

صندوق استثمار
أموال الضمان الاجتماعي
Social Security Investment Fund



Annual Report 2020





His Majesty
King Abdullah II Bin Al-Hussein



**His Royal Highness
Crown Prince Al Hussein Bin Abdullah II**

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Message from the Chairman of the Board



Esteemed Social Security Subscribers,

In my own name and on behalf of my colleagues on the Investment Board, I take pleasure in expressing my gratitude and appreciation to all subscribers and beneficiaries of the Social Security Corporation (SSC) for their confidence in the SSC and its investment arm, the Social Security Investment Fund (SSIF). I am also pleased to present to you the SSIF's Annual Report 2020, which includes a review of the Fund's activities and achievements as well as its standalone and consolidated financial statements for the fiscal year ending on December 31, 2020.



The Corona pandemic had major negative effects on many sectors of the national economy, which made 2020 full of challenges that faced the activities of all financial institutions, including SSIF. But the robust institutional system in which the SSIF operates since its launch in 2003 enabled it to weather this storm and empowered it to continue performing its role of protecting and developing the funds of SSC subscribers.

Despite the severe outcomes of the pandemic that compounded the economic and financial difficulties which the national economy has gone through for years as a result of regional conditions, the Fund succeeded in achieving JD 170.7 million growth in its total assets in 2020 compared to the previous year. At the end of 2020, assets were about JD 11 billion, compared to JD 10.9 billion at the end of 2019, a growth rate of 1.6%.

In response to the new developments and challenges which the national economy faces, and to keep pace with best practices of global pension funds, SSIF revised its strategy for the years (2019-2021), including the strategic asset allocation to reflect the new priorities made necessary by the pandemic as well as the data and indicators of the national economy, taking into consideration the SSC's future commitments.

The Fund's mode of operation and its investment decision-making process are governed by a comprehensive corporate governance system at all levels to ensure the integrity and prudence of investment decisions. The Fund's operations are overseen by the committees of the Board of Directors and Investment Board as well as the Audit Bureau, Parliament, and the external auditor. The Investment Board is directly responsible for making the necessary investment decisions to implement the Fund's investment policy and the SSC's Overall investment plan that are approved by SSC Board of Directors.

In conclusion, I sincerely thank the executive management and all employees of the Fund for their indefatigable efforts to protect and develop the funds of SSC subscribers and pensioners. I also thank the efforts and cooperation of the SSC Board of Directors. We reaffirm our continued determination to exert every effort and spare no energy to achieve the best possible results for a better future of our beloved country under the leadership of His Majesty King Abdullah II Bin Al-Hussein may God protect him.

May God's peace and blessings be with you.



Mazin M. Al Khatib

Chairman of the Investment Board



Message from the Chief Executive Officer



Honorable Social Security Pensioners and Contributors;

In my own name and on behalf of my colleagues the employees of the Social Security Investment Fund (SSIF) it gives me pleasure to present to you the Social Security Investment Fund Annual Report 2020, which includes a detailed review of the SSIF's status, activities, and achievements as well as its standalone and consolidated financial statements for the financial year that ended on 31/12/2020.



Without doubt, 2020 was an exceptionally difficult year due to the negative impact of the Corona pandemic on the economies of countries that were already suffering from financial and economic difficulties, such as Jordan. For years, the Jordanian economy faced challenges resulting from the region's conditions and the political instability that prevails in neighboring countries. But, thanks to the wisdom of its leadership and its policies of swift and balanced response to contain the pandemic and mitigate its impact, Jordan was able to maintain a reasonable level of economic stability compared to many other countries. In the midst of these challenges, SSIF was able to continue performing its role of preserving and developing SSC funds by investing and managing these funds efficiently to maximize investment returns within acceptable risk levels of, so as to protect the savings of future generations.

Despite the slowdown in the national economy's growth during the past few years and its contraction in 2020, the assets of the Investment Fund achieved JD 170.7 million growth, or 1.6% during 2020 compared to 2019. Total assets at the end of 2020 amounted to JD 11 billion compared to JD 10.9 billion dinars at the end of 2019. Additionally, the Investment Fund succeeded, despite the stormy conditions that the national economy witnessed in 2020, in realizing a net income of JD 508.6 million in 2020 compared to JD 556.2 million in 2019.

In response to the conditions created by the pandemic, as a result of the economic and financial developments witnessed by the national economy in 2020, and in order to achieve the best utilization of financial resources and the highest possible returns while minimizing related risks, some of the Fund's investment portfolios changed their concentrations to different degrees during 2020 compared to 2019. The ratio of the Money Market Instruments Portfolio to total assets increased from 12.6% at the end of 2019 to reach 13% at the end of 2020, the Bonds Portfolio from 55.6% to 58.3%, the Loans Portfolio rose to 3.6% from 3.1%, the Real Estate Portfolio rose to 6.5% from 6.1%, while the ratio of the Equity Portfolio to total assets decreased from 18.2% at the end of 2019 to 14.1% at the end of 2020, which reflects the exceptional circumstances that affected the Amman Financial Market.

In addition, in order to keep pace with the developments in the Jordanian economy and the changes brought about by the pandemic, and as a consequence of the conditions that resulted from the SSC's program of response to the pandemic, and to ensure fulfilment of the SSC's future commitments, SSIF revised its strategic plan (2019-2021) at the end of 2020 in order to align the Fund's priorities and investment trends with the new developments and economic reality.

SSIF aims to finance projects, especially in the governorates that contribute to advancing the national economy and achieving the required returns in partnership with the public and private sectors. The Fund also aims to expand its existing investments in energy, tourism, development zones, financial leasing, education, and health. The Fund looks for technical partners, developers, operators, and financiers to help develop the infrastructure in the Kingdom and to invest in development projects that are economically feasible within acceptable risk levels.

To contribute to development projects in the governorates, SSIF established in 2020 Al Daman for Agricultural Investments and Industries Company to launch the first agricultural project on an area of 25,000 square kilometers in the south of the Kingdom. The project aims to produce vegetables and animal feed, relying on the local community for manpower. In addition, and in the context of partnership with the private sector to develop the Kingdom's infrastructure, the Fund financed a number of projects such as the Bus Rapid Transit (BRT) Project, Tafila Hospital, Ma'an Military Hospital, the new Amman Customs depot/ Al Madouna.

Finally, I would like to thank my colleagues at SSIF, the Investment Board and SSC Board of Directors for their tireless efforts and unremitting work to overcome the challenges of 2020 and maintain the continuity of the Fund's work, in order to protect and develop the funds of SSC subscribers and contribute to comprehensive economic growth, in fulfilment of the vision of His Majesty King Abdullah II Bin Al-Hussein may God protect him.

May God's peace and blessings be with you. ”

Kholoud M. Saqqaf

Chief Executive Officer



About the Social Security Investment Fund:



The Social Security Investment Fund (SSIF) (formerly the Investment Unit) was established in 2001 to manage the investment of the Social Security Corporation (SSC) funds with the objective of realizing meaningful and regular returns on the invested funds while maintaining the real value of the assets and providing the liquidity needed to meet the SSC's future obligations. The Fund started its operations effectively in the beginning of 2003 after adoption of the investment strategies that govern its work. SSIF is subject to the provisions of the Social Security Law No. (1) of 2014.

The Fund has bylaws and legislation that regulate its work in financial, technical and regulatory matters. These bylaws and legislation are approved by the Investment Board and the Board of Directors of the SSC.

SSIF reviews the strategic distribution of its assets to stay in line with the indicators of the national economy and the best practices of international pension funds, in line with the SSC's future commitment to achieve the following objectives:

1. To develop revenues in line with the requirements of the actuarial study prepared by the SSC every three years and approved by the SSC Board of Directors.
2. Commitment to the acceptable risk level in accordance with the investment policy prepared by the SSIF and approved by the Investment Board and the SSC Board of Directors.



Strategic Core

◆◆ Mission

To realize meaningful and consistent returns on the invested funds, to provide the liquidity necessary to meet SSC's future commitments, and to contribute to national economic growth in accordance with international best standards and related best practices.

◆◆ Vision

Investment to secure the future of generations to come

◆◆ Core Values:



We Invest Responsibly:

- We are proud of the SSIF's independence in making investment decisions.
- We adopt best standards and practices.
- We adopt feasibility as the basis for investment, within acceptable risk levels .



We Work Professionally:

- We are committed to integrity, objectivity, and the ability of our employees to make the right decisions .
- We cooperate at all levels to realize our mission and strategic objectives.
- We maintain an environment that appreciates outstanding performance and we aim to continually upgrade the technical and professional level of our employees.

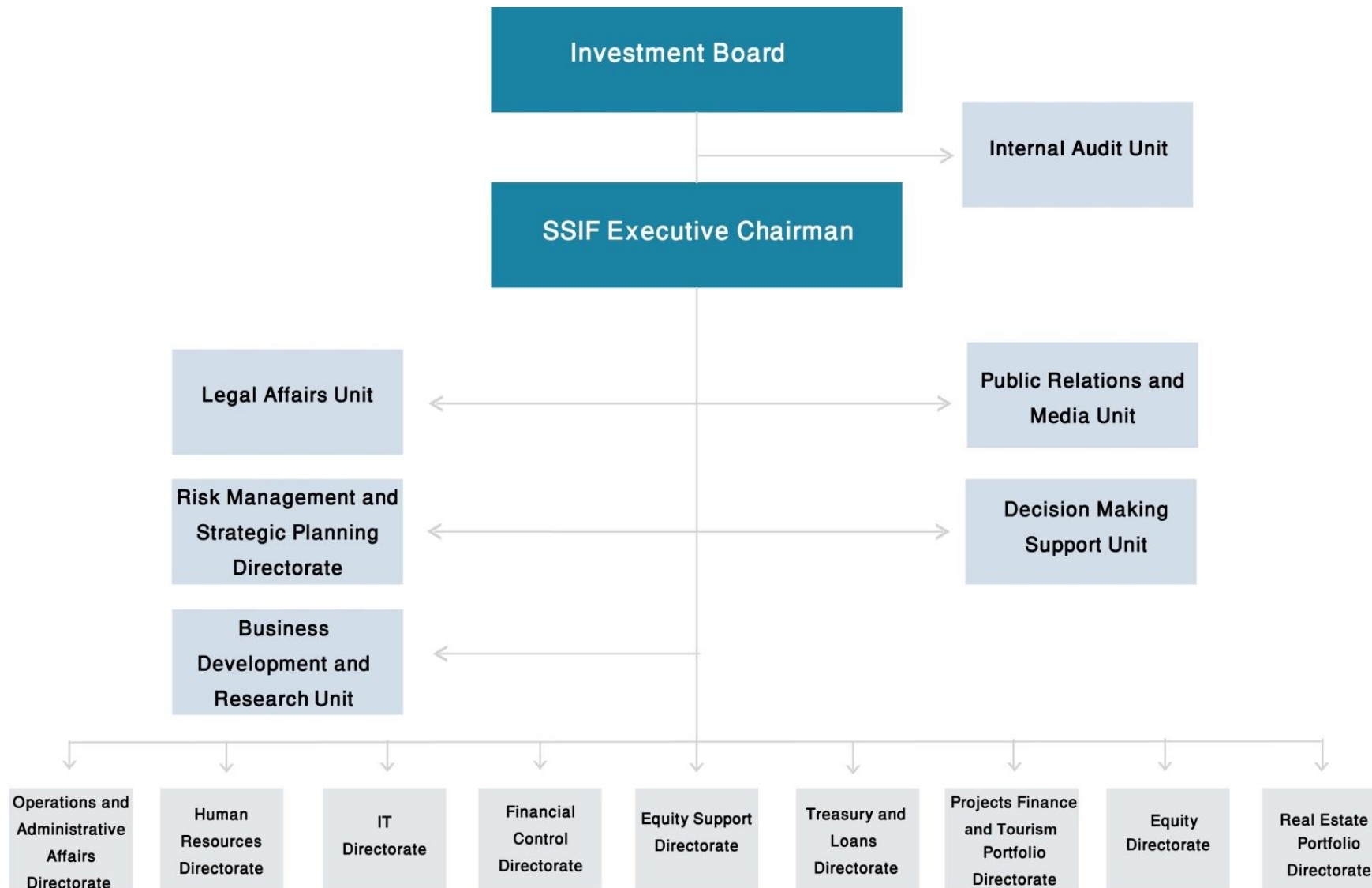


We believe in Corporate Governance:

- Our decisions are based on a methodology that reflects the highest levels of transparency.
- Corporate social responsibility enhances the investment environment .
- We adopt an organizational methodology and structure which ensure that operations conform with legislation and policies.



