>667</u>	<u>25,612</u>	<u>4,740</u>	<u>1,853</u>	<u>28,014</u>	<u>60,886</u>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

---

- \* This item represents the total amount paid by Jordan Duty Free Company to the General Treasury in return for granting it the exclusive right to set up duty free markets at border crossings and seaports for a period of 10 years starting from 30 August 2001. The Company has to pay 8% of its gross sales as a service fees to the General Treasury in return for such rights. During 2009, the exclusive rights agreement was extended for an additional 10 years starting from 31 August 2011 to 30 August 2021 for a payment of JD 4 million and payment of 9% of its gross monthly sales as service fees to the General Treasury except for the sales from Special Economic Zone as its subject to the Aqaba Special Economic Zone regulations. As of January 1, 2017, the Company is committed to pay 10.5% of its monthly gross sales to the Ministry of Finance. The Company's management addressed the Prime Ministry asking for an extension of the agreement that gives the exclusive rights to operate duty-free shops on border crossings and seaports, including the duty-free shop in Amman, for another 10 years, the agreement is expected to be renewed during the year 2021.
- \*\* The item includes license with an amount of JD 39,397 thousand, representing the fair value of the electricity distribution licenses granted by the Energy and Minerals Regulatory Authority to the subsidiaries as at the date of the grants, which is amortized over the life of the license, which is 19 years.
- \*\*\* This item represents the amount of compensations paid by the Group to landowners for damages caused by the passage of power lines over their property based on the court's decision or the decline in the market value of such property. Starting from the year 2014, the Group began to extinguish the right of passage over the remaining life of the license.
- \*\*\*\* This item represents the amount of payments made by the United Travelling Center Company for the construction and development of the United Traveling Complex start-up infrastructure as intangible assets in accordance with IFRIC 12 Service Concession Arrangements, accordingly amounts paid represent the right (license) to use and operate a public facility for 27 years.
- \*\*\*\*\* The details of this item are as follows:

1- Goodwill resulting from the acquisition of Electricity Distribution Company by Kingdom Electricity Company for Energy Investment with a total amount of JD 5,271 Thousand. This Company was identified as a cash – generating unit for the purpose of Goodwill impairment testing. Where Kingdom Electricity Company for Energy Investment performed a goodwill impairment test as at 31 December 2020 as follows:

The recoverable amount for Irbid Electricity Distribution Company was determined based on the recoverable amount of the projected cash flows using the financial budget of 2020 that was approved by the Board of Directors. Cash flows after the year 2020 was calculated using a growth rate of 1%. Management believes that the growth rate is appropriate considering the nature of the business and overall inflation in the region. The projected cash flow was discounted at a rate of 12% and a growth rate of 3%. Based on the impairment testing results, no impairment losses were recognized as a result of the acquisition.

Management believes that there are no predicted changes on the basic assumptions used to determine the value in use that can reduce the recoverable amount against the net book value.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

2- Goodwill resulting from the acquisition of Kingdom Electricity Company for Energy Investments (previously, Al Daman for Energy Investments) by the Social Security Investment Fund with a total amount of JD 22,743 thousand in 2011, which represents the amount of revaluation difference.

The recoverable amount for Kingdom Electricity Company for Energy Investments was determined based on its recoverable which was calculated based on the projected cash flows. This Company was identified as a cash – generating unit for the purpose of Goodwill impairment testing. The projected cash flows were performed using a 13.4% discount rate and a growth rate of 3.3%. Based on the impairment testing results, no impairment losses were recognized as a result of the acquisition.

**(17) OTHER ASSETS**

This item consists of the following:

	<u>2020</u>	<u>2019</u>
Trade receivables	318,503	396,249
Accrued revenues and interests*	127,255	130,949
Prepaid expenses	26,968	25,661
Right of use assets	7,457	8,258
Checks under collection	2,908	4,080
Deferred tax assets	2,658	2,457
Housing Fund deposits	2,623	2,805
Other debt balances	438	2,513
	<u>488,810</u>	<u>572,972</u>
Less: provision for expected credit losses**	<u>(34,550)</u>	<u>(28,777)</u>
	<u>454,260</u>	<u>544,195</u>

\* This item includes an amount of JD 2,136 thousand as of 31 December 2020, which represents accrued interests related to Unemployment Fund (31 December 2019: JD 3,256 thousand).

\*\* Movements on provision for expected credit losses for other assets during the year were as follows:

	<u>2020</u>				<u>2019</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>	<u>Total</u>
Balance as at 1 January	-	244	28,533	28,777	25,451
Provision for the year	-	18	5,755	5,773	3,353
Receivables written-off	-	-	-	-	(27)
Balance as at 31 December	<u>-</u>	<u>262</u>	<u>34,288</u>	<u>34,550</u>	<u>28,777</u>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

**(18) ELECTRICITY SERVICE SUBSCRIBERS' DEPOSITS**

This item represents amounts received by the subsidiaries of Kingdom Electricity Company for Energy Investments from the subscribers as cash deposits for electricity connection services, based on the instructions of delivery costs of the Electricity Regulatory Commission.

**(19) ADVANCE PAYMENTS FROM ELECTRICITY SUBSCRIBERS**

This item represents amounts received in advance by the subsidiaries of Kingdom Electricity Company for Energy Investments from the subscribers for the implementation of subscribers' contributions projects.

**(20) DUE TO NATIONAL ELECTRIC POWER COMPANY**

This item represents the amounts due from the subsidiaries of Kingdom Electricity Company for Energy Investments, in addition to interest on late payments related to purchased energy from National Electric Power Company (NEPCO). Interest penalties amounted to JD 24,493 thousand as at 31 December 2020 (31 December 2019: JD 89,767 thousand).

**(21) BANK LOANS**

This item consists of the following:

	31 December 2020		
	Loan Installments		
	Short term	Long term	Total
Arab Bank	363	2,043	2,406
Jordan Kuwait Bank	3,111	15,605	18,716
Housing Bank for Trade and Finance	6,000	18,000	24,000
Jordan Islamic Bank	6,000	-	6,000
Cairo Amman Bank	3,000	-	3,000
Jordan Commercial Bank	143	-	143
	<u>18,617</u>	<u>35,648</u>	<u>54,265</u>
	31 December 2019		
	Loan Installments		
	Short term	Long term	Total
Arab Bank	163	1,516	1,679
Jordan Kuwait Bank	3,111	18,666	21,777
Housing Bank for Trade and Finance	6,000	22,000	28,000
Bank of Jordan	300	-	300
Jordan Commercial Bank	188	-	188
	<u>9,762</u>	<u>42,182</u>	<u>51,944</u>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

---

**Arab Bank**

This amount represents the loan amount granted to Jordan Press Foundation / Al Rai on 13 March 2014 from Arab Bank, with a ceiling of JD 3.5 million, bearing an interest rate of 8.625% and repayable over 44 monthly installments of JD 80 thousand, except for the last installment amounting to JD 60 thousand. The first installment was due on 1 April 2014. The purpose of the loan is to repay the due payments for the previous loan from Arab Bank and to finance the remaining printing press complex project and support the working capital and finance other administrative expenses.

The Company signed a contract with Arab Bank on 18 June 2019 to reschedule the loan payments, amending the monthly installment to become JD 25 thousand and at an interest rate of 8.875% payable over 57 installments with the first installment due 31 December 2019 until full payments. During the last quarter of 2019, the Company signed an appendix to increase the loan amount by JD 525 thousand from its overdraft bank account repayable over 45 monthly installments of JD 45 thousand at an interest rate of 9%. The first installment is due on 30 August 2020, with the last installment amounting to the loan's balance.

The Company signed a contract with Arab Bank to reschedule the loan on 29 April 2020, and on 8 July 2020 to increase the diminishing loan balance by JD 190 thousand and JD 400 thousand. Accordingly, the monthly instalment was amended to become JD 45 thousand and with an annual interest rate of 8% where the first instalment was due on 8 August 2020.

**Jordan Kuwait Bank**

This item represents the loan amount granted to Irbid District Electricity Company (a subsidiary of Kingdom Electricity Company for Energy Investments) in May 2016 by Jordan Kuwait Bank amounting to JD 28 million with a grace period of 3 years after the first withdrawal, to finance the company's capital and operating projects. The loan amount was fully utilized during 2016.

The loan is repayable over 18 semi-annual installments with an amount of JD 1.6 million including interest due. Interest is payable based on applicable interest rate on deposits with the Central Bank of Jordan plus a margin of a maximum rate of 2.65%, the minimum applicable interest rate is 5.3% annually.

On 6 February 2020, the Jordan Press Foundation / Al Rai obtained a diminishing loan from the Jordan Kuwait Bank with an amount of JD 50 thousand, bearing an interest rate of 10.5% without commission. The purpose of the loan is to repay a portion of their overdraft balance. The loan is repayable in one installment due on 6 February 2022.