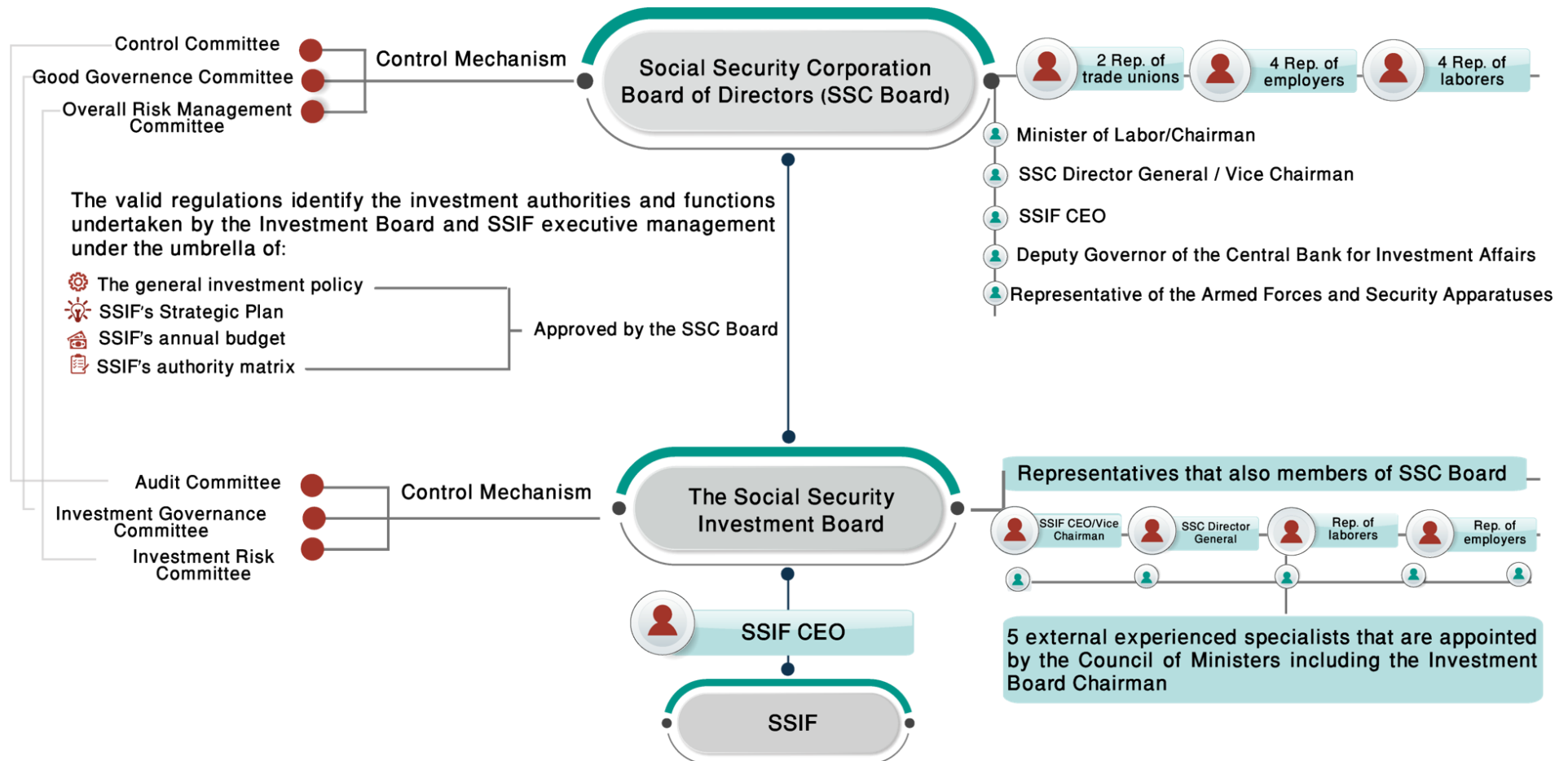
Organizational Structure



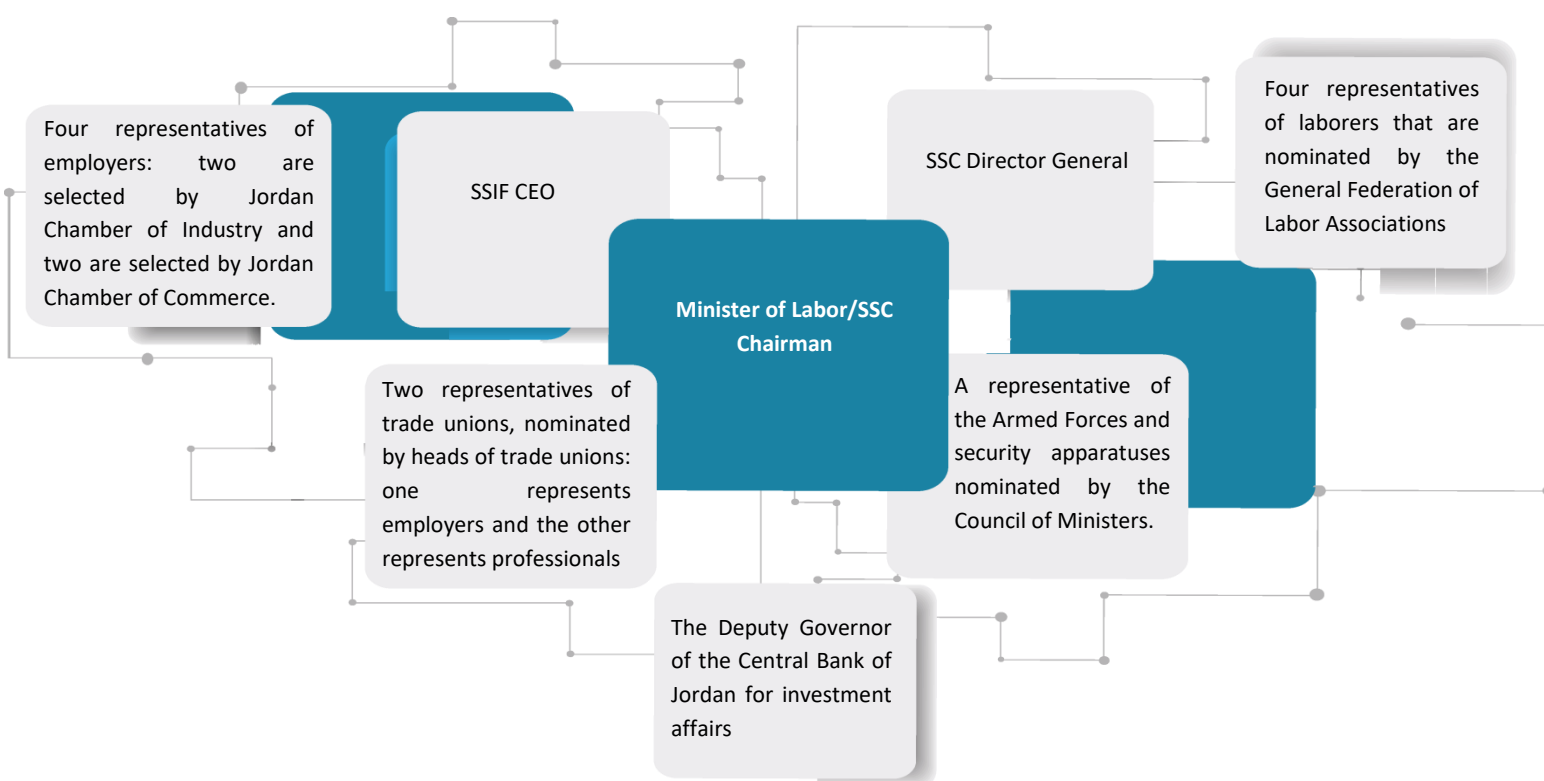


Corporate Governance

- SSIF's work is governed by an integrated control system on more than one level that ensures implementation of corporate governance best practices within the legislation regulating the Fund's work, issued under the provisions of the Social Security Law and the Investment Fund bylaw issued pursuant thereto.
- The relationship between the Investment Board with the SSC Board of Directors:



Based on the provisions of Article 9, Paragraph A of the Social Security Law of 2014, the Board of Directors of the Social Security Corporation consists of 15 people headed by the Minister of Labor and the membership of the following:



It should be noted that four members of the SSC Board of Directors are also ipso facto members of the SSIF Investment Board. They are the SSIF CEO, SSC Director General, the Laborers' Representative, and the Employers' Representatives.

The SSC Board of Directors exercises its tasks as defined by the Social Security Law, which consist of approving the policies and budget of the SSC and SSIF, and exercising its oversight role within the framework specified in the law.

The Investment Board submits to the SSC Board on a monthly basis minutes of its meetings that include its resolutions and all the deliberations in its members. These minutes are included fundamentally in the agendas of the Board. The Fund also submits a monthly report detailing the actions taken by the Fund to execute the SSC Board's resolutions related to the Fund.



SSIF Investment Board

Pursuant to the provisions of Article 14, Paragraph A of the Social Security Law No.1 of 2014, there shall be formed at the Social Security Corporation (SSC) a board named the 'Social Security Investment Board', composed of the following members:

- The SSIF CEO as Vice Chairman
- The SSC Director General
- A Laborers' Representative
- An employers' representative
- Five experts and specialists appointed by the Council of Ministers based on the recommendation of SSC Board. The Council of Ministers names one of them as Part-Time Chairman of the Investment Board.

The CEO of the Investment Fund / Vice Chairman of the Investment Board is appointed by a decision of the Council of Ministers based on the recommendation of the SSC Chairman of the Board of Directors.

◆◆ Duties of the Investment Board:

Article (14), Paragraph (B) of the Social Security Law No. (1) of 2014 defines the functions and powers of the Investment Board as follows:

1. Develop the SSIF general investment policy and submit it to the SSC Board for approval.
2. Set the overall investment plan of SSC funds and submit it to the SSC Board of Directors for approval.
3. Oversee the implementation of the SSC's investment policy, draw the plans and programs needed for this, and follow-up on the implementation of the policy.
4. Make the necessary investment decisions for implementing the SSC's investment policy and overall plan in accordance with the provisions of the Social Security Law and regulations issued pursuant thereto.
5. Make recommendations to the SSC Board of Directors to ratify the SSIF annual budget, detailing different areas of expenditure and the allocations for each one of them.
6. Submit periodic reports to the SSC Board on the SSIF's activities and performance.
7. Review the annual report on the SSIF's activities and related closing financial statements, and submit them to the SSC Board of Directors for approval.
8. Name the required committees for investment work in accordance with executive instructions.

9. Draft SSIF executive instructions to ensure realization of the SSC's objectives and submit them to the SSC Board of Directors.
10. Any other powers assigned or delegated to it by the SSC Board of Directors in accordance with the regulations and executive instructions issued pursuant to the provisions of the Social Security Law.

◆◆ Members of the SSIF Investment Board:

Chairman: Mr. Mazin M. Al Khatib

Vice Chairman of the Board / SSIF CEO: Mrs. Kholoud Saqqaf

Member/ SSC Director General: Dr. Hazem Al-Rahahleh

Member/ Representative of Laborers: Mr. Mazen Al Ma'aitah

Member/ Representative of Employers: Mr. Mohammad Aljitan

Member: Mr. "Shadi Ramzi" Al Majali

Member: Mr. Riyadh AlTaweel

Member: Dr. Qais Mahafza

Member: Eng. Sahl Dudin



◆◆ **Investment Board meetings:** The Board held 12 meetings during 2020.

◆◆ Remunerations of the SSIF Investment Board:

Pursuant to the provisions of Article 14, Paragraph E of the Social Security Law No. 1 of 2014, members of the Investment Board shall receive a monthly remuneration of JD 500, disbursement of which is conditional on attending the Board's monthly meetings, except for Chairman of the Investment Board whose remuneration is set by a resolution of the Council of Ministers based on the recommendation of the Chairman of the SSC Board of Directors.

Based on the foregoing, the monthly remunerations of the Chairman and members of the Investment Board were as follows:

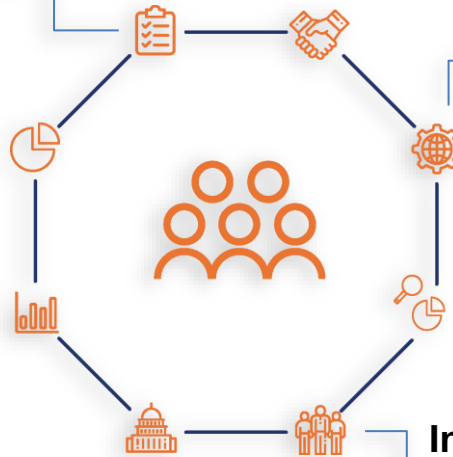
Chairman of the Investment Board	Members of the Investment Board
Monthly remuneration of JD 3,500	Monthly remuneration of JD 500, disbursement of which is conditional on attending the Board's monthly meetings



Committees of the SSIF Investment Board

Investment Risks Committee

Audit Committee



Investment Governance Committee

◆ First: The Audit Committee:

▪ Duties of the Audit Committee:

1. Oversee the SSIF's financial and investment activities and audit its financial reports including its financial data before they are submitted to the Investment Board.
2. Review the Investment Fund's internal and external auditor's reports, and follow-up on action taken regarding these reports, and submit its recommendations to the Investment Board.
3. Recommending to the Investment Board to approve the annual internal audit plan.
4. Ensure the accuracy and soundness of accounting and auditing procedures and compliance with them.
5. Ensure the SSIF's compliance with the laws, regulations, and instructions that govern its work.
6. Exercise other powers vested in it by means of executive instructions issued in accordance with the provisions of this regulation.
7. Any other tasks assigned to it by the Investment Board.

<p>▪ Members of the Audit Committee</p>
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Chairman: Eng. Sahl Dudin

Member: Mr. "Shadi Ramzi" Al Majali

Member: Dr. Qais Mahafza

Committee Secretary: Mr. Fadi Abu Ghoush
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<p>▪ Committee Meetings:</p>

- The committee held 12 meetings during 2020.
- The Chairman and members of the committee receive a monthly remuneration of JD 300. The remuneration is linked to attendance of the committee meetings.
- The Committee's Secretary receives a monthly remuneration of JD 200, disbursement of which is conditional on attending the committee meetings.

◆◆ Second: Investment Governance Committee:

▪ Duties of the Investment Governance Committee:

1. Recommending the investment governance policy to the Good Governance Committee of the SSC Board, and setting the principles and recommendations necessary to implement this policy.
2. Monitor the implementation of the code of conduct and report violations.
3. Ensure the existence of internal and external oversight and risk management systems, and the effectiveness and independence of these systems.
4. Ensure compliance by the SSIF with the rules and standards of good governance adopted by the Board.
5. Ensure the existence of a clear governance structure and effective instruments and responsibilities for investment decision-making in terms of approvals, supervision of implementation, investment management and performance monitoring.
6. Ensure the existence of a system for investment decision-making that defines the ceilings and powers of the parties concerned with decision-making and their compliance with the decision-making system.
7. Recommend to the Investment Board the rules governing corporate representation on the boards of directors of shareholding companies, including assessment criteria of people nominated to represent the Corporation.
8. Ensure sound implementation of the rules and criteria set for the SSC's representation on the boards of directors and managements of companies.
9. Ensure the independent custody of investment assets.
10. Ensure compliance by Investment Board members, SSIF personnel, and representatives of the Corporation on the boards of directors and boards of management of shareholding companies with the conflict of interest policies in force and their commitment to disclose any form of conflict of interest, whether financial, commercial, functional, or professional.
11. Ensure compliance with the rules and standards of personal trading by SSIF staff.
12. Ensure compliance with the investment performance assessment and evaluation policy.
13. Ensure the existence of specific criteria for the qualifications and capabilities that must be met by the SSIF staff.
14. Ensure the effectiveness of the investment reporting systems and their content.
15. Exercise other powers vested in it in accordance with executive instructions issued in accordance with this regulation.
16. Any other duties assigned to it by the Investment Board.

■ Investment Governance Committee Members:
Chairman: Dr. Hazem Al-Rahahleh
Member: Dr. Qais Mahafzah
Member: Mr. Mazen Al Ma'aitah ¹
Committee Secretary: Mr. Mohammad Madi

■ Committee Meetings:

- The committee held nine meetings during 2020.
- The Chairman and members of the committee receive a monthly remuneration of JD 300 disbursement of which is linked to attendance of the committee meetings.
- The Committee's Secretary receives a monthly remuneration of JD 200, disbursement of which is linked to attendance of the committee meetings.

¹ The Investment Governance Committee was reformed during the year 2020:

- Mr. Mazen Al-Ma'aitah was a member of the Committee as of March 8, 2020.
- Mr. Riyadh Al-Taweel was of a member of Committee until March 7, 2020.

◆ Third: Investment Risks Committee:

▪ Duties of the Investment Risks Committee:

1. Ensure the soundness of methodologies followed in risk assessment, analysis and management and their accordance with international risk management standards.
2. Ensure the existence of sound periodic reports to assess and analyze investment risks related to investment portfolios and ensure the optimal implementation of risk management.
3. Monitor deviations from the risk management policy and recommend the necessary decisions regarding them.
4. Study and review the Risk Management Department's reports and submit the necessary recommendations regarding them.
5. Exercise any other authority vested in it under the provisions of this regulation, and the instructions issued pursuant thereto.
6. Any other duties assigned to it by the Investment Board.

▪ Members of the Investment Risks Committee²:

Chairman: Mr. "Shadi Ramzi" Al Majali

Member: Mr. Riyadh AlTaweel

Member: Mr. Mohammad Aljitan

Committee's Secretary: Mr. Nidal Al Qubbaj

▪ Committee Meetings:

- The committee held 12 meetings during 2020.
- The Chairman and members of the committee receive a monthly remuneration of JD 300, disbursement of which is linked to attendance of the committee meetings.
- The Committee's Secretary receives a monthly remuneration of JD 200, disbursement of which is linked to attendance of the committee meetings.

² The Investment Risk Committee was reformed during the year 2020:

- Mr. Riyadh AlTaweel held the position of a member of Committee from March 8, 2020.
- Mr. Mohammad Aljitan held the position of a member of Committee, from March 8, 2020.
- Mr. Hammam Al Ma'aitah held the position of a member of the Committee until March 8, 2020.
- Mr. Asad Al-kawasmi held the position of a member of the Committee until March 8, 2020.



Oversight of SSIF activities

All the Fund's activities are subject to oversight and audit by the SSC Board of Directors and the Investment Board in accordance with the Social Security Law No. 1 for 2014 and the Social Security Investment Fund and Investment Board Bylaw No. 97 for 2014, and the regulation issued pursuant thereto, in addition to a number of internal and external audit parties in accordance with legislation in force.



Oversight by Social Security Corporation Board of Directors:

The Social Security Law defines the duties and powers of the SSC Board of Directors related to investment. The SSC Board exercises direct oversight on SSIF activities, it is informed on a monthly basis of all SSIF decisions and minutes of meetings, and it receives on a monthly basis the follow-up report on SSIF actions to implement SSC Board decisions related to investment. In addition, there are three Board committees that exercise oversight on SSIF activities, which are the Oversight Committee, the Good Governance Committee, and the Investment Risks Committee. These committees' functions are defined by the provisions of Social Security Law in force and related resolutions of the SSC Board of Directors. They exercise oversight on both sides of the SSC work, insurance and investment.



Oversight by the SSIF Investment Board:

The Social Security Law defines the duties and powers of the Investment Board, which exercises direct supervision of the Fund's executive management. There are also three Investment Board committees: The Audit Committee, Investment Governance Committee, and Investment Risk Committee. The duties of each one of these committees are defined in the Social Security Investment Fund and Investment Board Bylaw, which is issued pursuant to the operative Social Security Law. And to strengthen the supervisory role of these committees, the SSIF executive management is not included in the membership of Investment Board committees.



Internal Audit:

There are a number of oversight directorates and units that oversee the soundness and wisdom of the measures implemented by SSIF's different directorates and units according to operative legislation. They are: The Risk Management and Strategic Planning Directorate that submits monthly reports to the Investment Board's Audit Committee, the Operations and Administrative Affairs Directorate which executes all financial operations and documentation, opens related accounts, issues payment orders, and ensures implementation of the procedures in force and the availability of documents supporting the operations. These directorates and units execute pre and post oversight of SSIF activities in accordance with operative legislation and procedures.



Legislation:

The Fund's work is governed by the operative Social Security Law, the Social Security Investment Fund and Investment Board Bylaw, the Financial Bylaw of the Social Security Corporation, the Procurement Bylaw of the Social Security Corporation, the Works Bylaw of the Social Security Corporation, Civil Service Bylaw in addition to all the legislations in force in the Hashemite Kingdom of Jordan. The Legal Affairs Unit in the Fund participates in drafting these regulations, bylaws and polices that govern the Fund's work to ensure their soundness and that they do not conflict with laws and bylaws in force.



External Control:

The Fund's work is subject to oversight by the Audit Bureau which conduct post audit of SSIF activities and participates in the Fund's internal committees as an observer. In addition, oversight is exercised by the External Auditor that is appointed by the SSC Board to audit SSC accounts in insurance and investment. Additionally, the Fund submits quarterly reports on its activities, financial performance, and investments to the Council of Ministers, the Senate, and the Chamber of Deputies.



Corporate Governance

To keep pace with the international best practices in corporate governance in all activities, the Fund implemented a methodology that measures the Fund's compliance with governance policy on investment and the principles to be implemented in 2020, which had been approved by SSC Board. The Fund also revised the governance system that governs all its activities. In addition, SSIF upgraded the instructions and rules regulating representation activities and the Fund continued to implement the governance enhancing program and management of SSC's representation on the boards of companies and capacity building of representatives, which reflected positively on increasing the value of SSC's investments, protecting shareholders' rights, raising confidence in the national economy, and achieving sustainable development. companies and to ensure the presence of a competent management structure at board level that would empower corporations to draw the policies and plans needed to fulfil their objectives, the Fund started since the beginning of 2020, to study the governance structure of wholly-owned companies and their subsidiaries. Based on this, the number of board members was reduced in some companies and board committees were reviewed. In addition, the feasibility of merging companies of similar objectives was studied.

The SSIF manages the representation of the SSC in these companies through 118 representatives.

Of these representatives, around 15% are women



SSC owns shares in 82 public, private and limited liability companies operating in many vital sectors in the Kingdom.

- **Corporate Governance Workshop:**

SSIF continued to implement the capacity-building program for SSC representatives on the boards of directors and executive boards of companies in which SSC is a shareholder by organizing the third workshop entitled "Consolidating Corporate Governance in Companies" in February 2020.

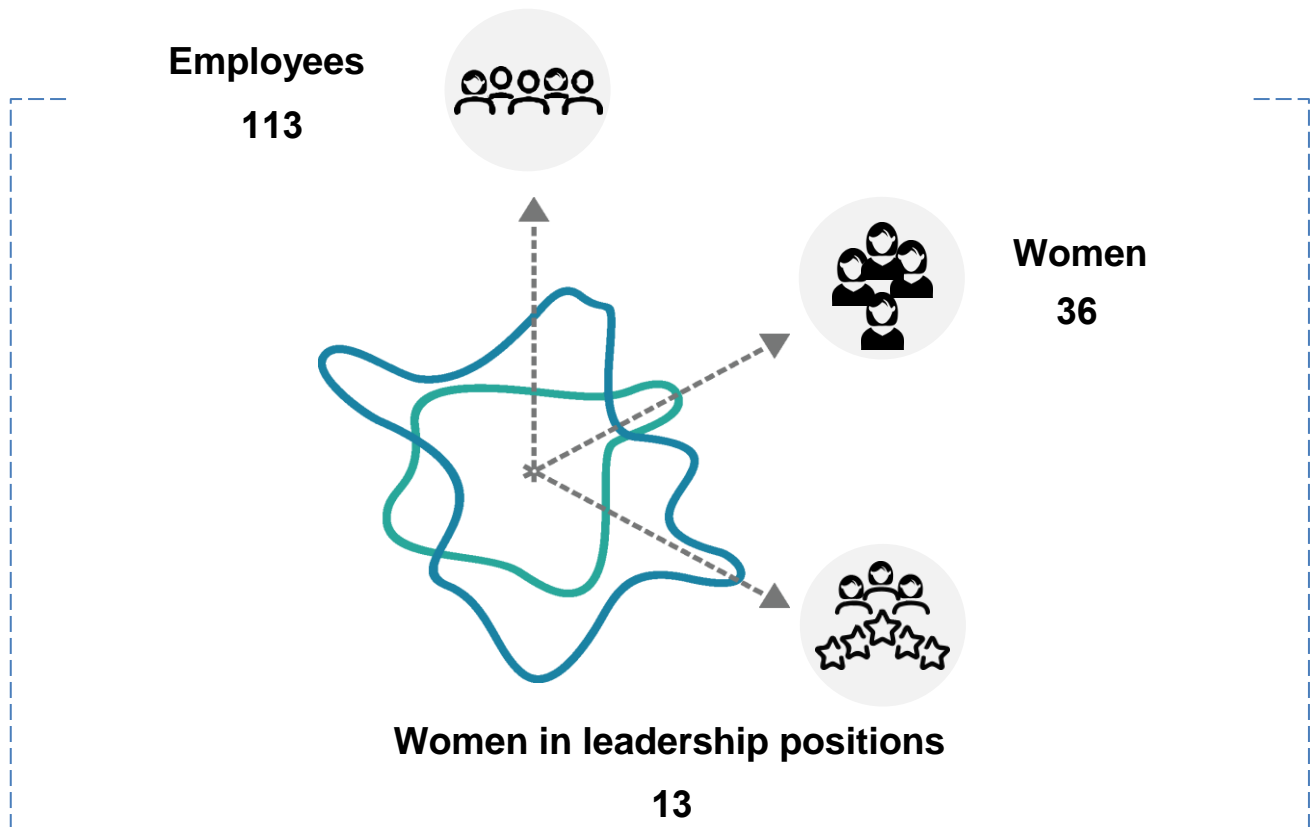
A number of experts spoke at the workshop from the Central Bank of Jordan, the United Nations Development Program (UNDP), the Jordan Institute of Directors and representatives of the private sector. Several topics were covered related to the principles and standards of corporate governance, their impact on protecting shareholder rights, and their role in raising confidence in the Jordanian economy. Of particular interest was the role of founding shareholders in enhancing corporate governance in companies and commercial and Islamic banks, by selecting people of competence and expertise to represent them on the boards of directors. Participants also discussed the role of board members and their duties and responsibilities in setting corporate policies and work plans, monitoring compliance with regulatory systems and policies that protect the rights of minority shareholders, ensuring that there is no conflict of interest at all levels in the company, evaluating the executive management's performance to ensure achieving the best financial results for the company and shareholders as well as the disclosures that need to be made in accordance with operative legislation without compromising bank secrecy rules . The workshop also shed light on the corporate governance index for public joint stock companies listed on the Amman Stock Exchange, which measures the level of companies' compliance with corporate governance principles according to specific measurement indicators that take into account legislative and regulatory requirements and global practices.





Human Resources

SSIF employed 113 employees at the end of 2020, which included 36 women of whom 13 held positions in middle and upper management.



In spite of the challenges that have faced the SSIF since it was placed under the umbrella of the Civil Service Bureau in 2012, in terms of its ability to attract competent and specialized staff and retaining outstanding employees, the Fund has spared no effort to retain its outstanding staff through training programs, empowerment of staff at all management levels, and reduction of staff turnover .

SSIF staff in have strong professional qualifications, higher university degrees, and specialized professional certificates in financial analysis, auditing, project management, risk management, Oracle, and others.





Executive Management

Real Estate Portfolio Directorate:

The directorate manages the real estate owned by SSIF, including land, commercial complexes and others. It also studies new investment opportunities in the real estate sector.

- Directorate Manager:
Eng. Ahmad Malkawi.

Equity Portfolio Directorate:

The directorate manages the Fund's investment in public and private shareholding companies and prepares analytical studies on the portfolio's performance and monitors it.

- Directorate Manager:
Mr. Emad Kodah.

Projects Finance and Tourism Portfolio Directorate:

The directorate studies new investment opportunities in all sectors and prepares feasibility studies, in addition, it manages and monitors the performance of the tourism portfolio that is managed by the National Company of Tourism Development (a company wholly owned by SSC).

- Directorate Manager:
Mr. Sameer Shahrour

Treasury and Loans Directorate:

The directorate manages the Fund's cash surpluses through investment in money market instruments, treasury bonds, granting direct loans, and participating in syndicated loans. In addition, it follows up on the projects that are managed by Daman Financial Leasing Company (a company wholly owned by SSC).

- Directorate Manager:
Mrs. Ranya Alaraj

Risk Management and Strategic Planning Directorate:

The directorate prepares the Fund's strategic plan, identifies the investment and operational risks related to the Fund's activities and puts in place indicators to measure them. The directorate also assesses the performance of directorates and units based on the balanced scorecard, for the purpose of assessing the Fund's overall performance.

- Directorate Manager:
Mr. Nidal Qubbaj

Equity Support Directorate:

The directorate follows up and evaluates the performance of the SSC representatives on the boards of directors of public and private shareholding companies in which the SSC is a shareholder. The directorate assesses their performance to ensure that they fulfil their duties completely through a comprehensive management, monitoring, and direction system to ensure effective representation in these companies, and to consolidate the principles of good governance.

- Directorate Manager:
Mr. Mohammad Madi

Financial Control Directorate:

The directorate prepares the Fund's financial statements in accordance with International Financial Reporting Standards, and prepares SSIF's annual budget. It also approves all financial transactions including disbursements and financial transfers, conducts settlements between accounts, and prepares different financial reports.

- Directorate Acting Manager:
Mrs. Manal Oreiqat

Human Resources Directorate:

The directorate works to recruit and retain qualified human resources and raise their capacity and skills through an integrated training system, in addition to enhancing the Fund's institutional performance by overseeing implementation of the different units and directorates' plans, amending their work procedures, and applying best practices in line with the requirements of the King Abdullah II Award for Excellence in Government Performance and Transparency.

- Directorate Manager:
Mr. Khaled Al D'aja.

Operations and Administrative Affairs Directorate:

The directorate executes all financial operations, keeps records, opens accounts, enters all financial movements, and follows-up on updating all special operations related to investment portfolios. It also manages the archive system and provides the necessary support services to facilitate the smooth running of the Fund's operations, and manages procurement operations from providers. support services.

- Directorate Manager:
Mr. Saeed Shanana.

IT Directorate:

The directorate automates the Fund's operations according to international standards to ensure efficiency. It manages systems and computer programs, databases, and their maintenance, in addition to managing the information security policies.

- Directorate Manager:
Dr. Ahmad Othman

Internal Audit Unit:

The unit verifies the soundness of the Fund's activities in an objective and independent manner, ensures compliance with the international financial reporting standards and the laws governing the Fund's work as well as operative regulations and instructions and related decisions. The unit also audits the IT activities in accordance with international IT auditing standards.

- Acting Unit Manager:
Fadi Abu ghoush.

Business Development and Research Unit:

The unit looks for new investment opportunities in targeted sectors in line with the Fund's strategic plan. It also prepares periodic studies and reports on the principal economic and financial indicators and keeps abreast with best practices to import them to the Fund and benefit from them .

- Unit Manager:
Dr.Hamzeh Jaradat.

Legal Affairs Unit:

The unit prepares the legislation that governs the Fund's work. It also prepares, reviews, and provides legal advice to the executive management. It also prepares and reviews contracts, agreements, MOUs, and reviews regulations that govern the Fund's work.

- Unit Manager:
Ms. Reem Abzakh

Decision Making Support Unit:

The unit performs the functions of secretary-general of the Investment Board and Investment Committee. It also follows-up on the decisions and recommendations that it issues and coordinates between the Investment Board and the Social Security Corporation's Board of Directors.

- Acting Unit Manager:
Ms. Reem Abzakh

Public Relations and Media Unit:

The unit works to consolidate the Fund's position as a national investor and highlight its investments and different activities by managing communication with partners and the public. It also manages the Fund's website and social media pages and manages the relationship with the media.

- Acting Unit Manager:
Ms. Amani Elkayed



Sustainable Development

Motivated by its belief in the importance of the societal and environmental dimensions of the Fund's activities and investments in view of their importance in achieving the desired developmental impact throughout the Kingdom, the Fund targets profitable investments within acceptable risk levels, levels, taking into consideration the value added of these investments on the national economy and their role in stimulating economic growth, improving the business environment, attracting foreign investment, in addition to creating employment opportunities and improving the level of services available to citizens.

Hence, the Fund makes a point of participating the social responsibility initiatives of national organizations that target different groups of society, in addition to the social responsibility initiatives that target employees.

SSIF also issues sustainability reports annually, which include the Fund's principal achievements and the financial, environmental and societal sustainability of the Fund's activities.

• The development role of the Fund's Investments:

The Fund's investments contribute significantly to achieving economic growth, improving the business environment, attracting foreign investments, creating opportunities for employment, training, and operating, and improving the level of services provided to citizens.

The Fund invests in many vital economic sectors in tourism, agriculture, development zones, and financial leasing. These direct investments provide about 2,500 job opportunities. The Fund's indirect investments in partnership with the private sector in many vital sectors with added value, also contribute to achieving economic growth and creating job opportunities in the proportions represented by these sectors of the GDP and the labor market. Indirect investments in companies and projects undertaken by these companies provide more than 100,000 job opportunities.



The Fund finances a number of projects through financial leasing in infrastructure, health, services, and transportation. It also finances major industrial, construction and services projects by participating in syndicate loans provided by the banking sector to companies such as the Khirbet Al Samra Wastewater Purification Project, Al Maabar Abdoun Company, and the Jordanian-Egyptian Fajr Company. The Fund participated in the past in financing many projects, most notably the Aqaba Container Port Company.

SSIF supports, through its representatives on the boards of companies in which its SSC is a shareholder, efforts to enhance the development role of these companies by investing in, and financing small and medium enterprises, especially in promising sectors such as information technology, tourism, and renewable energy in addition to CSR and sustainable development initiatives. The Fund's investments in the governorates, especially in the construction and tourism sectors, also contribute to operating the related sectors, which contributes to stimulating economic activity in those governorates and reducing unemployment.