**Housing Bank for Trade and Finance**

This item represents loan amount granted to Electricity Distribution Company (a subsidiary of Kingdom Electricity Company for Energy Investments) on 24 November 2015 from the Housing Bank for Trade and Finance with an amount of JD 40 million, with a grace period of one year, bearing an interest rates ranging between 5% to 5.4% or the rate granted to the bank's top customers less 3% whichever is lower for the first five years of the loan life, and starting from the sixth year of the loan till the maturity date an interest rate as the granted rate to the bank's top customers less 3% with a minimum rate of 5.25% annually. The loan is repayable over 20 equal semi-annual installments, the first installment was due on 31 December 2016, the interest is payable every six months.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

---

**Bank of Jordan**

This item represents the amount of loan granted to the Jordan Press Foundation / Al Rai on 1 December 2019 from Bank of Jordan with an amount of JD 390 thousand and an annual interest rate of 9%. The loan is repayable over three monthly installments of JD 100 thousand expect for last installment which represents the remaining amount of loan. The first installment is due on 15 January 2020 and the last installment was due on 15 March 2020. The purpose of the loan is to finance the Company's expenses.

**Jordan Commercial Bank**

This item represents the amount of loan granted to the Jordan Press Foundation / Al Rai on 6 March 2018 from Jordan Commercial Bank with a ceiling of JD 500 thousand and an annual interest rate of 9.5%. The loan is repaid by an advertising agent for the advertisements that the company advertises on his behalf.

On 28 May 2019, the Company rescheduled the loan, and increased the loan balance to become JD 192 thousand with an interest rate of 10.25%. The loan is repayable over nine monthly installments of JD 22 thousand expect for last installment which represents the remaining amount of loan. The first installment was due on 29 June 2019. The loan was used to pay for policies.

**Cairo Amman Bank**

This item represents the amount of the loan granted to the Kingdom Electricity Company on 21 October 2020 by Cairo Amman Bank, to obtain financing of JD 3 million, with an interest rate of 5.75%. The interest and full principal amount are to be paid on 20 October 2021.

**Jordan Islamic Bank**

This item represents the amount of the loan granted to the Electricity Distribution Company (a subsidiary of the Kingdom Electricity Company for Energy Investments) by signing an electric energy supply agreement (to finance the purchase of electric energy) with the Jordan Islamic Bank on 29 December 2019 in order to pay a portion of the electric energy purchase bill from the National Electricity Company with a ceiling of JD 6 million against an agreed annual profit rate of 6% starting from the date of payment to the National Electricity Company on 15 February 2020 and for a period of one year. The installment and the resulting profit are due on 15 February 2021. The loan balance was fully repaid during 2021.

**(22) END OF SERVICE INDEMNITY PROVISION**

Movements on end of service indemnity provision during the year were as follows:

	<u>2020</u>	<u>2019</u>
Balance as at 1 January	14,881	15,044
Provision for the year*	2,591	2,304
Paid during the year	<u>(934)</u>	<u>(2,467)</u>
Balance as at 31 December	<u><u>16,538</u></u>	<u><u>14,881</u></u>

\* Kingdom Electricity Company for Energy Investments capitalized an amount of JD 467 thousand to projects in progress as of 31 December 2020 (31 December 2019: JD 435 thousand).

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

The employees end of service indemnity provision during the year was distributed as follows:

	<u>2020</u>	<u>2019</u>
Expenses in the consolidated statement of revenues and expenses (note 34)	2,124	1,869
Capitalized to projects in progress	<u>467</u>	<u>435</u>
	<u><u>2,591</u></u>	<u><u>2,304</u></u>

The actuarial assumptions used in determining the value of employees' end of service indemnity provision are as follows:

	<u>2020</u>	<u>2019</u>
Deduction rate	5.15%	5.27%
Mortality rate	0.18%	0.13%
Annual increments to salaries rate	4.3%	5%
Resignation rate	3%	7%
The percentage of the Company's contribution to social security net of employees' end of service indemnity	8%	8%

The following table represents possible changes in the current value of the end of service indemnity as at 31 December driven by the change of 1% in deduction, salary increase and resignation rates:

	<u>Impact on the current value of employees' end of service indemnity provision</u>	
<u>Increase by a rate of 1% in</u>	<u>2020</u>	<u>2019</u>
Deduction	(1,083)	(1,407)
Salaries	1,434	1,388
Resignations	367	536
	<u>Impact on the current value of employees' end of service indemnity provision</u>	
<u>Decrease by a rate of 1% in</u>	<u>2020</u>	<u>2019</u>
Deduction	1,334	1,769
Salaries	(1,118)	(1,648)
Resignations	(367)	(536)

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

**(23) DUE TO BANKS**

This item represents credit facilities granted to Kingdom Electricity Company for Energy Investments and its subsidiaries from local banks, in addition to amounts granted to Jordan Press Foundation / AL-Rai and National Company for Touristic Development with annual interest rates that ranges between 5.83% and 9.25%. The aggregate ceilings for these facilities amounted to JD 85 million as at 31 December 2020 (31 December 2019: JD 105 million).

**(24) OTHER LIABILITIES**

This item consists of the following:

	<u>2020</u>	<u>2019</u>
Trade payables	36,515	28,394
Revenues and grants received in advance	26,580	26,236
Waste fees	10,309	5,385
Governmental provisions and fees	8,804	3,448
Lease contract obligations	7,888	8,416
Rural files payable	5,621	3,805
Due to the Ministry of Finance – television fees	4,463	3,035
Accrued expenses	3,943	2,168
Contingent liabilities provision	3,476	496
Projects deposits	2,957	2,957
Contractors payables and retentions	574	1,065
Other credit balances	33,133	44,734
	<u>144,263</u>	<u>130,139</u>

**(25) PROPERTY AND EQUIPMENT REVALUATION RESERVE**

The land owned by the National Company for Touristic Development is stated at cost as part of Property and Equipment. However, it was classified in accordance with the Group's accounting policies as part of Investment Properties at fair value and the necessary reconciliations were prepared in the consolidated financial statements. The difference between the book value and the fair value at the reclassification date on 1 January 2006 was recorded in Owner's Equity as Property and Equipment Revaluation Reserve.

**(26) FAIR VALUE RESERVE**

Movements on fair value reserve during the year were as follows:

	<u>2020</u>	<u>2019</u>
Balance as at 1 January	176,833	329,620
Change in fair value of financial assets through other comprehensive income	(275,307)	(152,784)
Gains realized from sale of financial assets through other comprehensive income	(6,719)	(3)
Balance as at 31 December	<u>(105,193)</u>	<u>176,833</u>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

**(27) SOCIAL SECURITY CORPORATION ACCOUNT - UNEMPLOYMENT FUND**

Based on the Corporation's Board of Directors' decision No. 14/2013 dated February 4, 2013, the investments related to the Unemployment Fund were separated into a safe portfolio in an independent manner of other insurance funds. Accordingly, amounts related to the Unemployment Fund were transferred from the accounts of the Corporation to a separate account within the Fund's accounts during the year 2013, those amounts shall be invested in Jordanian treasury bonds based on the decision of the Board of Investment, on 26 June 2013. The Corporation's Board of Directors decided in its meeting held on 25 April 2019 to allow insured individuals to withdraw their accumulated or a portion of their savings balance, for the purposes of enrolling their children in higher education institutions or vocational institutions, or for the purpose of covering medical expenses for the individual or a family member, in accordance with the Board's issued terms and conditions.

Movements on the account during the year were as follows:

	<u>2020</u>	<u>2019</u>
Balance as at 1 January	256,611	351,901
Net cash transferred during the year to the Corporation to Unemployment Fund	(91,183)	(113,971)
Unemployment fund's share of Investment Fund's returns	9,297	18,681
Balance as at 31 December	<u>174,725</u>	<u>256,611</u>

**(28) MATERIAL PARTIALLY OWNED SUBSIDIARIES**

Financial information of partially owned subsidiaries with a material non-controlling interest, were as follows:

	<u>Country</u>	<u>Nature of activity</u>	<u>Percentage of non-controlling interest</u>	
			<u>2020</u>	<u>2019</u>
Kingdom Electricity for Energy Investments*	Jordan	Energy	30%	30%
Jordan Press Foundation / AL-Rai	Jordan	Press and publishing	45.07%	45.07%
Jordan Duty Free	Jordan	Trading	42.91%	42.91%
Al Daman for Investment	Jordan	Investment and renting	38.6%	38.6%

Condensed financial information of these subsidiaries is shown below. These information are based on amounts before the elimination of intercompany transactions.

	<u>2020</u>	<u>2019</u>
<b>Accumulated balance for non-controlling interests</b>		
Kingdom Electricity for Energy Investments*	13,043	10,897
Jordan Press Foundation / AL-Rai	2,245	6,483
Jordan Duty Free	20,843	31,371
Al Daman for Investment	3,884	4,109
	<u>2020</u>	<u>2019</u>
<b>Material gains (losses) attributable to non-controlling interests</b>		
Kingdom Electricity for Energy Investments*	3,747	2,123
Jordan Press Foundation / AL-Rai	(4,238)	(2,517)
Jordan Duty Free	92	10,512
Al Daman for Investment	(225)	55

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

\* The Board of Directors of Daman for Energy Investment decided in its meeting number 2/2019 held on 17 February 2019 to voluntarily to liquidate the Company. The General assembly approved in its meeting held on 21 April 2019 to approve the liquidation of the Company, and thus all of the Company's assets (which mainly comprises of the shares of Kingdom Electricity Company and current accounts) to the Social Security Investments Fund, which made Kingdom Electricity Company directly a subsidiary to the Fund.