The Fund also gives SSC a financing ceiling which amounted to JD 100 million at the end of 2020, to finance personal loans and loans to develop existing small development projects for SSC pensioners. More than 40,000 loans have been given, including loans that were granted under the Murabaha system which was introduced in the beginning of 2020. SSC manages this window in accordance with rules approved by the SSC Board of Directors.

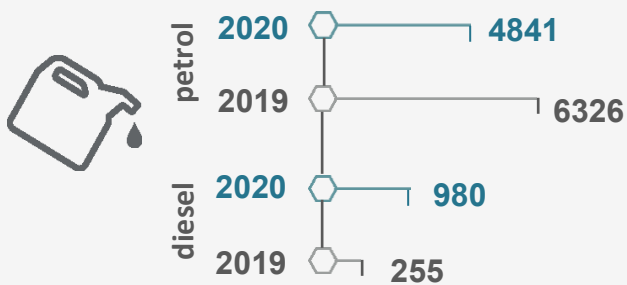


• The Environment:

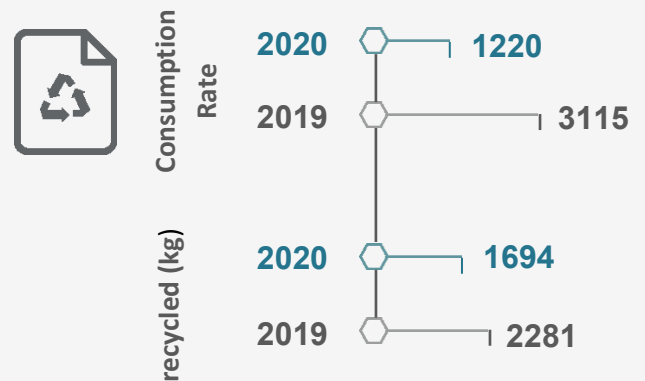
The Fund is committed to helping preserve the environment and minimizing its carbon footprint. In this context, the Fund continued implementing the paper recycling initiative in cooperation with the Jordan Environment Society. The Fund achieved a significant reduction in paper consumption in 2020 by working from home during the total lockdown made necessary by the Coronavirus pandemic and the conversion to electronic communications in most of the Fund's activities.

SSIF also committed to rationalizing the use of energy and water, and controlling consumption rates, as a contribution to the national effort to protect these sources, implementing more efficient solutions in the use of various resources and reducing their negative environmental impact.

Total vehicle fuel consumption (liters):



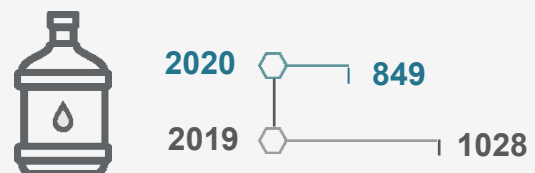
Paper:



Total Electricity Consumption (kwh):



Total water consumption (m3):



- **Solar Energy:**

In line with the sustainable development initiatives pursued by SSIF, and as part of its strategy to achieve the highest standards of sustainability, the Fund inaugurated in 2020 the first of three stations to produce electricity from solar energy in Ghour Kabad/ Jordan Valley.

The project will provide electricity to the hotels owned by SSC, SSC branches, and the Fund's premises.

The total capacity of the project is 15 Megawatts, with a payback period is of 3 years. The project will reduce SSC utility bill by JD 5 million annually. The first station capacity is 5 Megawatts and it created 100 job opportunities during the construction period.





Investment Policy

◆◆ Investment Philosophy:

The SSIF investment philosophy is based on managing the Social Security Corporation's assets in compliance with the latest actuarial study and by relying on economic indicators, strategic directions and the Fund's overall investment policy that is adopted by the SSC Board of Directors and its implementation is overseen by the Social Security Investment Board. The Fund aims to realize meaningful returns on investments within acceptable risk levels, maintain and raise the real value of SSC assets, provide liquidity to finance promising investment opportunities and any other obligations that may arise in the future and implement the best international standards of pension fund management. The Fund mitigates investment risks by diversifying its investment instruments based on the strategic asset allocation, aiming to invest in national mega projects with meaningful returns that contribute to economic growth and job creation, particularly in sectors that enhance the added value of the national economy. In addition, and according to Article 9 – A of the Social Security Investment Fund and Investment Board Bylaw 97 of 2014, the SSC Board of Directors may, on the recommendation of the Investment Board, permit the Fund to invest abroad, subject to approval by the Council of Ministers and based on controls approved by the SSC Board of Directors on the recommendation of the Investment Board and in coordination with the Central Bank of Jordan.

◆◆ Fundamentals of the investment policy:

1. **Liquidity:** SSIF manages investments within variable liquidity levels and different maturity dates, to ensure the availability of the cash flow necessary to finance SSC's liabilities as soon as they become due according to the actuarial studies of the SSC.
2. **Diversity and Investment Allocation:** SSC assets are invested in a variety of investment tools that include money market investment instruments, bonds, stocks (public, private, and mutual funds), loans (including financial leasing loans), real estate, and tourism, in order to reduce the correlation between the portfolio's assets, mitigate investment risks and maintain the true value of SSC assets. Attention must also be paid to geographical diversity (foreign investment) of these investments, if possible, after receiving the approval of the SSC Board of Directors on the recommendation of the Investment Board, and subject to approval by the Council of Ministers, as stipulated in the Social Security Investment Fund and the Investment Board Bylaw No. 97 of 2014.

3. **Rewarding national investment:** SSIF gives priority to national investments that achieve the targeted revenues within acceptable risk levels and which are consistent with its objectives.
4. **Economic data and indicators:** Investment decisions are based on domestic and international economic data and indicators. The SSIF avoids investing in instruments that are not consistent with economic reality and speculation.
5. **Operational Risk Management:** The best procedures and rules are followed in implementing investment operations. Adequate oversight controls are put in place to ensure the safety of investments, separation of functions, and dealing through a custodian of high rating for investment tools that have a custodian.
6. **Ethical standards:** no investments are made in areas restricted domestically or internationally, or investments that are incompatible with the general ethical standards or that do not take into account the public interest.



Risk Management

SSIF draws the necessary policies for investment and operational risks management. These policies include control tools to manage and mitigate these the risks and define acceptable risk levels to ensure the efficiency of the Fund's operations at all levels. The major types of investment risks that the Fund may face are strategic risks, market risks, liquidity risks, credit risks, corporate and assets/ liabilities management risks, and operational risks .

The work witnessed a remarkable change this year due to the unprecedented global conditions brought about by the Covid 19 pandemic. The Fund took quick action to mitigate the pandemic's negative impact on its portfolios and to ensure its business continuity by implementing a number of operational procedures.

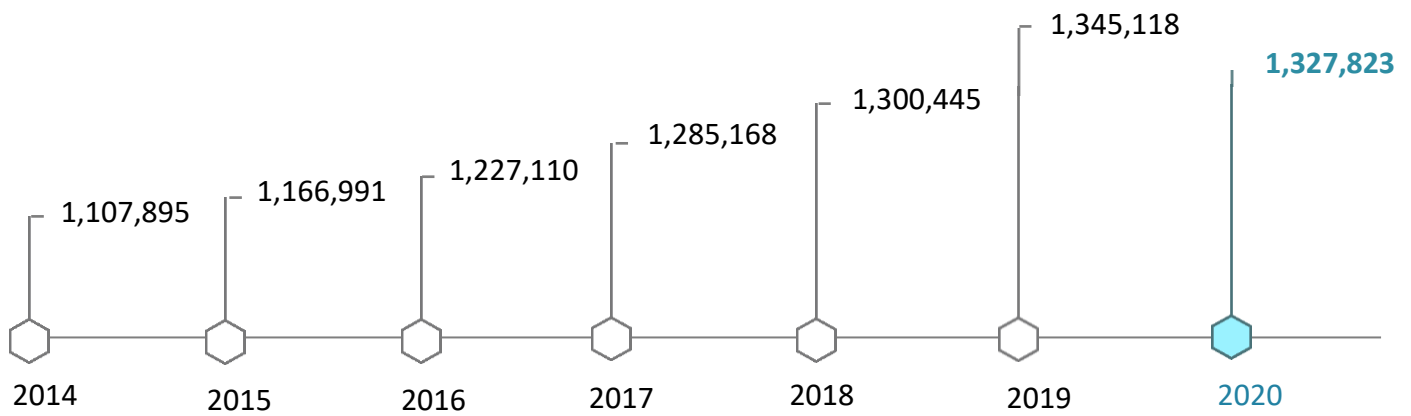




Indicators of Active Pensioners under Social Security Umbrella:

The number of active pensioners dropped in 2020 to 1,327,823, from 1,345,118 in 2019, a drop of 17,295 pensioners, or 1.3%. The number active obligatory pensioners reached 1,253,826 that constituted 94.4% of the total pensioners under SSC umbrella.

Number of Active Pensioners for the years (2014-2020)

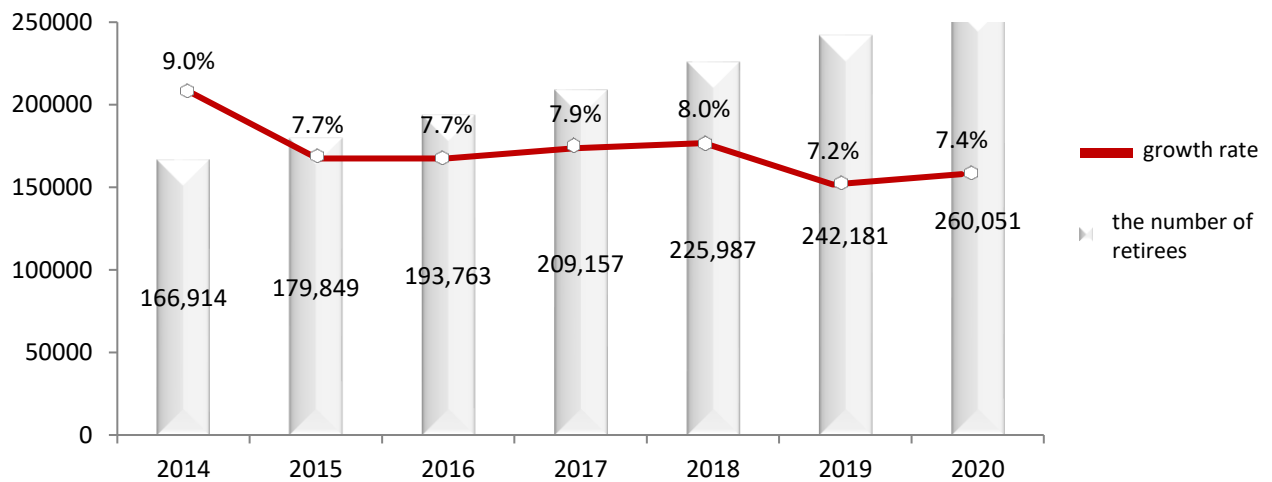




Beneficiaries from SSC Services:

The number of social security retirees increased at the end of 2020 to 260,051 retirees, compared to 242,181 retirees in 2019, representing 7.4%. Jordanian retirees constituted 97.1% of the total number of retirees.

The accumulated number of retirees for the years (2014-2020):



The total and insurance revenues of the SSC:

- **Total Revenues:**

SSC financial statements indicate an increase in total revenues in 2020 to JD 1,819.106 million from JD 1,802.004 million in 2019, a growth rate of 0.9%.

- **Insurance revenues :**

SSC achieved an increase in its insurance revenues in 2020 to JD 1,778.754 million, compared to JD 1,766.246 million in 2019, a 0.7%.

A vertical collage of business-related images. It features several panels showing financial data: bar charts with blue bars and red line graphs, and documents with text and charts. A pen and a pair of glasses are visible on one of the documents. The overall theme is business and finance.

1. GDP and unemployment:

GDP data show that the Jordanian economy contracted by about 1.6% in 2020 as a result of the economic effects of the Corona pandemic. After achieving positive growth of about 1.3% in the first quarter of the year, GDP growth turned negative in the last three quarters. Growth in the second, third and fourth quarters was about -3.6%, -2.2% and -1.6%, respectively. The growth rate for 2020 was better than expected by international institutions, which expected the contraction to be about 3.0%.

Unemployment rates increased steadily over the past few years before the Corona pandemic, mainly due to the weak growth rates of the national economy and its inability to create sufficient jobs to match the increase in the labor force. The unemployment rate increased from 15.3% in 2016 to about 19.3% in the first quarter of 2020. During the last three quarters of 2020, particularly during the second quarter when the unemployment rate increased to 23%, then 23.9% and 24.7% in the third and fourth quarters, respectively.

2. Inflation rates:

Inflation rates fluctuated significantly over the past five years. Prices decreased (negative inflation) in 2015 and 2016 by -0.87% and -0.78%, respectively. In the following two years 2017-2018, price rates increased by 3.3% and 4.5%, respectively. In 2019, inflation fell to 0.8% due to falling energy prices. Inflation in 2020 continued to retreat to 0.3% due to the decline in total spending resulting from the Corona pandemic.

3. Fiscal policy and public debt:

- **Fiscal policy:**

The fiscal policy observer over the past few years 2016-2019 notes that it was deflationary, particularly tax policy and the new tax law. In 2020, the intention was to move towards an expansionary fiscal policy, as the 2020 budget adopted before the Corona pandemic indicates. The data indicates that the outlook was towards a 9.0% increase in total expenditure in 2020 from its 2019 level, as a result of the expectation that capital expenditure would rise by about 39% and current expenditure by about 5.5%.

However, the economic impact of the Corona pandemic reduced domestic revenues, which led the Government to take several measures to control current expenditure and reduce capital expenditure. The actual figures for 2020 show that domestic revenues fell by 9.4% from their 2019 level, mainly due to a 10.4% drop in domestic revenues. Total expenditure increased by about 4.5%, as a result of a 6.2% increase in current expenditures and a decrease in capital expenditures of about 10.1%.



The above-mentioned developments of revenues and expenditures have led to a rise in the fiscal deficit (after grants) for 2020 to about JD 2.2 billion against an estimated deficit in the 2020 budget before the pandemic of about JD 1.0 billion and a deficit of about JD 1.1 billion in 2019.

- **Public debt:**

The growing budget deficits in the past years, and government borrowing to finance some independent institutions and government companies, led to more domestic and external borrowing. According to the data, total public debt increased by about JD 6.9 billion from the end of 2016 to the end of 2020, of which about JD 3.0 billion were in 2020.

Thus, the total public debt as at the end of 2020 was about JD 33.0 billion and its ratio to GDP was about 106.5%, compared to JD 26.1 billion and 92.1% of GDP as at the end of 2016.

4 .Monetary policy:

The Central Bank of Jordan (CBJ) continued to implement its expansionary monetary policy aimed at stimulating economic activity, which began it in August 2019, by gradually lowering interest rates until they reached about 2.5% in April 2020 and they continued at the same level until the end of 2020, while maintaining a comfortable interest margin against the interest rate on the US dollar in order to enhance the attractiveness of the Jordanian Dinar. CBJ also reduced the mandatory reserve rate in 2020 from 7% to 5% and implemented several measures with a total value of about JD 2.5 billion (8% of GDP) to provide liquidity for the national economy, enhance the ability of economic sectors to cope with the negative effects of the Corona pandemic, strengthen the resilience of the local economy, retain jobs and sustain the capacity of enterprises to carry out economic activities.

5 .External sector:

The available data indicate that key balance of payments indicators experienced a mixed performance in 2020 compared to 2019. The trade deficit fell by about JD 1.1 billion, or 18%, comparing 2020 and 2019. This was mainly due to a decrease in commodity imports of about JD 1.4 billion and a decrease in commodity exports of about JD 266 million. This may be seen as a positive result of the Corona pandemic. But the bigger and negative impact of the pandemic was reflected in the balance of services, where the surplus of 2019 of about JD 2.1 billion turned to a deficit of about JD 460 million in 2020. The main reason for this was the decline in tourism income, which fell by about JD 3.1 billion dinars, or 76%, to about JD 1 billion in 2020 (mostly in the first quarter of the year) compared to JD 4.1 billion in 2019.

As a result, the current account performance of the balance of payments declined during 2020 compared to the improvement in its performance in the past few years.

The deficit in 2020 amounted to about JD 2.5 billion, or 8% of GDP, against a deficit of JD 672 million dinars, or 2.1% of for the GDP in 2019.

Despite the negative developments of the current balance above, and thanks to the prudent management of the Central Bank, the CBJ's foreign reserves rose to about \$15.9 billion at the end of 2020, covering about nine months of imports.

6. Financial Market:

The performance of the Amman Stock Exchange (ASE) retreated during the past few years, especially 2020 as a result of the slowdown in economic growth and its impact on the economies of companies in the financial market and the economic effects of the Corona pandemic. ASE data indicate that the general index of the stock exchange declined from 2,170.3 points in 2016 to 1657.2 points in 2020. As a result, the market capitalization of the companies listed on the Amman Stock Exchange declined from about JD 17.3 billion, or 65% of the GDP in the end of 2016 to about JD 12.9 billion, or 41.5% of the GDP at the end of 2020.

The result was a retreat in the net profits of companies listed on ASE from about JD 829.2 million in 2016 to about JD 389.2 million in 2020, which led to a decline in the average earnings per share from JD 0.122 in 2016 to JD 0.06 in 2020. It should be noted that the Corona pandemic had an enormous impact on companies in 2020, which reflected on their net profits and the ability to distribute profits.

SSIF Financial Performance 2020





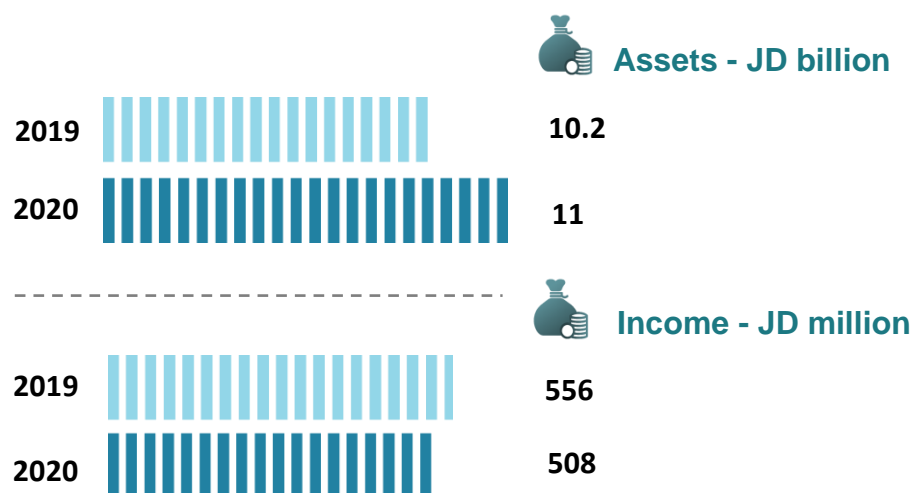
SSIF Financial Performance 2020

This chapter of the annual report covers the Fund's financial performance. The First section is a summary of SSIF financial performance in 2020, while the second and the third sections cover SSIF asset growth from the start of its operations in the beginning of 2003 until the end of 2020. The fourth section covers investment returns during the period 2016 - 2020.

First: Summary of SSIF Financial Performance in 2020:

The Fund's total assets increased to JD 11,167.7 million as at 31/12/2020 compared to JD 10,997.0 million as at 31/12/2019; an increase of JD170.7 million, or 1.6%. SSIF succeeded in achieving this growth in assets despite the difficult economic conditions caused by the Corona pandemic, which led to a contraction of the national economy during the last three quarters of 2020.

The Fund also achieved a net income of JD 508.6 million as at 31/12/2020 compared to JD 556.2 million as at 31/12/2019; a decrease of JD 47.6 million representing 8.5%.



In response to the economic and financial developments and changes that the national economy witnessed in 2020 as a result of the COVID-19 pandemic, the Fund, pursuant to its constant efforts to achieve the best use of financial resources and realize the highest returns possible at reasonable risk levels, reviewed its investment portfolios introducing changes in their relative weight in 2020 compared to 2019.

The weight of the money market instruments portfolio to total assets increased from 12.6% at the end of 2019 to 13.0% at the end of 2020. The bonds portfolio ratio also increased from 55.6% at the end of 2019 to 58.3% at the end of 2020.

The loans portfolio and the real estate investment portfolio to total assets rose to reach 3.6% and 6.5% at the end of 2020, compared to 3.1% and 6.1% at the end of 2019 respectively. The ratio of the equity investment portfolio to total assets decreased from 18.2% at the end of 2019, to 14.1% in 2020. The tourism investment portfolio maintained its share of total assets at 2.7%.

Second: Assets development (2003 - 2020)

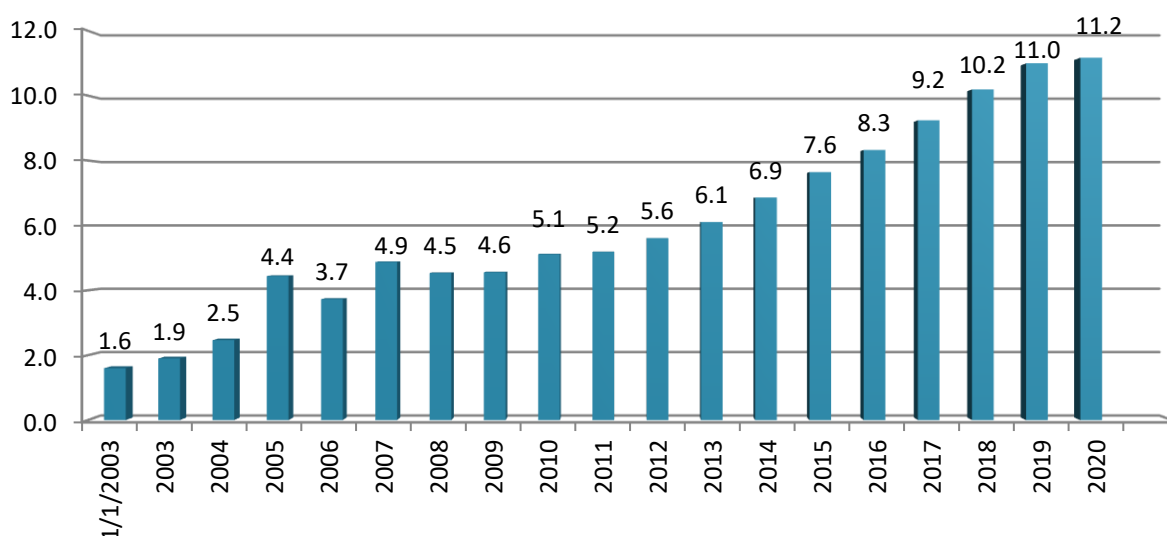
From the Fund's launch in the beginning of 2003 until 2020, SSIF assets achieved an average annual growth of 12.8%, from JD 1.6 billion at the start of 2003 to around JD 11.168 billion at the end of 2020. These assets increased during the period 2016-2020 from around JD 8.325 billion at the end of 2016 to JD 11.168 billion at the end of 2020, an increase of JD 2.843 billion, representing an average annual growth of 7.9%.

During 2020, the Fund's assets grew slightly by JD 170.7 million in comparison with 2019, representing around 1.6% growth. This was due to two factors:

- 1.The COVID-19 pandemic, as a result of which the market value of the shares of companies traded in the financial market decreased because of the lockdown. In addition, the weak trading volume in the Amman Stock Exchange and the decline in stock prices affected SSIF's public equity portfolio, which represents 10.5% of the total market capitalization of the Amman Stock Exchange.
- 2.The drop in the cash transfers received from the SSC as a result of the new social protection programs which SSC launched to help pensioners and entrepreneurs bear the financial burdens and sustain the work of the private sector following the pandemic.

The graph below shows the development of SSIF assets from the start of its operations in 2003 until the end of 2020.

SSIF Asset Growth (2003 - 2019) (JD billion)



Third: Asset Allocation (2016 - 2020)

SSIF assets are distributed over several investment portfolios with the aim of diversifying investments and reducing the overall risks on the fund's investments. The target relative distribution of these assets changed during the past period based on the Fund's strategic plan, which is reviewed every three years, to take into account the economic and financial developments witnessed by the national economy. The distribution of investment portfolios witnessed changes, most notably the shift towards fixed income tools such as bonds and money market tools, mainly because fixed income tools provide continuous and stable cash flows that suit SSC's obligations, in addition to their lower risks compared to other investment tools, especially in light of the slowdown in the growth rates of the national economy during the past period.

In the context of diversifying SSIF investments to reduce the overall risks and achieve the best possible returns, the Fund distributes its assets among several investment portfolios. The diversification takes place within each portfolio in accordance with scientific and professional rules and in line with the best international practices. This distribution is based mainly on the general investment policy of the fund and the strategic plan.

The total assets of the Fund are allocated among six main portfolios as set by SSIF general investment policy:



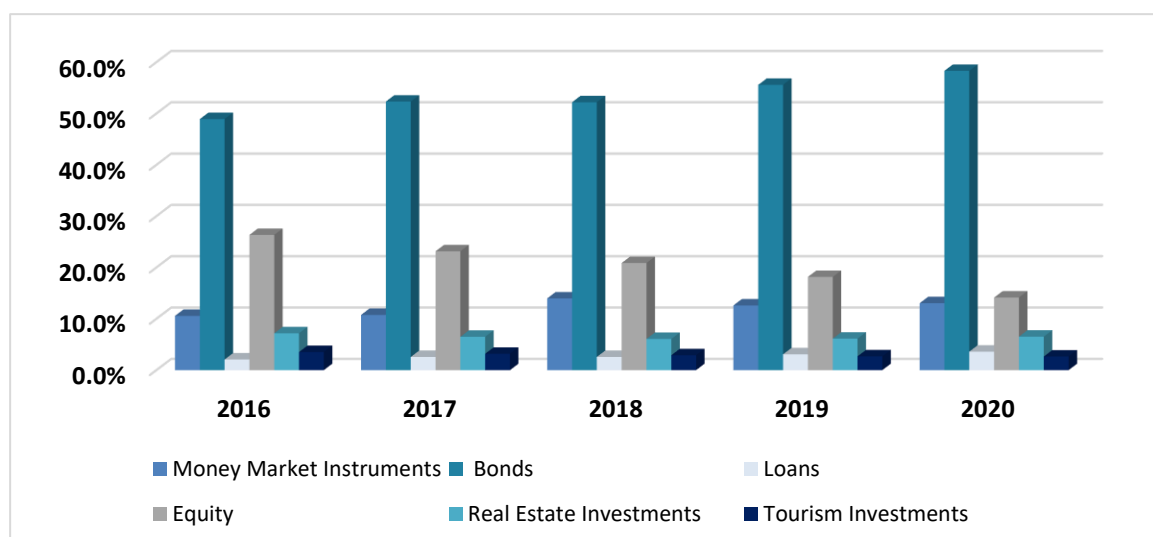
Table 1 shows the comparative distribution of investment portfolios during the period (2016-2020) in million dinars. Figure 2 shows the distribution of investment portfolios as a percentage of total assets.

Table (1): Comparative Assets Allocation (2016 – 2020) (JD million)

Assets	2016	2017	2018	2019	2020
Money Market Instruments	854.9	962.8	1,374.7	1,353.2	1,434.0
Bonds	3,957.3	4,680.7	5,135.4	5,970.0	6,410.3
Loans	168.0	229.6	252.8	330.9	396.5
Equity	2,131.1	2,071.3	2,053.4	1,950.3	1,555.2
Real Estate Investments	581.1	581.1	598.4	659.0	716.9
Tourism Investments*	285.2	285.3	285.8	288.1	291.6
Other Assets	347.8	427.2	490.3	445.4	363.1
Total assets	8,325.3	9,237.9	10,190.7	10,997.0	11,167.7

*Including projects under implementation in tourism investments portfolio.

SSIF Assets Allocation (2016 – 2020) (%)



1. Money Market Instruments Portfolio:

The Money Market Instruments portfolio increased yearly during the period 2016 – 2020 to JD 1,434 million as at the end of 2020 compared to JD 1,353 million as at the end of 2019 and JD 855 million at the end of 2016. The ratio of this portfolio to the Fund's total portfolios grew from %10.6 in 2016 to 12.6% in 2019 and 13% in 2020.

This growth was due to the stability of the rates of return from this investment portfolio and the low risk level associated with it.

2. Bonds Portfolio:

The bonds portfolio increased annually during the period 2016 - 2020 to reach JD 6.410 billion at the end of 2020 compared to JD 5.970 billion at the end of 2019 and around JD 3.957 billion at the end of 2016. The ratio of this portfolio to the Fund's total assets grew from 48.9% in 2016 to 55.6% in 2019, and 58.3% at the end of 2020. This growth was the result of the revised strategic asset allocation of SSIF's portfolios in response to the economic and financial developments witnessed by the national economy, the stability and high yield of this portfolio's tools and the low risks attached to it.

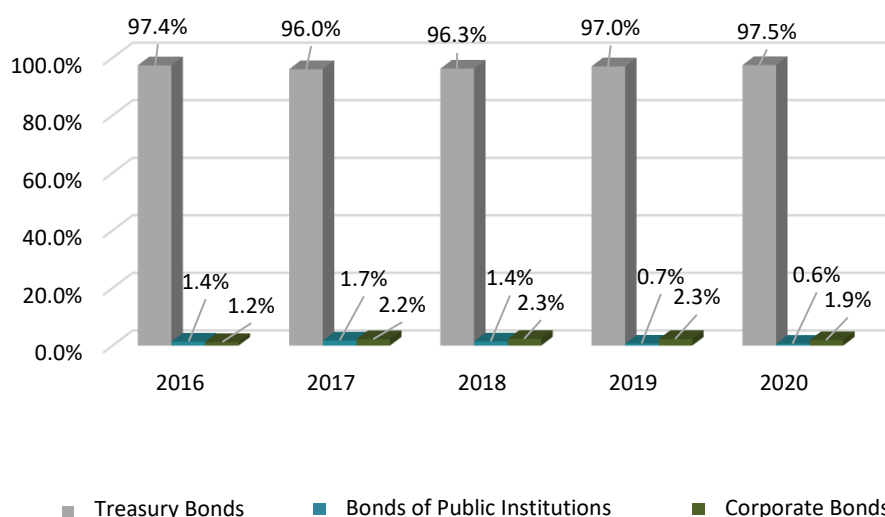
Treasury bonds constituted on average around 97% of the bonds portfolio during the period 2016 - 2020, while corporate bonds constituted on average around 2%, and public institutions bonds constituted on average around 1% for the same period.

Table 2 below shows the evolution of the bonds portfolio and its components during the period 2016-2020, and the following chart (Figure 3) shows the relative distribution of the bonds portfolio components during the same period.

Table (2): Bonds Allocation (2016 - 2020) (JD million)

Item	2016	2017	2018	2019	2020
Treasury Bonds	3,854.3	4,495.5	4,943.8	5,793.4	6,249.3
Public Institutions Bonds	54.5	81.7	73.2	40.6	40.6
Corporate Bonds	48.5	103.5	118.4	135.9	120.4
Total	3,957.3	4,680.7	5,135.4	5,970.0	6,410.3

(%) Bonds Allocation (2016 - 2020)



3. Loans Portfolio:

The loans portfolio increased annually during the period 2016 - 2020 from around JD 168 million at the end of 2016 to JD 331 million at the end of 2019 and JD 397 million at the end of 2020. The percentage of this portfolio from the Fund's total portfolio grew from 2.1% in 2016 to 3.1% in 2019 and 3.6% in 2020 .