	Kingdom Electricity for Energy Investments	
	2020	2019
<b>Condensed statement of financial position</b>		
Current assets	309,493	391,358
Non-current assets	522,557	524,504
Current liabilities	(394,214)	(476,447)
Non-current liabilities	(374,299)	(380,172)
Net equity	48,134	45,065
<b>Share of non-controlling interests in equity</b>	13,043	10,897
<b>Condensed statement of comprehensive income</b>		
Operating revenues	566,575	586,803
Operating expenses	(471,112)	(496,794)
Administrative expenses	(35,744)	(37,549)
Late interest charges	(17,664)	(17,490)
Finance cost	(9,151)	(10,539)
Other revenues and expenses, net	(17,760)	(13,464)
<b>Income for the year before income tax</b>	15,144	10,967
Income tax	(3,419)	(2,061)
<b>Income for the year</b>	11,725	8,906
Other comprehensive income items	(5,830)	(4,100)
<b>Total comprehensive income for the year</b>	5,895	4,806
Attributable to the Company's share holders	3,069	3,833
Attributable to non-controlling interests	2,826	973
<b>Non-controlling interests' share of operating results</b>	3,747	2,123
<b>Condensed statement of cash flows:</b>		
Operating activities	51,899	77,824
Investing activities	(36,239)	(58,014)
Financing activities	(16,549)	(26,189)
<b>Net decrease in cash and cash equivalents</b>	(889)	(6,379)

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

	Jordan Press Foundation / AL-Rai	
	2020	2019
<b>Condensed statement of financial position</b>		
Current assets	2,498	3,853
Non-current assets	26,914	29,080
Current liabilities	(22,053)	(16,839)
Non-current liabilities	(2,380)	(1,711)
Net equity	4,979	14,383
<b>Share of non-controlling interests in equity</b>	2,245	6,483
<b>Condensed statement of comprehensive income</b>		
Revenue	4,928	8,496
Cost of revenues	(7,797)	(9,353)
Administrative expenses	(3,053)	(3,490)
Selling and distribution expenses	(245)	(420)
Other revenues and expenses, net	(1,185)	(818)
<b>Loss for the year</b>	(7,352)	(5,585)
Other comprehensive income items	-	-
<b>Total comprehensive income for the year</b>	(7,352)	(5,585)
<b>Non-controlling interests' share of operating results</b>	(4,238)	(2,517)
<b>Condensed statement of cash flows</b>		
Operating activities	(117)	(353)
Investing activities	(10)	75
Financing activities	(37)	400
<b>Net (decrease) increase in cash and cash equivalents</b>	(164)	122

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

	Jordan Duty Free	
	2020	2019
<b>Condensed statement of financial position</b>		
Current assets	29,741	59,272
Non-current assets	27,428	24,375
Current liabilities	(3,350)	(4,249)
Non-current liabilities	(5,245)	(6,286)
Net equity	48,574	73,112
<b>Share of non-controlling interests in equity</b>	20,843	31,371
<b>Condensed statement of comprehensive income</b>		
Sales	26,264	92,008
Cost of sales	(14,784)	(57,135)
Administrative expenses	(5,755)	(4,818)
Selling and distribution expenses	(4,712)	(5,316)
Other revenues and expenses, net	(412)	348
<b>Profit for the year before tax</b>	601	25,087
Income tax expense	(387)	(588)
<b>Profit for the year</b>	214	24,499
Other comprehensive income items	-	-
<b>Total comprehensive income for the year</b>	214	24,499
<b>Non-controlling interests' share of operating results</b>	92	10,512
<b>Condensed statement of cash flows:</b>		
Operating activities	(4,640)	29,067
Investing activities	19,240	4,594
Financing activities	(25,617)	(23,418)
<b>Net (decrease) increase in cash and cash equivalents</b>	(11,017)	10,243

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

<b>Condensed statement of financial position</b>	<b>Al Daman for Investment</b>	
	<b>2020</b>	<b>2019</b>
Current assets	3,096	3,037
Non-current assets	8,696	9,263
Current liabilities	(1,730)	(1,656)
Net equity	10,062	10,644
<b>Share of non-controlling interests in equity</b>	<b>3,884</b>	<b>4,109</b>
<b>Condensed statement of comprehensive income</b>		
Operating revenues	464	483
Operating expenses	(424)	(281)
Administrative expenses	(155)	(175)
Share of associate's results	(327)	84
Other revenues and expenses, net	(88)	26
<b>(Loss) profit for the year</b>	<b>(530)</b>	<b>137</b>
Other comprehensive income items	(52)	5
<b>Total comprehensive income for the year</b>	<b>(582)</b>	<b>142</b>
<b>Non-controlling interests' share of operating results</b>	<b>(225)</b>	<b>55</b>
<b>Condensed statement of cash flows:</b>		
Operating activities	(14)	274
Investing activities	118	106
Financing activities	(97)	(300)
<b>Net increase in cash and cash equivalents</b>	<b>7</b>	<b>80</b>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

**(29) NET OPERATING REVENUES**

2020-	Hotels sector	Press & publishing sector	Power sector	Commercial sector	Other sectors	Total sectors
Operating revenues	13,995	4,928	566,575	26,264	2,796	614,558
Operating expenses	(8,647)	(5,699)	(471,112)	(14,784)	(423)	(500,665)
<b>Net operating revenues</b>	<b>5,348</b>	<b>(771)</b>	<b>95,463</b>	<b>11,480</b>	<b>2,373</b>	<b>113,893</b>

Net operating revenues for the hotel sector consists of the following:

	Amman Al Cham Palace Hotel	Intercontinental Hotel Aqaba	Crown Plaza Hotel – Amman	Crown Plaza Resort-Petra	Crown Plaza Resort-Dead Sea	Holiday Inn Resort-Dead Sea	Total
Operating revenues	922	4,192	2,729	853	3,252	2,047	13,995
Operating expenses	(476)	(1,884)	(1,817)	(499)	(2,479)	(1,492)	(8,647)
<b>Net operating revenues</b>	<b>446</b>	<b>2,308</b>	<b>912</b>	<b>354</b>	<b>773</b>	<b>555</b>	<b>5,348</b>

2019-	Hotels sector	Press & publishing sector	Power sector	Commercial sector	Other sectors	Total sectors
Operating revenues	39,643	8,496	586,803	82,354	3,165	720,461
Operating expenses	(14,945)	(7,212)	(496,794)	(47,482)	(253)	(566,686)
<b>Net operating revenues</b>	<b>24,698</b>	<b>1,284</b>	<b>90,009</b>	<b>34,872</b>	<b>2,912</b>	<b>153,775</b>

Net operating revenues for the hotel sector consists of the following:

	Amman Al Cham Palace Hotel	Intercontinental Hotel Aqaba	Crown Plaza Hotel – Amman	Crown Plaza Resort-Petra	Crown Plaza Resort-Dead Sea	Holiday Inn Resort-Dead Sea	Total
Operating revenues	922	9,157	8,556	4,865	9,816	6,327	39,643
Operating expenses	(476)	(3,256)	(3,012)	(1,587)	(4,053)	(2,561)	(14,945)
<b>Net operating revenues</b>	<b>446</b>	<b>5,901</b>	<b>5,544</b>	<b>3,278</b>	<b>5,763</b>	<b>3,766</b>	<b>24,698</b>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

**(30) INTEREST INCOME**

This item consists of the following:

	<u>2020</u>	<u>2019</u>
Interest on bonds and treasury bills*	383,814	340,715
Interest on balances and deposits at banks and financial institutions*	62,399	84,395
Interest on loans and granted debts	<u>16,316</u>	<u>13,420</u>
	<u><u>462,529</u></u>	<u><u>438,530</u></u>

\* These items contain an amount of JD 9,296 thousand as of 31 December 2020 representing interest income for the unemployment fund (2019: JD 18,879 thousand).

**(31) LOSSES OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS, NET**

This item consists of the following:

	<u>2020</u>	<u>2019</u>
Realized gains	3,556	67
Unrealized revaluation losses	(4,122)	(2,071)
Commissions on purchasing and selling of financial assets	<u>(1)</u>	<u>(4)</u>
	<u><u>(567)</u></u>	<u><u>(2,008)</u></u>

**(32) (LOSSES) GAINS ON INVESTMENT PROPERTIES, NET**

This item consists of the following:

	<u>2020</u>	<u>2019</u>
<b>Revenues:</b>		
Leased properties revenue	4,011	3,151
Recovered lands – lawsuits (note 14)	-	13,163
Compensation received	68	-
<b>Expenses:</b>		
Management fees, evaluation and other fees	(476)	(478)
<b>Change in fair value:</b>		
Losses on investment properties valuation at fair value (note 14)	<u>(5,362)</u>	<u>(8,909)</u>
	<u><u>(1,759)</u></u>	<u><u>6,927</u></u>

**(33) DIVIDENDS DISTRIBUTION**

This item consists of the following:

	<u>2020</u>	<u>2019</u>
Dividends from financial assets through other comprehensive income	13,473	73,906
Dividends from financial assets through profit or loss	<u>926</u>	<u>7,210</u>
	<u><u>14,399</u></u>	<u><u>81,116</u></u>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

**(34) GENERAL AND ADMINISTRATIVE EXPENSES**

This item consists of the following:

	<u>2020</u>	<u>2019</u>
Salaries, wages and employees' benefits	50,653	51,960
Professional and consultancy fees	2,753	1,681
Vehicles and transportation expenses	2,434	3,632
End of service indemnity (note 22)	2,124	1,869
Governmental fees and licenses	1,656	1,854
Insurance expense	1,205	1,393
Spare parts and material	809	728
Electricity, water and fuel	776	1,061
Depreciation on right of use asset	720	728
Interest on lease contracts obligations	682	687
Board of Director's remuneration and transportation	679	710
Telephone and mail	619	718
Stationery and printings	266	378
Hotels supervision and operating fees	149	997
Repair and maintenance	140	137
Rent	112	112
Training and courses expense	94	233
Others	7,644	8,586
	<u>73,515</u>	<u>77,464</u>

**(35) FINANCE COST**

This item includes finance costs and delay interests on repayments of energy bills of Kingdom Electricity Company for Energy Investments amounting to JD 25,144 thousand as at 31 December 2020 (2019: JD 26,286 thousand)

**(36) CASH AND CASH EQUIVALENTS**

This item consists of the following:

	<u>2020</u>	<u>2019</u>
Cash on hand, current and on demand accounts (note 3)	11,766	24,747
Deposits maturing within three months or less (note 4)	354,314	166,128
	<u>366,080</u>	<u>190,875</u>

Cash and cash equivalents in the consolidated statement of cash flows consist of the following:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	366,080	190,875
Due to banks (note 23)	(70,229)	(67,468)
	<u>295,851</u>	<u>123,407</u>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

**(37) RELATED PARTIES TRANSACTIONS**

Related parties transactions represent transactions with associate companies and subsidiaries, major shareholders in associates and subsidiaries, directors and key management personnel and companies of which they are principal owners. The Group entered into transactions with the Social Security Corporation, associates and subsidiaries in its normal course of business with normal pricing, policies and terms. All loans granted to related parties are considered performing loans.

The following is a summary of related parties' transactions during the year:

<b>Consolidated Statements of financial position items</b>	2020				2019
	Parent	Associates	Others	Total	Total
<b>Assets and liabilities:</b>					
<b>Bank balances and deposits-</b>					
Jordan Kuwait Bank (current account)	-	28	-	28	2
Jordan Kuwait Bank (deposits)	-	55,285	-	55,285	50,663
<b>Due from related parties-</b>					
Al-Zarqa Station for Electrical Power Generation Company	-	29	-	29	110
InterContinental Hotels Group	-	-	9	9	14
				<u>38</u>	<u>124</u>
<b>Loans-</b>					
Social Security Corporation	100,000	-	-	100,000	70,000
Jordan Kuwait Bank (Note 21)	-	18,716	-	18,716	21,777
<b>Consolidated statement of revenue and expenses items</b>					
<b>Interest-</b>					
Current account at Jordan Kuwait Bank	-	-	-	-	5
Deposits at Jordan Kuwait Bank	-	1,639	-	1,639	3,386
Social Security Corporation	2,835	-	-	2,835	2,204
Executive management salaries and remunerations	-	-	843	843	790
Investment Board remunerations	-	-	122	122	117
<b>Cash dividends-</b>					
Jordan Petroleum Refinery Co.	-	3,468	-	3,468	5,102
The Jordan Worsted Mills Factory	-	541	-	541	676
Jordan Telecommunication Co.	-	4,332	-	4,332	6,209
Jordan Kuwait Bank	-	-	-	-	4,208
East Company for Investment Projects	-	-	-	-	208
Jordanian Electric Power Co.	-	1,341	-	1,341	1,479
Al Zanpaq Company	-	151	-	151	-
Zahrat Al salam Company	-	136	-	136	-
Alward Aljoury Company	-	149	-	149	-
Jordan Solar Company	-	236	-	236	-

- During 2019, the Group purchased a property amounting to JD 8.5 million from Jordan Kuwait Bank (associate Company).

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

---

**(38) FAIR VALUES OF FINANCIAL INSTRUMENTS**

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and bank balances, deposits at banks and financial institutions, financial assets at fair value through profit or loss, loans and granted debts, financial assets at fair value through other comprehensive income, financial assets at amortized cost, due from related parties and some other current assets. Financial liabilities consist of due to banks, bank loans, and other current liabilities.

The fair value of financial instruments is not materially different from their carrying values.

**(39) RISK MANAGEMENT**

The Group manages financial risks through a systematic methodology and a comprehensive strategy to identify the sources, types of risks and the mechanism of measuring, analyzing and planning to mitigate and manage the risk by reducing the effect of such risks and the probability of occurrence through available hedging instruments.

Risk management represents a continuous process where the Group monitors risks and then handles the variances that exceed allowed limits.

In addition, the Group also ensures the compliance with laws and regulations that governs the Group's activities which is reflected in its policies and procedures.

Risk management function is performed by a specialized risk management and compliance measurement department, in addition to the existing supporting committees such as the internal investment committee.

**CREDIT RISK**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation as they fall due.

The Group performs necessary financial and credit analysis when acquiring any bonds for public or private shareholding companies or when granting loans. Moreover, the Fund sets deposits ceiling for the local banks based on a defined methodology and the credit rating of the bank in addition to setting a ceiling for the volume of transactions with brokers based on a defined methodology.

**OPERATING RISK**

Operating risk is the risk that may arise during the execution of transactions and may be caused by internal factors related to employees, support services or information technology systems.

The Group issues policies and procedures to ensure proper execution of transactions in addition to providing the best information systems and specialized technical personnel and to develop plans to maintain business continuity under any emergency.

**MARKET RISK**

Market risk arises from fluctuations in the value of investment instruments, especially the fluctuations in stock prices and investment properties value, where the Group measures the risk through known statically measures (standard deviation, variance and covariance, coherence, beta, value at risk) and thus determines levels of acceptable risks based on approved strategic investment policy.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

---

To mitigate the impact of such risks, especially in the absence of necessary hedging instruments, the Group increases the level of diversification in its portfolio and decreases the grade of correlation between the portfolio tools through proper sector distribution, and geographical distribution through approaching markets and investments that are less correlated.

**INTEREST RATE RISK**

Interest rate risk is the risk that results from changes in market value or future cash flows of financial instruments as a result of changes in interest rate.

The Group manages such risk through increasing or decreasing the recovery period of the investment instrument portfolio which is affected directly by interest rates such as deposits and bonds based on the Group's expectations of interest rate trends.

The Group performs analysis on the gaps of the investment instruments maturities and links it with the investment maturities and other liabilities which is performed by assets and liabilities committee, by allocating cash market management portfolio and bonds portfolio to fit its maturities with the Group's liabilities due dates.

The sensitivity of the consolidated statement of revenues and expenses is affected by the assumed changes in interest rates on the Group's profit for one year, calculated for financial assets and financial liabilities with floating rates held at 31 December.

The following table demonstrates the sensitivity of the consolidated statement of revenues and expenses to reasonable and possible changes in interest rate as of 31 December while all other variables are held constant:

**2020-**

<b>Currency</b>	Increase in interest rate	Impact on surplus of revenues over expenses for the year	Impact on owners' equity
	%	JD	JD
JD	1	84,028	80,251
USD	1	3,815	3,815

**2019-**

<b>Currency</b>	Increase in interest rate	Impact on surplus of revenues over expenses for the year	Impact on owners' equity
	%	JD	JD
JD	1	75,632	75,632
USD	1	3,735	3,735

The effect of the decrease in interest rates with the same percentage is expected to be equal and opposite to the effect of increase shown above.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

**SHARE PRICE RISK**

Share price risk represents the risk resulting from changes in the fair value of investment in shares. The Group manages these risks by diversifying investments in several economic sectors and geographical areas. Investments in shares included within the consolidated financial statements are mainly listed in Amman Stock Exchange Market.

The following table demonstrates the sensitivity of the consolidated statement of revenues and expenses (for financial assets at fair value through profit or loss) and statement of changes in equity (for financial assets at fair value through other comprehensive income) as a result of possible and reasonable changes in share prices, assuming that other variables held constant:

	Change in indicator	Effect on surplus of revenues over expenses for the year	Effect on Social Security Corporation equity
<b>2020-</b>	%		
<b>Indicator</b>			
Amman Stock Exchange	5	4,407	51,172
Palestine Stock Exchange	5	351	351
London Stock Exchange	5	-	4,569
		4,758	56,092
<b>2019-</b>			
<b>Indicator</b>			
Amman Stock Exchange	5	5,827	66,611
Palestine Stock Exchange	5	409	409
London Stock Exchange	5	-	3,731
		6,236	70,751

The effect of the decrease in share prices with the same percentage is expected to be equal and opposite to the effect of increases shown above.

**FOREIGN CURRENCY RISK**

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to the changes in foreign exchange rates. The Group's functional currency is the Jordanian Dinar, and US Dollar is considered as the base currency for foreign investments. Therefore, due to the fact that the Jordanian Dinar is fixed against the US Dollar, the Group is not exposed to significant currencies risk in relation to the US Dollar. Furthermore, the Group does not have any obligations in foreign currencies, accordingly, no hedging was performed against their obligations.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

**LIQUIDITY RISK**

Liquidity risk is defined as the Group's inability to cover its obligations at their respective due dates. Since the Group does not have short term and middle term obligations, the liquidity is managed to provide the required funding for investing activities to balance the maturities of investment instruments and investment obligations.