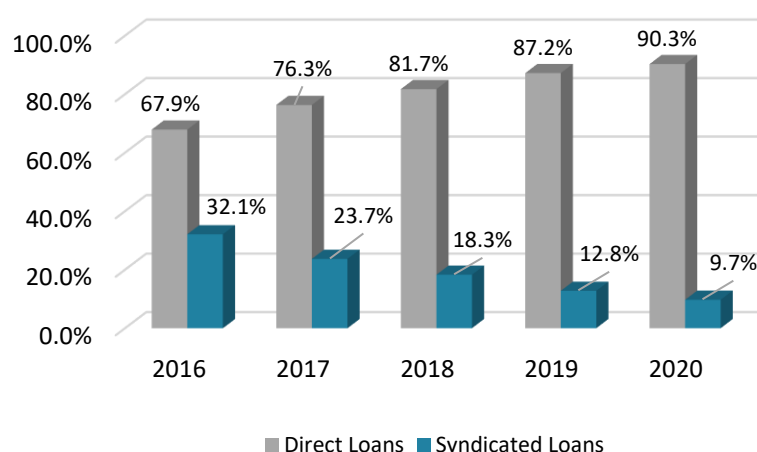
The loans portfolio consists of two main tools: direct loans and syndicated loans. Direct loans constituted on average around 81% of the loans total portfolio during the period 2016 - 2020, and the syndicated loans constituted on average around 19% for the same period. It should be noted that direct loans include loans granted to Daman Financial Leasing Company (wholly owned by SSC) which amounted to JD 142 million at the end of 2020.

Table 3 below shows the total loan portfolio and its components for the period 2016-2020, and the following graph (Figure 4) shows the relative distribution of the loan portfolio components for the same period.

Table (3): Loans Allocation (2016 - 2020) (JD million)

Item/Year	2016	2017	2018	2019	2020
Direct Loans	114.2	175.3	206.6	288.6	358.0
Syndicated Loans	53.8	54.4	46.2	42.3	38.5
Total	168.0	229.6	252.8	330.9	396.5

(%) Loans Allocation (2016 - 2020)

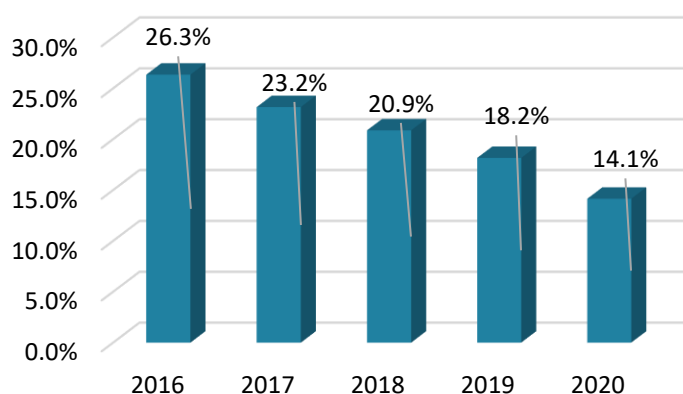


4. Equity Portfolio:

Equity portfolio amounted to around JD1.555 billion as at the end of 2020 compared to around JD 1.950 billion as at the end of 2019, and JD 2.131 billion as at the end of 2016. This drop was due to the weak performance of the Amman Stock Market caused by the unprecedented economic circumstances and to the 2020 lockdown that was imposed by the COVID-19 pandemic.

It should be noted that SSIF is a long-term strategic investor that invests in public shareholding companies representing strategic sectors such as banking, pharmaceuticals, and industry, among others. They are selected based on special criteria in light of the current share prices.

(%) Equity Allocation (2016 - 2020)



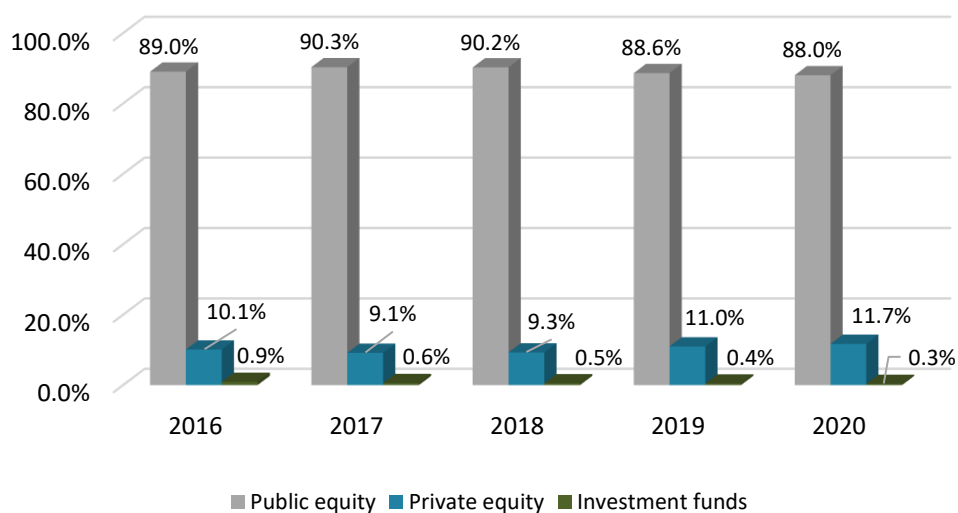
The equity portfolio consists of public equity, private equity, and investment funds. Table 4 below shows the total stock portfolio and its components for the period (2020-2016).

Figure 6 shows the evolution of the distribution relative to this portfolio during the same period.

Table (4): Equity Allocation (2016 - 2020) (JD million)

Item	2016	2017	2018	2019	2020
Public equity	1897.2	1870.3	1853.0	1728.4	1368.6
Private equity	214.9	189.4	190.3	213.7	181.9
Investment funds	19.0	11.6	10.0	8.3	4.7
Total	2131.1	2071.3	2053.4	1950.3	1555.2

Equity Allocation (2016 - 2020) (%)



5. Real Estate Investments Portfolio:

Real estate investments portfolio increased annually during the period 2016 - 2020 from around JD 581 million as at the end of 2016 to JD 717 million as at the end of 2020 ,an increase of JD 136 million, representing a growth of .23.4% This growth resulted from the revised investment strategy that emphasized increasing investments in this sector. Despite the growth of this portfolio, its percentage from the Fund's total assets dropped from 7.2% at the end of 2016 to 6.5% at the end of 2020 a result of the Fund's total assets growth.

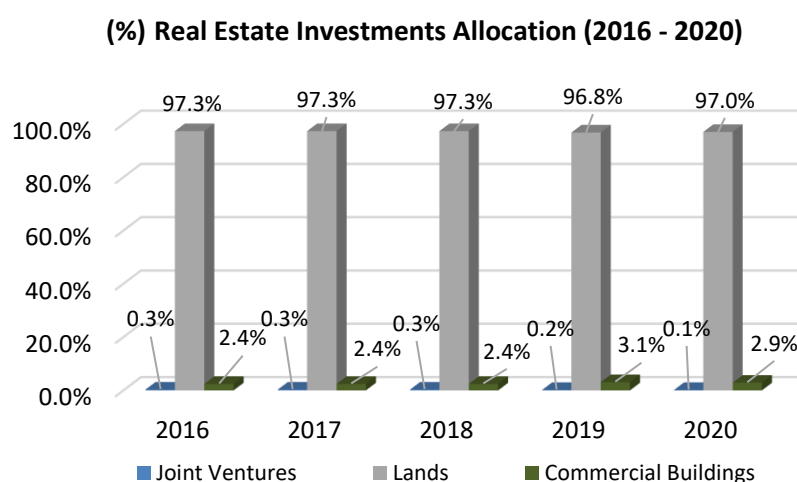
The real estate investment portfolio consists of three main components: investment lands, investment buildings, and joint real estate projects. Investment lands constitute the largest part of this portfolio (about 97% on average) during the period 2016-2020, followed by investment buildings (2.6%), and joint ventures which accounted for 0.4%.

Table 5 below shows the total real estate investment portfolio in million dinars and its main components for the period (2020-2016).

Figure 7 shows the relative distribution of the real estate investment portfolio during the period 2016-2020.

Table (5): Real Estate Investments Allocation (2016 - 2020) (JD million)

Item/Year	2016	2017	2018	2019	2020
Joint Ventures	2.0	2.0	2.0	1.0	1.0
Lands	565.4	565.3	582.0	637.8	695.3
Commercial Buildings	13.7	13.8	14.3	20.2	20.5
Total	581.1	581.1	598.4	659.0	716.9



6. Tourism Portfolio:

The tourism portfolio consists mainly of investments in a number of five stars hotels geographically distributed between Amman, the Dead Sea area, Petra, and Aqaba. The value of the tourism portfolio amounted to JD 291.6 million as at the end of 2020, of which JD 252.7 million was investment in hotels, and JD 38.9 million was invested in projects under implementation. This portfolio represents 2.7% of the Fund's total assets as at the end of 2020, compared to 3.5 %as the end of 2016. This slight drop was due to growth in the Fund's total assets during the same period.

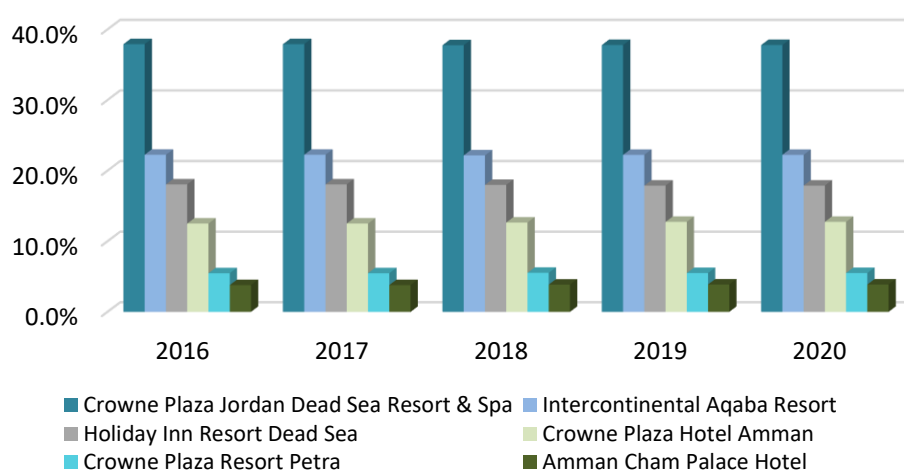
Table 6 below shows the total tourism investment portfolio and its main components during the period (2020-2016) .

Figure 8 shows the relative distribution of tourism investment portfolio components as a percentage of the total portfolio for the same period.

Table (6): Tourism Portfolio Allocation (2016 - 2020) (JD million)

Item	2016	2017	2018	2019	2020
Crowne Plaza Jordan Dead Sea Resort & Spa	94.9	94.9	94.9	95.5	95.5
Intercontinental Aqaba Resort	55.7	55.7	55.7	56.2	56.2
Holiday Inn Resort Dead Sea	45.2	45.2	45.2	45.2	45.2
Crowne Plaza Hotel Amman	31.3	31.3	31.8	32.2	32.2
Crowne Plaza Resort Petra	13.7	13.7	13.9	13.9	13.9
Amman Cham Palace Hotel	9.5	9.5	9.7	9.8	9.8
Projects under implementation	34.8	35.0	34.5	35.4	38.9
Total	285.2	285.3	285.8	288.1	291.6

Tourism Portfolio Allocation (2016 - 2020) (%)



Fourth: Investment Returns (2016 - 2020):

The Fund received steady and rising net income over the period (2016-2020) except for 2020. Net income grew by an average of 13.5% during most of the period, but in 2020 it reached only JD 508.6 million compared to JD 556.2 million at the end of 2019, a drop of JD 47.6 million, which represents 8.6%. This drop was due to the drop in interest rates, the postponement of cash dividends by banks in 2020 for their activities in 2019, the reduction of dividends by some companies as a result of the Corona pandemic, and the drop in share prices in the Amman Stock Exchange.

Table 7 below shows the investment returns achieved on the Fund's portfolios and administrative expenses for the period 2016 – 2020.

Table (7): SSIF Income (2016 - 2020) (JD million)

Item/Year	2016	2017	2018	2019	2020
Money Market Instruments Interest	26.9	38.7	55.9	78.3	58.0
Bonds Income	174.9	222.4	264.2	322.2	379.3
Loans Interest	8.6	7.8	12.1	16.1	19.1
Equity Dividends	78.9	87.3	87.6	112.7	36.3
Real Estate Investment Income	20.6	-4.8	0.8	7.7	1.7
Other Income	9.0	12.2	17.0	23.7	20.0
Administrative and Investment Expenses	(3.9)	(3.9)	(3.9)	(4.4)	(5.7)
Net Income	315.1	359.7	433.6	556.2	508.6

Consolidated Financial Statements as at the end of 2020





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**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
<u>Assets</u>			
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
Total assets		12,038,836	11,909,943
<u>Liabilities and Equity</u>			
Liabilities-			
Subscribers' contributions and rural files liabilities	10	201,154	191,087
Electricity service subscribers' deposits	18	74,034	70,324
Advance payments from 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
Total liabilities		831,420	906,949
Equity-			
Social Security Corporation Equity-			
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
Net Social Security Corporation Equity		11,164,877	10,947,720
Non-controlling interests		42,539	55,274
Net Equity		11,207,416	11,002,994
Total liabilities and equity		12,038,836	11,909,943

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
Operating revenues -			
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
Gross revenues		614,558	720,461
Cost of revenues		(500,665)	(566,686)
Net operating revenues	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
Net revenues		621,885	731,062
Expenses-			
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)
Total expenses		(148,265)	(156,969)
Surplus of revenues over expenses for the year before income tax		473,620	574,093
Income tax expense	44	(4,981)	(3,739)
Surplus of revenues over expenses for the year		468,639	570,354
Attributable to:			
Social Security Investment Fund		467,387	558,580
Non-controlling interests		1,252	11,774
		468,639	570,354

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)

	Note	2020	2019
Surplus of revenues over expenses for the year		468,639	570,354
Add: other comprehensive income not to be reclassified to revenues and expenses in subsequent periods			
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)
Total comprehensive income for the year		<u>187,482</u>	<u>411,652</u>
Attributable to:			
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 current account –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
2020-									
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)
Balance as at 31 December 2020	6,407,251	174,725	31,812	(105,193)	(7,078)	4,663,360	11,164,877	42,539	11,207,416
2019-									
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)
Balance as at 31 December 2019	6,286,910	256,611	31,812	176,833	(2,997)	4,198,551	10,947,720	55,274	11,002,994

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
<u>Operating activities</u>			
Surplus of revenues over expenses for the year before income tax		473,620	574,093
Adjustments-			
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
Working capital changes-			
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)
Net cash flows from operating activities		701,738	249,749
<u>Investing activities</u>			
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)
Net cash flows used in investing activities		(523,281)	(928,353)
<u>Financing activities</u>			
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)
Net cash flows (used in) from financing activities		(6,013)	348,461
Net increase (decrease) in cash and cash equivalents		172,444	(330,143)
Cash and cash equivalents at 1 January		123,407	453,550
Cash and cash equivalents at 31 December	36	295,851	123,407

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:

	Percentage of Ownership	Country of Incorporation
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:

	Percentage of Ownership	Country of Incorporation
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.

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.

(IN THOUSANDS OF JORDANIAN DINARS)

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.

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.

(IN THOUSANDS OF JORDANIAN DINARS)

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.