The contractual maturity dates of assets are determined based on the remaining period of the contractual maturity date without taking into account the actual benefits reflected by the historical facts to maintain deposits and provide liquidity retention of deposits and the provision of the liquidity

The following table summarizes the maturities of assets, liabilities and equity:

	Up to one month	One to three months	Three to six months	More than six months up to a year	More than one year up to three years	More than three years	Without maturity	Total
<b>2020-</b>								
<b><u>Assets</u></b>								
Cash and bank balances	11,766	-	-	-	-	-	-	11,766
Deposits at banks and financial institutions	157,625	196,689	576,089	565,234	-	-	-	1,495,637
Financial assets at fair value through profit or loss	-	-	-	-	-	-	95,161	95,161
Loans and granted debts	305	14,823	2,136	14,499	119,798	175,462	-	327,023
Financial asset at fair value through other comprehensive income	-	-	-	-	-	-	1,073,665	1,073,665
Investments in associates	-	-	-	-	-	-	464,289	464,289
Financial assets at amortized cost	-	29,224	230,786	210,347	1,045,865	5,055,969	-	6,572,191
Subscribers' contributions and rural files assets	-	-	-	-	-	-	201,154	201,154
Projects in progress	-	-	-	-	-	-	119,501	119,501
Inventories	-	-	-	-	-	-	36,485	36,485
Property and equipment	-	-	-	-	-	-	358,334	358,334
Investment properties	-	-	-	-	-	-	770,269	770,269
Investments in joint operations	-	-	-	-	-	-	1,046	1,046
Due from related parties	-	-	-	-	-	-	38	38
Intangible assets	-	-	-	-	-	-	58,017	58,017
Other assets	-	-	-	-	-	-	454,260	454,260
<b>Total Asset</b>	<b>169,696</b>	<b>240,736</b>	<b>809,011</b>	<b>790,080</b>	<b>1,165,663</b>	<b>5,231,431</b>	<b>3,632,219</b>	<b>12,038,836</b>
<b><u>Liabilities and Equity</u></b>								
<b><u>Liabilities-</u></b>								
Subscribers' contributions and rural files assets	-	-	-	-	-	201,154	-	201,154
Electricity service subscribers' deposits	-	-	-	-	-	74,034	-	74,034
Advance payments from electricity subscribers	-	-	-	-	-	17,238	-	17,238
Due to National Electric Power Company	-	-	-	-	-	248,233	-	248,233
Bank loans	-	-	-	18,617	-	35,648	-	54,265
End of service indemnity provision	-	-	-	-	-	16,538	-	16,538
Due to banks	70,229	-	-	-	-	-	-	70,229
Income tax provision	-	-	5,466	-	-	-	-	5,466
Other liabilities	-	-	-	-	-	144,263	-	144,263
<b>Total liabilities</b>	<b>70,229</b>	<b>-</b>	<b>5,466</b>	<b>18,617</b>	<b>-</b>	<b>737,108</b>	<b>-</b>	<b>831,420</b>
<b><u>Equity-</u></b>								
<b>Social Security Corporation Equity:</b>								
Social Security Corporation current account	-	-	-	-	-	-	6,407,251	6,407,251
Social Security Corporation current account – Unemployment Fund	-	-	-	-	-	-	174,725	174,725
Property and equipment revaluation reserve	-	-	-	-	-	-	31,812	31,812
Fair value reserve	-	-	-	-	-	-	(105,193)	(105,193)
Cash flow hedges reserve	-	-	-	-	-	-	(7,078)	(7,078)
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	4,663,360	4,663,360
<b>Total Social Security Corporation Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,164,877</b>	<b>11,164,877</b>
Non-controlling interests	-	-	-	-	-	-	42,539	42,539
<b>Total liabilities and equity</b>	<b>70,229</b>	<b>-</b>	<b>5,466</b>	<b>18,617</b>	<b>-</b>	<b>737,108</b>	<b>11,207,416</b>	<b>12,038,836</b>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

2019-	Up to one month	One to three months	Three to six months	More than six months up to a year	More than one year up to three years	More than three years	Without maturity	Total
<b>Assets</b>								
Cash and bank balances	24,747	-	-	-	-	-	-	24,747
Deposits at banks and financial institutions	-	166,128	749,261	547,578	-	-	-	1,462,967
Financial assets at fair value through profit or loss	-	-	-	-	-	-	124,711	124,711
Loans and granted debts	4,018	14,474	1,500	16,524	89,312	133,624	-	259,452
Financial asset at fair value through other comprehensive income	-	-	-	-	-	-	1,349,321	1,349,321
Investments in associates	-	-	-	-	-	-	475,496	475,496
Financial assets at amortized cost	25,000	40,200	22,000	386,500	1,080,092	4,635,786	-	6,189,578
Subscribers' contributions and rural files assets	-	-	-	-	-	-	191,087	191,087
Projects in progress	-	-	-	-	-	-	118,803	118,803
Inventories	-	-	-	-	-	-	32,883	32,883
Property and equipment	-	-	-	-	-	-	357,251	357,251
Investment properties	-	-	-	-	-	-	717,392	717,392
Investments in joint operations	-	-	-	-	-	-	1,050	1,050
Due from related parties	-	-	-	-	-	-	124	124
Intangible assets	-	-	-	-	-	-	60,886	60,886
Other assets	-	-	-	-	-	-	544,195	544,195
<b>Total Asset</b>	<b>53,765</b>	<b>220,802</b>	<b>772,761</b>	<b>950,602</b>	<b>1,169,404</b>	<b>4,769,410</b>	<b>3,973,199</b>	<b>11,909,943</b>
<b>Liabilities and Equity</b>								
<b>Liabilities-</b>								
Subscribers' contributions and rural files assets	-	-	-	-	-	191,087	-	191,087
Electricity service subscribers' deposits	-	-	-	-	-	70,324	-	70,324
Advance payments from electricity subscribers	-	-	-	-	-	26,325	-	26,325
Due to National Electric Power Company	-	-	-	-	-	351,425	-	351,425
Bank loans	-	-	-	9,762	-	42,182	-	51,944
End of service indemnity provision	-	-	-	-	-	14,881	-	14,881
Due to banks	67,468	-	-	-	-	-	-	67,468
Income tax provision	-	-	3,356	-	-	-	-	3,356
Other liabilities	-	-	-	-	-	130,139	-	130,139
<b>Total liabilities</b>	<b>67,468</b>	<b>-</b>	<b>3,356</b>	<b>9,762</b>	<b>-</b>	<b>826,363</b>	<b>-</b>	<b>906,949</b>
<b>Equity-</b>								
<b>Social Security Corporation Equity:</b>								
Social Security Corporation current account	-	-	-	-	-	-	6,286,910	6,286,910
Social Security Corporation current account – Unemployment Fund	-	-	-	-	-	-	256,611	256,611
Property and equipment revaluation reserve	-	-	-	-	-	-	31,812	31,812
Fair value reserve	-	-	-	-	-	-	176,833	176,833
Cash flow hedges reserve	-	-	-	-	-	-	(2,997)	(2,997)
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	4,198,551	4,198,551
<b>Total Social Security Corporation Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,947,720</b>	<b>10,947,720</b>
Non-controlling interests	-	-	-	-	-	-	55,274	55,274
<b>Total liabilities and equity</b>	<b>67,468</b>	<b>-</b>	<b>3,356</b>	<b>9,762</b>	<b>-</b>	<b>826,363</b>	<b>11,002,994</b>	<b>11,909,943</b>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

Sensitivity of interest prices were as follows:

<b>2020-</b>	Up to one month	One to three months	Three to six months	More than six months up to a year	More than one year up to three years	More than three years	Non- interest bearing	Total
<b>Assets</b>								
Cash and bank balances	11,766	-	-	-	-	-	-	11,766
Deposits at banks and financial institutions	157,625	196,689	576,089	565,234	-	-	-	1,495,637
Financial assets at fair value through profit or loss	-	-	-	-	-	-	95,161	95,161
Loans and granted debts	305	14,823	2,136	14,499	119,798	175,462	-	327,023
Financial asset at fair value through other comprehensive income	-	-	-	-	-	-	1,073,665	1,073,665
Investments in associates	-	-	-	-	-	-	464,289	464,289
Financial assets at amortized cost	-	29,224	230,786	210,347	1,045,865	5,055,969	-	6,572,191
Subscribers' contributions and rural files assets	-	-	-	-	-	-	201,154	201,154
Projects in progress	-	-	-	-	-	-	119,501	119,501
Inventories	-	-	-	-	-	-	36,485	36,485
Property and equipment	-	-	-	-	-	-	358,334	358,334
Investment properties	-	-	-	-	-	-	770,269	770,269
Investments in joint operations	-	-	-	-	-	-	1,046	1,046
Due from related parties	-	-	-	-	-	-	38	38
Intangible assets	-	-	-	-	-	-	58,017	58,017
Other assets	-	-	-	-	-	-	454,260	454,260
<b>Total Asset</b>	<b>169,696</b>	<b>240,736</b>	<b>809,011</b>	<b>790,080</b>	<b>1,165,663</b>	<b>5,231,431</b>	<b>3,632,219</b>	<b>12,038,836</b>
<b>Liabilities and equity</b>								
<b>Liabilities-</b>								
Subscribers' contributions and rural files assets	-	-	-	-	-	201,154	-	201,154
Electricity service subscribers' deposits	-	-	-	-	-	74,034	-	74,034
Advance payment from electricity subscribers	-	-	-	-	-	17,238	-	17,238
Due to National Electric Power Company	-	-	-	-	-	248,233	-	248,233
Bank loans	-	-	-	18,617	-	35,648	-	54,265
End of service indemnity provision	-	-	-	-	-	16,538	-	16,538
Due to banks	70,229	-	-	-	-	-	-	70,229
Income tax provision	-	-	-	-	-	5,466	-	5,466
Other liabilities	-	-	-	-	-	144,263	-	144,263
<b>Total Liabilities</b>	<b>70,229</b>	<b>-</b>	<b>-</b>	<b>18,617</b>	<b>-</b>	<b>742,574</b>	<b>-</b>	<b>831,420</b>
<b>Equity-</b>								
<b>Social Security Corporation Equity:</b>								
Social Security Corporation current account	-	-	-	-	-	-	6,407,251	6,407,251
Social Security Corporation current account – Unemployment Fund	-	-	-	-	-	-	174,725	174,725
Property and equipment revaluation reserve	-	-	-	-	-	-	31,812	31,812
Fair value reserve	-	-	-	-	-	-	(105,193)	(105,193)
Cash flow hedges reserve	-	-	-	-	-	-	(7,078)	(7,078)
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	4,663,360	4,663,360
<b>Total Social Security Corporation Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,164,877</b>	<b>11,164,877</b>
Non-controlling interests	-	-	-	-	-	-	42,539	42,539
<b>Total liabilities and equity</b>	<b>70,229</b>	<b>-</b>	<b>-</b>	<b>18,617</b>	<b>-</b>	<b>742,574</b>	<b>11,207,416</b>	<b>12,038,836</b>
Sensitivity variance	99,467	240,736	809,011	771,463	1,165,663	4,488,857	(7,575,197)	-
<b>Cumulative sensitivity variance</b>	<b>99,467</b>	<b>340,203</b>	<b>1,149,214</b>	<b>1,920,677</b>	<b>3,086,340</b>	<b>7,575,197</b>	<b>-</b>	<b>-</b>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

<b>2019-</b>	Up to one month	One to three months	Three to six months	More than six months up to a year	More than one year up to three years	More than three years	Non-interest bearing	Total
<b>Assets</b>								
Cash and bank balances	24,747	-	-	-	-	-	-	24,747
Deposits at banks and financial institutions	-	166,128	749,261	547,578	-	-	-	1,462,967
Financial assets at fair value through profit or loss	-	-	-	-	-	-	124,711	124,711
Loans and granted debts	4,018	14,474	1,500	16,524	89,312	133,624	-	259,452
Financial asset at fair value through other comprehensive income	-	-	-	-	-	-	1,349,321	1,349,321
Investments in associates	-	-	-	-	-	-	475,496	475,496
Financial assets at amortized cost	25,000	40,200	22,000	386,500	1,080,092	4,635,786	-	6,189,578
Subscribers' contributions and rural files assets	-	-	-	-	-	-	191,087	191,087
Projects in progress	-	-	-	-	-	-	118,803	118,803
Inventories	-	-	-	-	-	-	32,883	32,883
Property and equipment	-	-	-	-	-	-	357,251	357,251
Investment properties	-	-	-	-	-	-	717,392	717,392
Investments in joint operations	-	-	-	-	-	-	1,050	1,050
Due from related parties	-	-	-	-	-	-	124	124
Intangible assets	-	-	-	-	-	-	60,886	60,886
Other assets	-	-	-	-	-	-	544,195	544,195
<b>Total Asset</b>	<b>53,765</b>	<b>220,802</b>	<b>772,761</b>	<b>950,602</b>	<b>1,169,404</b>	<b>4,769,410</b>	<b>3,973,199</b>	<b>11,909,943</b>
<b>Liabilities and equity</b>								
<b>Liabilities-</b>								
Subscribers' contributions and rural files assets	-	-	-	-	-	191,087	-	191,087
Electricity service subscribers' deposits	-	-	-	-	-	70,324	-	70,324
Advance payment from electricity subscribers	-	-	-	-	-	26,325	-	26,325
Due to National Electric Power Company	-	-	-	-	-	351,425	-	351,425
Bank loans	-	-	-	9,762	-	42,182	-	51,944
End of service indemnity provision	-	-	-	-	-	14,881	-	14,881
Due to banks	67,468	-	-	-	-	-	-	67,468
Income tax provision	-	-	-	-	-	3,356	-	3,356
Other liabilities	-	-	-	-	-	130,139	-	130,139
<b>Total Liabilities</b>	<b>67,468</b>	<b>-</b>	<b>-</b>	<b>9,762</b>	<b>-</b>	<b>829,719</b>	<b>-</b>	<b>906,949</b>
<b>Equity-</b>								
<b>Social Security Corporation Equity:</b>								
Social Security Corporation current account	-	-	-	-	-	-	6,286,910	6,286,910
Social Security Corporation current account – Unemployment Fund	-	-	-	-	-	-	256,611	256,611
Property and equipment revaluation reserve	-	-	-	-	-	-	31,812	31,812
Fair value reserve	-	-	-	-	-	-	176,833	176,833
Cash flow hedges reserve	-	-	-	-	-	-	(2,997)	(2,997)
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	4,198,551	4,198,551
<b>Total Social Security Corporation Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,947,720</b>	<b>10,947,720</b>
Non-controlling interests	-	-	-	-	-	-	55,274	55,274
<b>Total liabilities and equity</b>	<b>67,468</b>	<b>-</b>	<b>-</b>	<b>9,762</b>	<b>-</b>	<b>829,719</b>	<b>11,002,994</b>	<b>11,909,943</b>
Sensitivity variance	(13,703)	220,802	772,761	940,840	1,169,404	3,939,691	(7,029,795)	-
<b>Cumulative sensitivity variance</b>	<b>(13,703)</b>	<b>207,099</b>	<b>979,860</b>	<b>1,920,700</b>	<b>3,090,104</b>	<b>7,029,795</b>	<b>-</b>	<b>-</b>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

**(40) SEGMENT INFORMATION**

The Group and its subsidiaries mainly operate in the Hashemite Kingdom of Jordan and its assets and liabilities are distributed according to geographical regions as follows:

	31 December 2020		31 December 2019	
	Assets	Liabilities	Assets	Liabilities
<b>Geographical region</b>				
Inside Jordan	11,940,436	831,420	11,827,158	906,949
Arab countries (note 5)	7,027	-	8,171	-
Europe (note 7)	91,373	-	74,614	-
	<u>12,038,836</u>	<u>831,420</u>	<u>11,909,943</u>	<u>906,949</u>

Assets and liabilities are distributed according to economic sectors as follows:

	31 December 2020		31 December 2019	
	Assets	Liabilities	Assets	Liabilities
<b>Economic sector</b>				
Investment	10,895,949	8,518	10,599,770	6,782
Hotels	104,479	5,010	115,313	4,708
Press and publishing	29,413	24,433	32,932	18,550
Energy	826,695	740,416	938,604	821,087
Trading	57,169	8,595	83,647	10,536
Other	125,131	44,448	139,677	45,286
	<u>12,038,836</u>	<u>831,420</u>	<u>11,909,943</u>	<u>906,949</u>

**(41) CONTINGENT LIABILITIES**

The contingent liabilities of the Group as of 31 December 2020 consist of the following:

- A. As at 31 December 2020, the outstanding letters of credit and letters of guarantee were JD 10,293 thousand (2019: 12,811 thousand).
- B. The expected remaining obligations to complete projects in progress for subsidiaries and Hotels owned by the Fund as at 31 December 2020 amounted to JD 268,590 thousand (2019: JD 256,739 thousand).
- C. Operating lease commitment for Al Daman for Investments:

On 30 September 1998, the Company signed a lease agreement for Aqaba Gate Land with an annual amount of JD 66 thousand for a period of 30 years and will be renewed twice with a written request from the Company. Starting from the 11<sup>th</sup> year, an increase of a 4% or increase equivalent to the change in living costs in accordance with the official publications of the Central Bank of Jordan for the past year will be applied, whichever is lower.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

The minimum future lease payments as at 31 December were as follows:

	31 December	
	2020	2019
Less than 1 year	91	103
1 to 5 years	512	513
Over 5 years	30,419	31,214
	<u>31,022</u>	<u>31,830</u>

**(42) FAIR VALUE HIERARCHY**

The following table illustrates the fair value measurement hierarchy for financial instruments. The Group uses the following methods:

- Level (1): Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level (2): Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly (such as prices) or indirectly observable (any derivative of prices).
- Level (3): Valuation techniques for which the lowest level input that is significant to the fair value measurement is not observable

	<u>Level (1)</u>	<u>Level (2)</u>	<u>Level (3)</u>	<u>Total</u>
<b>2020 -</b>				
<b>Financial assets:</b>				
Financial assets through profit or loss	95,161	-	-	95,161
Financial assets through other comprehensive income	1,026,680	-	46,985	1,073,665
	<u>1,121,841</u>	<u>-</u>	<u>46,985</u>	<u>1,168,826</u>
<b>2019 -</b>				
<b>Financial assets:</b>				
Financial assets through profit or loss	124,711	-	-	124,711
Financial assets through other comprehensive income	1,290,303	-	59,018	1,349,321
	<u>1,415,014</u>	<u>-</u>	<u>59,018</u>	<u>1,474,032</u>

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

---

**(43) LITIGATIONS**

**Social Security Investment Fund**

There are lawsuits against the Fund with an approximate amount of JD 1,004 thousand as at 31 December 2020 (31 December 2019: JD 335 thousand). The Fund recorded a provision for contingent liabilities against these lawsuits, amounting to JD 669 thousand.