(IN THOUSANDS OF JORDANIAN DINARS)

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:

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

	2020	2019
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	575,442	556,926
	<u>1,505,845</u>	<u>1,472,315</u>
Less: provision for expected credit losses*	<u>(10,208)</u>	<u>(9,348)</u>
	<u>1,495,637</u>	<u>1,462,967</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:

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

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

This item consists of the following:

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

(6) LOANS AND GRANTED DEBTS

This item consists of the following:

	2020	2019
Direct loans	287,783	218,976
Syndicated loans	42,797	47,552
Housing loans	3,069	-
	<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:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
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	(232)	-	(236)	(468)	(513)
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:

	Balance	Interest rate	The last installment maturity date	Guarantees
	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	3,069	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.

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

This item consists of the following:

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

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

	Ratio	2020	Ratio	2019
	%		%	
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	2,486	0.3	3,471
		<u>1,026,680</u>		<u>1,290,303</u>

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

	Jordan Kuwait Bank	
	2020	2019
Statement of Financial Position		
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
Statement of Comprehensive Income		
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

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	Jordan Petroleum Refinery	
	2020	2019
Statement of Financial Position		
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
Statement of Comprehensive Income		
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

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	Jordan Telecommunication Company	
	2020	2019
Statement of Financial Position		
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	273,983	271,482
Percentage of ownership	28.88%	28.88%
Net investment as of 31 December	221,466	220,743
Statement of Comprehensive Income		
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	17,502	19,044
Group's share of profit	5,055	5,500

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	Jordan Worsted Mill Factory	
	2020	2019
Statement of Financial Position		
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
Statement of Comprehensive Income		
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

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	East Company for Investments Projects	
	2020	2019
Statement of Financial Position		
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
Statement of Comprehensive Income		
Operating revenues	2,027	5,593
Operating costs	(862)	(1,941)
Administrative expenses, maintenance, marketing and deprecation	(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

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	Jordan Electricity Company	
	2020	2019
Statement of Financial Position		
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	124,263	123,694
Percentage of ownership	21.48%	21.48%
Net investment as of 31 December	42,323	42,090
Statement of Comprehensive Income		
Operating revenues	901,162	135,011
Operating costs	(762,530)	(113,538)
Administrative expenses, maintenance, marketing and deprecation	(112,508)	(25,062)
Other revenues and expenses, net	(14,795)	12,719
Profit for the year before tax	11,329	9,130
Income tax expense	(2,977)	(1,678)
Profit for the year	8,352	7,452
Attributable to Company's shareholders	7,330	7,448
Attributable to non-controlling interest	-	-
Group's share of profit	1,574	1,601

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(9) FINANCIAL ASSETS AT AMORTIZED COST

This item consists of the following:

	Average interest rates	2020	2019
	%		
A- Government and public institution bonds			
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- Bonds, debts and other securities:			
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>

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(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>
Cost		
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>
 Accumulated amortization		
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><u>180,769</u></u>	<u><u>166,200</u></u>
Net book value as at 31 December	<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>

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(11) PROJECTS IN PROGRESS

This item consists of the following:

	2020	2019
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	647	324
	<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.

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*****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>36,485</u>	<u>32,883</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>3,994</u>	<u>3,538</u>

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(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
2020- Cost:											
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>
Accumulated depreciation:											
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>
Net book value as of 31 December 2020	<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>
2019- Cost:											
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>
Accumulated depreciation:											
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>
Net book value as at 31 December 2019	<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>

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(14) INVESTMENT PROPERTIES

This item consists of the following:

	2020	2019
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	236	243
	<u>770,269</u>	<u>717,392</u>

Movements on investment properties during the year were as follows:

	2020	2019
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****	1	(2,556)
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.

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(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:

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

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

(16) INTANGIBLE ASSETS

2020-	Exclusive right*	Licenses**	Right of passing ***	Right to use and operate ****	Goodwill*****	Total
Cost:						
Balance as at 1 January	8,000	39,411	8,285	4,151	28,014	87,861
Additions	-	-	13	22	-	35
Balance as at 31 December	<u>8,000</u>	<u>39,411</u>	<u>8,298</u>	<u>4,173</u>	<u>28,014</u>	<u>87,896</u>
Accumulated amortization:						
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
Balance as at 31 December	<u>7,733</u>	<u>15,771</u>	<u>3,928</u>	<u>2,447</u>	<u>-</u>	<u>29,879</u>
Net book value as of 31 December 2020	<u>267</u>	<u>23,640</u>	<u>4,370</u>	<u>1,726</u>	<u>28,014</u>	<u>58,017</u>
2019-						
Cost:						
Balance as at 1 January	8,000	39,411	8,275	4,136	28,014	87,836
Additions	-	-	10	15	-	25
Balance as at 31 December	<u>8,000</u>	<u>39,411</u>	<u>8,285</u>	<u>4,151</u>	<u>28,014</u>	<u>87,861</u>
Accumulated amortization:						
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
Balance as at 31 December	<u>7,333</u>	<u>13,799</u>	<u>3,545</u>	<u>2,298</u>	<u>-</u>	<u>26,975</u>
Net book value as of 31 December 2019	<u>667</u>	<u>25,612</u>	<u>4,740</u>	<u>1,853</u>	<u>28,014</u>	<u>60,886</u>

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- * 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.

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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:

	2020	2019
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
	488,810	572,972
Less: provision for expected credit losses**	(34,550)	(28,777)
	454,260	544,195

* 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:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
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	-	262	34,288	34,550	28,777

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(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>

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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.

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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).

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

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

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

	2020	2019
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:

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

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(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>

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(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:

	2020	2019
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:

	Country	Nature of activity	Percentage of non-controlling interest	
			2020	2019
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.

	2020	2019
Accumulated balance for non-controlling interests		
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>
Material gains (losses) attributable to non-controlling interests		
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

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- * 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
Condensed statement of financial position		
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
Share of non-controlling interests in equity	13,043	10,897
Condensed statement of comprehensive income		
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)
Income for the year before income tax	15,144	10,967
Income tax	(3,419)	(2,061)
Income for the year	11,725	8,906
Other comprehensive income items	(5,830)	(4,100)
Total comprehensive income for the year	5,895	4,806
Attributable to the Company's share holders	3,069	3,833
Attributable to non-controlling interests	2,826	973
Non-controlling interests' share of operating results	3,747	2,123
Condensed statement of cash flows:		
Operating activities	51,899	77,824
Investing activities	(36,239)	(58,014)
Financing activities	(16,549)	(26,189)
Net decrease in cash and cash equivalents	(889)	(6,379)

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	Jordan Press Foundation / AL-Rai	
	2020	2019
Condensed statement of financial position		
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
Share of non-controlling interests in equity	2,245	6,483
Condensed statement of comprehensive income		
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)
Loss for the year	(7,352)	(5,585)
Other comprehensive income items	-	-
Total comprehensive income for the year	(7,352)	(5,585)
Non-controlling interests' share of operating results	(4,238)	(2,517)
Condensed statement of cash flows		
Operating activities	(117)	(353)
Investing activities	(10)	75
Financing activities	(37)	400
Net (decrease) increase in cash and cash equivalents	(164)	122

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	Jordan Duty Free	
	2020	2019
Condensed statement of financial position		
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
Share of non-controlling interests in equity	20,843	31,371
Condensed statement of comprehensive income		
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
Profit for the year before tax	601	25,087
Income tax expense	(387)	(588)
Profit for the year	214	24,499
Other comprehensive income items	-	-
Total comprehensive income for the year	214	24,499
Non-controlling interests' share of operating results	92	10,512
Condensed statement of cash flows:		
Operating activities	(4,640)	29,067
Investing activities	19,240	4,594
Financing activities	(25,617)	(23,418)
Net (decrease) increase in cash and cash equivalents	(11,017)	10,243

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Condensed statement of financial position	Al Daman for Investment	
	2020	2019
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
Share of non-controlling interests in equity	3,884	4,109
Condensed statement of comprehensive income		
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
(Loss) profit for the year	(530)	137
Other comprehensive income items	(52)	5
Total comprehensive income for the year	(582)	142
Non-controlling interests' share of operating results	(225)	55
Condensed statement of cash flows:		
Operating activities	(14)	274
Investing activities	118	106
Financing activities	(97)	(300)
Net increase in cash and cash equivalents	7	80

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(29) NET OPERATING REVENUES

	Hotels sector	Press & publishing sector	Power sector	Commercial sector	Other sectors	Total sectors
2020-						
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)
Net operating revenues	5,348	(771)	95,463	11,480	2,373	113,893

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)
Net operating revenues	446	2,308	912	354	773	555	5,348

	Hotels sector	Press & publishing sector	Power sector	Commercial sector	Other sectors	Total sectors
2019-						
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)
Net operating revenues	24,698	1,284	90,009	34,872	2,912	153,775

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)
Net operating revenues	446	5,901	5,544	3,278	5,763	3,766	24,698

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(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	16,316	13,420
	<u>462,529</u>	<u>438,530</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	(1)	(4)
	<u>(567)</u>	<u>(2,008)</u>

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

This item consists of the following:

	<u>2020</u>	<u>2019</u>
Revenues:		
Leased properties revenue	4,011	3,151
Recovered lands – lawsuits (note 14)	-	13,163
Compensation received	68	-
Expenses:		
Management fees, evaluation and other fees	(476)	(478)
Change in fair value:		
Losses on investment properties valuation at fair value (note 14)	(5,362)	(8,909)
	<u>(1,759)</u>	<u>6,927</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	926	7,210
	<u>14,399</u>	<u>81,116</u>

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(34) GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following:

	2020	2019
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:

	2020	2019
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:

	2020	2019
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>

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(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:

Consolidated Statements of financial position items	2020				2019
	Parent	Associates	Others	Total	Total
Assets and liabilities:					
Bank balances and deposits-					
Jordan Kuwait Bank (current account)	-	28	-	28	2
Jordan Kuwait Bank (deposits)	-	55,285	-	55,285	50,663
Due from related parties-					
Al-Zarqa Station for Electrical Power Generation Company	-	29	-	29	110
InterContinental Hotels Group	-	-	9	9	14
				<u>38</u>	<u>124</u>
Loans-					
Social Security Corporation	100,000	-	-	100,000	70,000
Jordan Kuwait Bank (Note 21)	-	18,716	-	18,716	21,777
Consolidated statement of revenue and expenses items					
Interest-					
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
Cash dividends-					
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).

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(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.

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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-

Currency	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-

Currency	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.

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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
2020-	%		
Indicator			
Amman Stock Exchange	5	4,407	51,172
Palestine Stock Exchange	5	351	351
London Stock Exchange	5	-	4,569
		<u>4,758</u>	<u>56,092</u>
2019-			
Indicator			
Amman Stock Exchange	5	5,827	66,611
Palestine Stock Exchange	5	409	409
London Stock Exchange	5	-	3,731
		<u>6,236</u>	<u>70,751</u>

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.

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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
2020-								
<u>Assets</u>								
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
Total Asset	169,696	240,736	809,011	790,080	1,165,663	5,231,431	3,632,219	12,038,836
<u>Liabilities and Equity</u>								
<u>Liabilities-</u>								
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
Total liabilities	70,229	-	5,466	18,617	-	737,108	-	831,420
<u>Equity-</u>								
Social Security Corporation Equity:								
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
Total Social Security Corporation Equity	-	-	-	-	-	-	11,164,877	11,164,877
Non-controlling interests	-	-	-	-	-	-	42,539	42,539
Total liabilities and equity	70,229	-	5,466	18,617	-	737,108	11,207,416	12,038,836

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	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
2019-								
Assets								
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
Total Asset	53,765	220,802	772,761	950,602	1,169,404	4,769,410	3,973,199	11,909,943
Liabilities and Equity								
Liabilities-								
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
Total liabilities	67,468	-	3,356	9,762	-	826,363	-	906,949
Equity-								
Social Security Corporation Equity:								
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
Total Social Security Corporation Equity	-	-	-	-	-	-	10,947,720	10,947,720
Non-controlling interests	-	-	-	-	-	-	55,274	55,274
Total liabilities and equity	67,468	-	3,356	9,762	-	826,363	11,002,994	11,909,943

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Sensitivity of interest prices were as follows:

	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
2020-								
<u>Assets</u>								
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
Total Asset	169,696	240,736	809,011	790,080	1,165,663	5,231,431	3,632,219	12,038,836
<u>Liabilities and equity</u>								
<u>Liabilities-</u>								
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
Total Liabilities	70,229	-	-	18,617	-	742,574	-	831,420
<u>Equity-</u>								
Social Security Corporation Equity:								
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
Total Social Security Corporation Equity	-	-	-	-	-	-	11,164,877	11,164,877
Non-controlling interests	-	-	-	-	-	-	42,539	42,539
Total liabilities and equity	70,229	-	-	18,617	-	742,574	11,207,416	12,038,836
Sensitivity variance	99,467	240,736	809,011	771,463	1,165,663	4,488,857	(7,575,197)	-
Cumulative sensitivity variance	99,467	340,203	1,149,214	1,920,677	3,086,340	7,575,197	-	-

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	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
2019-								
Assets								
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
Total Asset	53,765	220,802	772,761	950,602	1,169,404	4,769,410	3,973,199	11,909,943
Liabilities and equity								
Liabilities-								
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
Total Liabilities	67,468	-	-	9,762	-	829,719	-	906,949
Equity-								
Social Security Corporation Equity:								
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
Total Social Security Corporation Equity	-	-	-	-	-	-	10,947,720	10,947,720
Non-controlling interests	-	-	-	-	-	-	55,274	55,274
Total liabilities and equity	67,468	-	-	9,762	-	829,719	11,002,994	11,909,943
Sensitivity variance	(13,703)	220,802	772,761	940,840	1,169,404	3,939,691	(7,029,795)	-
Cumulative sensitivity variance	(13,703)	207,099	979,860	1,920,700	3,090,104	7,029,795	-	-

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(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
Geographical region				
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
Economic sector				
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 11th 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.

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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

	Level (1)	Level (2)	Level (3)	Total
2020 -				
Financial assets:				
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>

2019 -

Financial assets:

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>

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(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.

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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:

	2020	2019
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	(3,072)	(5,050)
Balance as at 31 December	<u>5,466</u>	<u>3,356</u>

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

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

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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.

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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.

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.

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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.

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(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.

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.

Standalone Financial Statements as at the end of 2020





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

Report on the audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund 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 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.

Emphasis of a matter

We draw attention to note (2-1) to the financial statements, these financial statements represent the separate financial statements of the Fund; accordingly, the financial statements of the subsidiaries were not consolidated. The Fund prepared and issued its consolidated financial statements as at 31 December 2020 in accordance with International Financial Reporting Standard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund'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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate 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 Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The Fund maintains proper books of accounts, which are in agreement with the accompanying financial statement.