**Jordan Press Foundation – Al Rai – Subsidiary**

Jordan Press Foundation – Al Rai is a defendant in a lawsuit within the ordinary course of business amounting to JD 2,042 thousand as at 31 December 2020 (31 December 2019: JD 550 thousand). Management and legal counsel believe that no obligations shall arise from these lawsuits.

**Jordan Duty Free Shops – Subsidiary**

- a. There are labor lawsuits raised against Jordan Duty Free Company with an amount of JD 26 thousand. Management and legal counsel believe that the existing provision is sufficient against these lawsuits.
- b. There are lawsuits related to customs raised against the Company with an amount of JD 19 thousand. Management and legal counsel believe that no obligations will arise from these lawsuits.

**National Company for Tourism Development – Subsidiary**

There are lawsuits against the Company amounting to JD 66 thousand as at 31 December 2020 related to claims by lessees (31 December 2019: JD 23 thousand).

**Kingdom Electricity Company for Energy Investments – Subsidiary**

There are lawsuits against the Group related to its activities with a total amount of JD 2,184 thousand as at 31 December 2020 (31 December 2019: JD 753 thousand), Management and legal counsel believe that the current lawsuit provision recognized by the Group is sufficient at the date of the consolidated financial statements.

**The dispute of Irbid Electricity Company (a subsidiary) with National Electric Power Co NEPCO**

National Electric Power Company (the Company's energy supplier) demands JD 717 thousand, which represents a difference in delay interests. Management of the subsidiary and its legal advisor believe that the Company will not incur any obligations according to the electricity tariff (wholesale tariff) issued by the Energy and Minerals Regulatory Commission (EMRC) which is binding to both parties.

**Crown Plaza Resort – Dead Sea – Fully Owned Hotel**

There are lawsuits raised against the resort amounting to JD 6 thousand as at 31 December 2020 (31 December 2019: JD 3 thousand), These lawsuits are still in their early stages; Management and legal counsel believe that no additional provisions should be recognized against these lawsuits.

**Intercontinental Resort – Aqaba - Fully Owned Hotel**

There are lawsuits raised against the resort amounting to JD 88 thousand as at 31 December 2020 (31 December 2019: JD 107 thousand) related to the resort activities. Risks related to these lawsuits and their probability of occurrence were analyzed. Management and legal counsel believe that no obligations will arise from these lawsuits.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

---

**Holiday Inn Resort - Dead Sea – Fully Owned Hotel**

There are lawsuits raised against the resort amounting to JD 25 thousand as at 31 December 2020 (31 December 2019: JD 4 thousand) related to the resort activities. Risks related to these lawsuits and its probability of occurrence were analyzed despite the fact that the results cannot be identified accurately. Management and legal counsel believe that no material obligations will arise from these lawsuits.

**Crown Plaza Hotel – Amman – Fully Owned Hotel**

There are lawsuits raised against the hotel amounting to JD 49 thousand as at 31 December 2020 (31 December 2019: JD 16 Thousand), Management and legal counsel believe that no additional provisions should be recognized against these lawsuits.

**Crown Plaza Hotel Petra - Fully Owned Hotel**

There are lawsuits raised against the hotel amounting to JD 43 thousand as at 31 December 2020 (31 December 2019: JD null), provisions were taken against these lawsuits.

**(44) INCOME TAX PROVISION**

Movements on provision for income tax during the year were as follows:

	<u>2020</u>	<u>2019</u>
Balance as at 1 January	3,356	4,367
Income tax expense for the year	5,457	4,039
Recovered from prior years' income tax	(275)	-
Income tax paid	<u>(3,072)</u>	<u>(5,050)</u>
Balance as at 31 December	<u><u>5,466</u></u>	<u><u>3,356</u></u>

Income tax presented in the consolidated statement of revenue and expense is as follows:

	<u>2020</u>	<u>2019</u>
Income tax expense for the year	5,457	4,039
Change in deferred tax assets	(201)	(300)
Recovered from prior years' income tax	<u>(275)</u>	<u>-</u>
	<u><u>4,981</u></u>	<u><u>3,739</u></u>

### **Tax Position of the Group**

#### **Social Security Investment Fund**

The income tax provision for the year ended 31 December 2020 has been calculated in accordance with income tax law No. (38) of 2018 which amended the Income Tax Law No. (34) of 2014. Management believes that the provision amounting to JD 803 thousand is sufficient and there is no need to recognize additional provision. Noting that most of the Fund's activities are tax exempted in accordance with the Income Tax Law.

The Fund submitted its tax declarations for the years 2015 to 2019. The Income Tax Department reviewed the Fund's records until 2019, and no final decision was issued up to the date of these consolidated financial statements.

The Fund obtained a final income tax clearance with the Income and Sales Tax Department up to the year 2014.

#### **Kingdom Electricity Company for Energy Investments**

The Company obtained a final income tax clearance with the Income and Sales Tax Department up to the year 2019.

#### **Irbid District Electricity Company Public Shareholding Company – subsidiary of Kingdom Electricity Company for Energy Investments**

The Company obtained a final tax clearance up to the year 2018. The Income and Sales Tax Department did not review the Company's accounting records for the year 2019 until the date of these consolidated financial statements.

#### **Electricity Distribution Company (Public Shareholding Company) – subsidiary of Kingdom Electricity Company for Energy Investments**

The Company has obtained a final clearance from the Income and Sales Tax Department up to the year 2016. The Company submitted its tax declarations for the years 2017, 2018 and 2019. The Income and Sales Tax Department has not reviewed the Company's accounting records until the date of these consolidated financial statements

#### **Electricity Distribution Company – Aqaba**

The Company has obtained a final clearance up to the year 2017 and the Company has submitted the tax deceleration for the years 2019 and 2018. The Income and Sales Tax Department did not review the Company's accounting records for the year 2019 and 2018 until the date of these consolidated financial statements.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

---

**Jordan Press Foundation / Al Rai – Subsidiary**

Income tax provision was not calculated for the years ended 31 December 2020 and 31 December 2019 due to the excess of taxable expenses over taxable income in accordance with the Income Tax Law No. (38) Of 2018 which amended the Income Tax Law No. (34) of 2014.

The Company submitted its tax declarations for the years up to 2020 and 2019. The Income and Sales Tax Department did not issue its final report until the date of preparation of these consolidated financial statements.

The Company reached a final settlement with the Income and Sales Tax Department up to the year 2018.

**Jordan Duty Free (Public Shareholding Company) – Subsidiary**

Income tax is calculated on interest income and other income for the years ended 31 December 2020 and 31 December 2019. The income tax was adjusted starting 1 January 2019 to become 20% for income tax, in addition to 1% national contribution, to become 21% in total according to the Jordanian tax law (34) for 2014, amended by law (38) for 2018.

Based on the Council of Ministers decision in their meeting held on 10 April 2018, the exemption on goods and services from the main activity of the Group was renewed where income tax is calculated on interest income and other income only.

The Group reached a final settlement with the Income and Sales Tax Department for the years 2004 up to the year 2007 and for the years 2009 to 2018.

An amount of JD 252,079 was estimated as tax claim for the years 2008, whereby the Income and Sales Tax Department included the interest income and other income as part of the income tax calculation. The tax claim was rejected and the rejection was refused by the Income Tax Department, and hence the Group has filed a lawsuit against the Income and Sales Tax Department at the Tax Court of First Instance and the Court has decided to cancel the claim; The Income Tax Department appealed the judgment and a decision was issued by the Court of Appeal to transfer the case to the Court of Cassation. No final decision was issued by the Court of Cassation until the date of the consolidated financial statements.

An amount of JD 228,706 was estimated as tax claim for the year 2009, whereby the Income and Sales Tax Department included the interest income and other income as part of the income tax calculation. The tax claim was rejected and the rejection was refused by the Income Tax Department, and hence the Group has filed a lawsuit against the Income and Sales Tax Department at the Tax Court of First Instance and the Court has decided to cancel the claim; The Income Tax Department appealed the judgment and a decision was issued by the Court of Appeal to transfer the case to the Court of Cassation. During 2020, the Court of Cassation rejected the appeal and dismissed the lawsuit. Accordingly, the company reversed JD 211,096 from the provision of contingent liabilities provision to other income.

The Income Tax Department has not reviewed the income tax declaration for the year 2019 up to the date of these consolidated financial statements.

The Group has registered for sales tax with retroactive effect from 1 January 2014 in order to benefit from the decision of the Council of Ministers to exempt from fines in case of payment of the original tax amounts.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

---

**National Company for Touristic Development - Subsidiary**

The Company obtained a final tax clearance from the Income and Sales Tax Department up to the end of 2015. The Company has submitted its tax declarations for the years 2016, 2017 and 2019 and the Income and Sales Tax Department still has not reviewed those declarations.

Income tax provision was not calculated for the year ended 31 December 2020 due to the excess of taxable expenses over taxable income in accordance with the Income Tax Law No. (38) of 2018.

**Al-Daman for Investments – Subsidiary**

Income tax for the years ended 31 December 2020 and 2019 was not calculated due to the Company having accumulated losses in accordance with Income Tax Law No. (38) of 2018.

The Company obtained a final tax clearance from the Income and Sales Tax Department for the Company's activities in Amman up to the end of the year 2018, the Company has submitted its tax declaration for the year 2019 and the Income and Sales Tax Department still has not reviewed this declaration until the consolidated financial statements preparation date.

The Company has obtained the final clearance from the Income and Sales Tax Department for the Company's business in the city of Aqaba up to 2016.

Tax declarations related to the Company's activities in Aqaba were submitted for the years 2019, 2018 and 2017. The Income and Sales Tax Department still has not yet reviewed those declarations until the consolidated financial statements preparation date.

**Rama for Investing and Saving Company – Subsidiary**

Income tax is calculated on interest income and other income for the years ended 31 December 2020 and 2019 in accordance with Income Tax Law No. (38) of 2018. The income tax was adjusted starting 1 January 2019 to be 20% for income tax, in addition to 1% national contribution.

The Company has obtained the final clearance from the Income and Sales Tax Department up to 2017.

The Company submitted its records for the year 2018 and 2019 and the Income and Sales Tax Department has not reviewed the Company's record up to the date of the consolidated financial statement.

**Al-Daman for Development Zone – Subsidiary**

The Company has calculated its income tax provision for the years ended 31 December 2020 and 2019, in accordance with Income Tax Law No. (38) of 2018 which was adjusted starting 1 January 2019 and in accordance with the Developing Zones Law No. (30) of 2014 the Company deducts 10% from its taxable income as income tax provision and 20% for income tax on interest income, in addition to 1% national contribution.

North Development Company obtained final clearance from the Income and Sales Department up to the year 2015. The Company also submitted its tax records for the years 2016, 2017 and 2019, and the Income and Sales Tax Department has not reviewed the Company's record up to the date of these consolidated financial statement. The Company submitted its tax declarations for the years up to 2018 and it was accepted by the Income and Sales Tax Department without adjustments based on the samples system.

Mafraq Developed Company submitted its tax records for the up to the year 2019 and obtained a final tax clearance from the Income and Sales Tax Department for those years, except for year 2018 which the Income and Sales Tax Department has not reviewed up to the date of these consolidated financial statements.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

---

Daman for Development Company submitted its tax records for the up to the years 2010 up to the year 2019 and obtained a final tax clearance from the Income and Sales Tax Department for those years up to 2017 based on the samples system. The Company submitted its tax declarations for the year 2018 and 2019 and the Income and Sales Tax Department has not reviewed the Company's record up to the date of these consolidated financial statement.

**United Travelling Center – Subsidiary**

Income tax provision was not calculated for the years ended 31 December 2020 and 2019 due to accumulated losses from previous years in accordance with the income tax legislation in place in the Hashemite Kingdom of Jordan and according to IAS (12).

The Company has submitted its tax records up to the year 2018, and the Company obtained the final tax clearance with the Income and Sales Tax Department up until that year.

The Company obtained final clearance from the Income and Sales Department up to the year 2019 and the Income and Sales Tax Department has not reviewed the Company's record up to the date of the consolidated financial statement.

**(45) THE SPREAD OF CORONA VIRUS (COVID-19) AND ITS IMPACT ON THE GROUP**

The Coronavirus outbreak has impacted the global macroeconomy and caused significant disruption in the global economy and different business sectors. Accordingly, the Social Security Investment Fund and its subsidiaries have been affected due to the mandatory curfew law, suspension of all business activity in Jordan and of all incoming and outgoing commercial passenger flights into and out of the country starting from 17 March 2020 until 4 September 2020, the full closure of shops on border crossings, restriction of travel including quarantine of incoming travelers and the decrease in the number of travelers.

As a result of the Coronavirus outbreak, the Prime Minister issued the following defense orders:

- 1- Defense order No. (1) issued under the Defense Law No. (13) for the year 1992, suspends the use of the Social Security No. (1) for the year 2014 and its amendments, regulations and instructions which are applied by the Social Security Corporation, including the suspension of the application of old age insurance as detailed in the Social Security law for the months of March, April and May 2020 for all employees subject to the Labor Law for private sectors.
- 2- Defense order No. (9) issued under the Defense Law No. (13) for the year 1992, Solidarity Program (1), Solidarity Program (2), Support Program (1), Support Program (2), Support Program (3), were introduced to ensure the living and employment stability of workers, to sustain the operations of the private sector, to protect the national economy and to instill solidarity, partnership and interdependence values between the public and private sector and individuals and to aid the private sector in bearing its obligations.
- 3- Defense order No. (24) issued on 13 December 2020 under the Defense Law No. (13) for the year 1992, the Sustainability Program was introduced to maintain employment opportunities in the private sector with the collaboration of the government and the Social Security Corporation, where the Corporation's contribution to this program will be funded by the surplus in the work injury insurance.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

---

In addition, other decisions have been issued by several parties to help sustain the operations of various sectors in the Jordanian economy by easing their financial burdens as follows:

- 1- The Central Bank of Jordan's decision to require all operating Jordanian banks to postpone loan installments for companies and individuals without imposing any additional charges.
- 2- The Central Bank of Jordan's decision to reduce interest rates it charges on granted facilities.
- 3- The Central Bank of Jordan's decision to finance the public and private sectors' needs at low interest rates to help finance their operations
- 4- The Central Bank of Jordan's decision to reduce its finance cost to support economic sectors.
- 5- The Central Bank of Jordan's decision to postpone Jordanian banks' distribution of dividends for the year 2019.

The Coronavirus outbreak has negatively impacted the business outcomes for different sectors for the year 2020, which directly resulted in the decline of stock prices in Amman Stock Exchange and thus decreased the fair value of the Social Security Investment Fund's quoted investments and decreased dividends distributed for the year 2020 compared to the prior year and to the budgeted figures for the year 2020.

In addition, the hospitality and tourism sector was affected by the outbreak due to the decline in the occupancy rates, daily room rates, and available room revenue which resulted in a decrease in the performance of hotels owned by the Fund for the year 2020 compared to the prior year and to the budgeted figures for the year 2020.

The Jordanian Duty-Free Shops and its subsidiaries were also affected by the full closure of its shops on border crossings and the decrease in the number of travelers which resulted in a negative impact on the Group's operations for the year 2020 compared to the prior year and to the budgeted figures for the year 2020.

On the other hand, the beforementioned Defense Laws and decisions indirectly affected the Fund's operations and business outcomes, where the net cash transferred from the Social Security Corporation decreased by JD 369 million in 2020 (compared to the year 2019) which should have been utilized to achieve financial returns for the Fund for the year 2020. In addition, the decrease of interest rates on deposits in banks and financial institutions led to a decrease in interest income by JD 20 million. The above defense laws also contributed in decreasing salaries and other benefits expense of hotels by applying the Defense Law No. (6) which is related to employees' salaries.

The extent and duration of such impacts of the Group's operations remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of the containment actions taken. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of approval of these consolidated financial statements. These developments could impact the Group's future cash flow and financial conditions.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

---

**(46) STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

**IFRS 17 Insurance Contracts**

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 -Insurance Contracts. The standard applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2021 with comparative figures required. Early application is permitted provided that the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The Group does not expect to have an impact when adopting this standard.

**Amendments to IAS 1: Classification of Liabilities as Current or Non-current**

In January 2020, 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,
- the 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,
- and 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.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

**Reference to the Conceptual Framework – Amendments to IFRS 3**

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

**SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**  
**(IN THOUSANDS OF JORDANIAN DINARS)**

---

**Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16**

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

**Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37**

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities.

General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

**IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities**

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

### **IBOR reform Phase 2**

IBOR reform Phase 2, which will be effective on 1 January 2021, includes a number of reliefs and additional disclosures. The reliefs apply upon the transition of a financial instrument from an IBOR to a risk-free-rate (RFR).

Changes to the basis for determining contractual cash flows as a result of interest rate benchmark reform are required as a practical expedient to be treated as changes to a floating interest rate, provided that, for the financial instrument, the transition from the IBOR benchmark rate to RFR takes place on an economically equivalent basis.

IBOR reform Phase 2 provides temporary reliefs that allow the Group's hedging relationships to continue upon the replacement of an existing interest rate benchmark with an RFR. The reliefs require the Group to amend hedge designations and hedge documentation. This includes redefining the hedged risk to reference an RFR, redefining the description of the hedging instrument and / or the hedged item to reference the RFR and amending the method for assessing hedge effectiveness. Updates to the hedging documentation must be made by the end of the reporting period in which a replacement takes place. For the retrospective assessment of hedge effectiveness, the Group may elect on a hedge by hedge basis to reset the cumulative fair value change to zero. The Group may designate an interest rate as a non-contractually specified, hedged risk component of changes in the fair value or cash flows of a hedged item, provided the interest rate risk component is separately identifiable, e.g., it is an established benchmark that is widely used in the market to price loans and derivatives. For new RFRs that are not yet an established benchmark, relief is provided from this requirement provided the Group reasonably expects the RFR to become separately identifiable within 24 months. For hedges of groups of items, the Group is required to transfer to subgroups those instruments that reference RFRs. Any hedging relationships that prior to application of IBOR reform Phase 2, have been discontinued solely due to IBOR reform and meet the qualifying criteria for hedge accounting when IBOR reform Phase 2 is applied, must be reinstated upon initial application.

### **IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter**

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group does not expect to have an impact when adopting this standard.

### **IAS 41 Agriculture – Taxation in fair value measurements**

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments are not expected to have a material impact on the Group.