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

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<u>Assets</u>			
Cash and bank balances	4	301	276
Deposits at banks and financial institutions	5	1,444,399	1,386,759
Financial assets at fair value through profit or loss	6	95,161	124,711
Loans and granted debts	7	396,477	330,875
Financial asset at fair value through other comprehensive income	8	982,096	1,274,502
Investments in subsidiaries	9	264,782	316,018
Investments in associates	10	213,211	235,101
Financial assets at amortized cost	11	6,572,191	6,189,578
Due from related parties	25	29,169	31,560
Investment properties	12	715,812	657,992
Investments in joint operations	13	1,046	1,050
Investments in hotels	14	252,720	252,720
Property and equipment	15	5,777	5,812
Other assets	16	194,531	189,997
Total assets		11,167,673	10,996,951
<u>Liabilities and Social Security Corporation Equity</u>			
Liabilities -			
Other liabilities	17	6,012	4,328
Income tax provision	26	803	769
Total liabilities		6,815	5,097
Social Security Corporation Equity -			
Social Security Corporation current account		6,458,605	6,336,047
Social Security Corporation current account – Unemployment Fund	18	174,725	256,611
Fair value reserve	27	(169,297)	201,834
Accumulated surplus of revenues over expenses		4,696,825	4,197,362
Total Social Security Corporation Equity		11,160,858	10,991,854
Total liabilities and Social Security Corporation Equity		11,167,673	10,996,951

The attached notes from 1 to 34 represent part of these separate financial statements

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

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
Revenues -			
Interest income	19	462,090	437,390
Loss of financial assets at fair value through profit or loss, net	20	(567)	(2,008)
Gains on investment properties, net	21	3,165	8,297
Dividends distribution	22	36,856	114,696
Reversal of expected credit losses		9,803	107
Other commitments provision	17	(669)	-
Other revenues, net		2,963	2,093
		<u>513,641</u>	<u>560,575</u>
Expenses -			
General and administrative expenses	23	<u>(4,193)</u>	<u>(3,761)</u>
Surplus of revenues over expenses for the year before income tax		509,448	556,814
Income tax expense	26	<u>(799)</u>	<u>(637)</u>
Surplus of revenues over expenses for the year		<u>508,649</u>	<u>556,177</u>

The attached notes from 1 to 34 represent part of these separate financial statements

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

	<u>2020</u>	<u>2019</u>
Surplus of revenues over expenses for the year	508,649	556,177
Add: other comprehensive income items not to be reclassified to revenues and expenses in subsequent periods		
Change in financial assets fair value	<u>(371,021)</u>	<u>(152,191)</u>
Total comprehensive income for the year	<u>137,628</u>	<u>403,986</u>

The attached notes from 1 to 34 represent part of these separate financial statements

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

	Notes	Social Security Corporation current account	Social Security Corporation – unemployment fund	Fair value reserve	Accumulated surplus of revenues over expenses	Total
For the year ended 31 December 2020						
Balance as at 1 January 2020		6,336,047	256,611	201,834	4,197,362	10,991,854
Total comprehensive income for the year		-	-	(371,021)	508,649	137,628
Realized gains from sale of financial assets at fair value through other comprehensive income		-	-	(110)	110	-
Cash transferred during the year, net		122,558	(91,182)	-	-	31,376
Unemployment Fund's share of the Investment Fund's returns	18	-	9,296	-	(9,296)	-
Balance as at 31 December 2020		6,458,605	174,725	(169,297)	4,696,825	11,160,858
For the year ended 31 December 2019						
Balance as at 1 January 2019		5,821,462	351,901	354,028	3,659,863	10,187,254
Total comprehensive income for the year		-	-	(152,191)	556,177	403,986
Realized gains from sale of financial assets at fair value through other comprehensive income		-	-	(3)	3	-
Cash transferred during the year, net		514,585	(113,971)	-	-	400,614
Unemployment Fund's share of the Investment Fund's returns	18	-	18,681	-	(18,681)	-
Balance as at 31 December 2019		6,336,047	256,611	201,834	4,197,362	10,991,854

The attached notes from 1 to 34 represent part of these separate financial statements

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

	Notes	2020	2019
<u>Operating activities</u>			
Surplus of revenues over expenses for the year before income tax		509,448	556,814
Adjustments-			
Depreciation	15	224	215
Losses from revaluation of financial assets at fair value through profit or loss	20	4,122	2,071
Realized gains on sale of financial assets at fair value through profit or loss	20	(3,556)	(67)
Losses on sale of property and equipment		-	3
Provision for expected credit losses		2,306	4,604
Recovered from provision for expected credit losses		(12,109)	(4,711)
Losses on investment property valuation at fair value	21	414	7,539
Recovered lands - lawsuits	21	-	(13,163)
Other commitments provision	17	669	-
Working capital changes:			
Deposits at banks and financial institutions with maturity of more than 3 months		131,425	(313,804)
Financial assets at fair value through profit or loss		28,984	(354)
Other assets		(6,101)	(47,677)
Due from related parties		7,428	117
Other liabilities		1,015	1,328
Income tax paid	26	(765)	(336)
Net cash flows from operating activities		663,504	192,579
<u>Investing activities</u>			
Loans and granted debts		(61,171)	(73,398)
Financial assets at fair value through other comprehensive income		(4,950)	(52,187)
Financial assets at amortized cost		(379,990)	(709,832)
Investments in associates		(39)	-
Investments in subsidiaries		(500)	1,382
Investment properties	12	(58,104)	(57,490)
Purchases of property and equipment	15	(50)	(161)
Investments in hotels		-	(1,421)
Investments in joint operations		4	(116)
Net cash flows used in investing activities		(504,800)	(893,223)
<u>Financing activities</u>			
Net of amounts transferred from the Social Security Corporation		31,246	400,614
Net cash flows from financing activities		31,246	400,614
Net increase (decrease) in cash and cash equivalents		189,950	(300,030)
Cash and cash equivalents at 1 January		162,036	462,066
Cash and cash equivalents at 31 December	24	351,986	162,036

The attached notes from 1 to 34 represent part of these separate financial statements

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

(IN THOUSANDS OF JORDANIAN DINARS)

(1) GENERAL

Social Security Investment Fund was established in accordance with 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.

In accordance with Social Security temporary law No. (7) For the year 2010 the name of the Investment Fund was modified to become "Social Security Investment Fund" "The Fund". The Fund's registered address is 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 its 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.
- 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 invests in, and report on the performance of these companies, along with recommendations to the Board of Investment.

The separate 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 6 May 2021.

(2) ACCOUNTING POLICIES

(2-1) BASIS OF PREPARATION

The separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

These financial statements represent the separate financial statements of the Fund; accordingly, the financial statements of the subsidiaries were not consolidated. The Fund prepared and issued its consolidated financial statements as at 31 December 2020 in accordance with International Financial Reporting Standard.

The financial statements are prepared under the historical cost convention, except for the financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties and investments in subsidiaries and associates which have been presented at fair value at the date of the financial statements.

The financial statements are presented in Jordanian Dinars (JD) which is the functional currency of the Fund, all amounts are rounded to the nearest thousand in Jordanian Dinars unless stated otherwise.

(IN THOUSANDS OF JORDANIAN DINARS)

(2-2) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the separate financial statements are consistent with those used for the year ended 31 December 2019, except for the adoption of new amendments effective as of 1 January 2020 shown below:

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 Fund's separate 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 separate financial statements of, nor is there expected to be any future impact to the Fund.

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 separate financial statements of the Fund.

(IN THOUSANDS OF JORDANIAN DINARS)

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 Fund did not have any leases impacted by the amendment.

(2-3) SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used are as follows:

Financial assets at amortized cost

Financial assets at amortized cost are financial assets that the Fund's management aims, according to its business model, to hold to collect their contractual cash flows 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 separate statement of revenues and expenses.

A provision for expected credit losses for financial assets at amortization cost is recognized through reaching the probability of default and loss rates of assuming default. The Fund relies on numerous main economic indicators in building a number of assumptions, most importantly GDF growth indicators, the financial market index and debt indicators, in addition to the classification issued by credit rating institutions based on statistical data of global default rates for such classification.

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 cost (transaction costs are recorded in the separate statement of revenues and expenses at the purchase date), these assets are then revalued at fair value. Gains or losses arising on the revaluation of these financial assets, including the change in fair value arising from non-monetary assets in foreign currencies, are recognized in the separate statement of revenues and expenses. When these assets or portion of these assets are sold, the gains or losses arising is recorded in the separate statement of revenues and expenses.

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

(IN THOUSANDS OF JORDANIAN DINARS)

Financial assets at fair value through other comprehensive income

These assets represent investments in equity instruments which are intended to be held long-term.

These assets are initially measured at their fair value plus transaction costs. Subsequently, they are revaluated at fair value. Gains or losses arising on the subsequent revaluation of these equity investments, including the change in fair value arising from non-monetary assets denominated in foreign currencies, are recognized in the separate statement of changes in Social Security Corporation equity. When these assets or portion of these assets are sold, the gains or losses arising are recorded in the separate statement of comprehensive income and in the separate statement of changes in Social Security Corporation equity. The fair value reserve balance for those sold assets, is directly transferred to the accumulated surplus of revenues over expenses and not through the separate statement of revenues and expenses.

These financial assets are not subject to impairment testing.

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

Investments in associates

An associate is an entity over which the Fund has significant influence. Significant influence is the power to participate in the financial and operating decisions of the investee without having control over it. Considerations used to determine control or joint control is similar to those used to determine control over a subsidiary. Investments in associates are stated at fair value.

Investments in subsidiaries

Subsidiaries are entities controlled by the Fund and control is achieved when the Fund is exposed to the variable results arising from an investment in a subsidiary or have rights to such returns and are able to influence such returns through its authority over these subsidiaries. Investments in subsidiaries are stated at fair value.

Investments in hotels

Investments in hotels are stated at cost and the depreciation of the hotels' assets are included in their respective financial statement and reflected in the consolidated financial statements of the Fund.

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 direct loans and granted debts is recognised through reaching the probability of default and loss rates assuming default. The Fund relies on numerous main economic indicators in building a number of assumptions, most importantly GDP growth indicators, the financial market index and debt indicators, in addition to the classification issued by credit rating institutions based on statistical data of global default rates for such classification.

(IN THOUSANDS OF JORDANIAN DINARS)

Fair value

The Fund evaluates its financial instruments such as financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, investment in subsidiaries, investments in associates and investment properties at fair value at the date of the financial statements.

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.

In the absence of a principal market, most advantageous market for the asset or liability is used.

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 Fund 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 Fund 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 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.

(IN THOUSANDS OF JORDANIAN DINARS)

Property and equipment

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment in value. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the separate statement of revenues and expenses.

Depreciation is calculated using the straight-line method (except for lands), when the assets become ready to use. Depreciation rates used are as follows:

	<u>%</u>
Buildings	2
Machines, equipment and furniture	10-15
Vehicles	15
Computers	25
Computers software	25

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 separate 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 a change in estimates in future periods.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off.

Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognized in the separate statement of comprehensive income is expensed as incurred.

An item of property and equipment is derecognized upon disposal or when no economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the separate statement of revenues and expenses in the year the asset is derecognized.

Investments properties

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

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

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

(IN THOUSANDS OF JORDANIAN DINARS)

Revenue and expense recognition

Revenues and expenses are recognized on an accrual basis, except for interest and commissions of non-performing loans which are not recognized as revenue and are recorded as interest in suspense account.

Dividends income is recognized when it is realized (declared and approved by the Shareholders' General Assembly).

Recognition of financial assets

Purchase and sale of financial assets are recognized at the trade date (the date that the Fund commits to purchase or sell the asset).

Repurchase and resale agreements

Assets sold with a corresponding commitment to repurchase them at a future date continue to be recognized in the financial statements as a result of the Fund's continuous control over these assets and as the related risks and rewards are transferred to the Fund 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 method.

Assets purchased with a corresponding commitment to resell at a defined future date are not recognized in the financial statements, as a result of lack of control by the Fund over these assets and as the related risks and rewards are not transferred to the Fund upon occurrence. Amounts related to those contracts are recognized within deposits at banks and financial institutions or within loans and granted debts, the difference between the resale and the purchase price is recognized as interest income realized over the period of the contract using the effective interest rate method.

Income tax

- Income tax provision is calculated in accordance with Income Tax Law (38) of year 2018 Income Tax Law No. (34) of year 2014.
- Income tax expense represents accrued tax and deferred tax.
- Income tax expenses are accounted for based on taxable income. Taxable income differs from income disclosed in the separate financial statements as the disclosed income includes non-taxable revenue or non-deductible expenses in the current year, but deductible in subsequent years, accumulated losses accepted by the tax authorities, and items not accepted for tax purposes or subject to tax.
- Taxes are calculated based on the 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 foreign investments and revenues from leased properties.
- 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 separate financial statements and the value upon which taxable income is calculated. Deferred taxes are calculated using the liability method on the statement of financial position and are calculated based tax rates expected to be implemented upon the settlement of a tax commitment or upon the realization of tax asset.

(IN THOUSANDS OF JORDANIAN DINARS)

Foreign currencies

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 statement of financial position as declared by the Central Bank of Jordan.

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balances with the Central Bank of Jordan, and balances at banks and financial institutions with a maturity of three months or less.

Trade receivables

Trade receivables are stated at original invoice amount less any provision of expected credit losses. The Fund applies a simplified approach in calculating estimated credit losses. The Fund 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).

Trade payables and accruals

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

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 Fund according to its percentage of ownership in these operations.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently 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.

(IN THOUSANDS OF JORDANIAN DINARS)

(3) SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the 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 estimates required. Such estimates are based on necessary assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such estimates.

Management has made some judgements in applying the Fund's accounting policies. Judgments made by management that have major impact on amounts recognized in the separate financial statements are disclosed in the relevant notes to the financial statements.

Key assumptions relating to the future and other sources of estimation at the date of the separate 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 separate financial statements.

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

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

- Impairment of investment properties is recorded based on recent valuations approved by accredited real estate evaluators which are used 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 separate statement of revenues and expenses.
- Provisions recognized for lawsuits raised against the Fund are based on legal studies prepared by the Fund'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 separate statement of revenues and expenses.
- 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 Fund'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.

(IN THOUSANDS OF JORDANIAN DINARS)

The Fund determined the value of the provision for impairment of financial assets in accordance with the International Financial Reporting Standards (IFRS).

The Fund's policy is to determine common elements on which credit risk and expected credit losses are measured on a collective or an individual basis.

Methodology used to calculate expected credit losses

Key concepts that have a material impact and require a high degree of management' judgment and which have been considered by the Fund 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 Fund 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 Funds' 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- The Fund had 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 Fund 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 Fund'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. 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 based on 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 Fund'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 Fund considers the maximum extent of expected cash flows that the Fund 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 Fund's exposure to credit risk that management cannot avoid.

- **Scope of application**

All financial assets of the Fund which fall within the scope of IFRS (9) are measured as follows:

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

- **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 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.

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(4) CASH AND BANK BALANCES

This item consists of the following:

	<u>2020</u>	<u>2019</u>
Current accounts on demand *	301	276
	<u>301</u>	<u>276</u>

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

- As at 31 December 2020 and 2019, current accounts did not include any balance with foreign banks and financial institutions.
- There were no restricted balances as at 31 December 2020 and 2019.

(5) 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	351,685	161,760
Deposits maturing within 3 to 6 months	530,752	680,448
Deposits maturing within 6 to 12 months	<u>572,170</u>	<u>553,899</u>
	1,454,607	1,396,107
Less: provision for expected credit losses*	<u>(10,208)</u>	<u>(9,348)</u>
	<u>1,444,399</u>	<u>1,386,759</u>

- Interest rates on deposits in Jordanian Dinar range between 2.75% to 6.4% for the year ended 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.

* 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>10,208</u>	<u>-</u>	<u>-</u>	<u>10,208</u>	<u>9,348</u>

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(6) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This item consists of the following:

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

(7) LOANS AND GRANTED DEBTS

This item consists of the following:

	2020	2019
Direct loans	365,043	302,186
Syndicated loans	42,797	47,552
Housing loans	3,069	-
	<u>410,909</u>	<u>349,738</u>
Less: provision for expected credit losses*	<u>(14,432)</u>	<u>(18,863)</u>
	<u>396,477</u>	<u>330,875</u>

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

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
Balance as at 1 January	16,703	-	2,160	18,863	23,537
Provision for the year (housing loans)	18	-	-	18	-
Recovered from provision during the year (direct loans)	(3,497)	-	-	(3,497)	(4,265)
Recovered from provision during the year (syndicated loans)	(716)	-	(236)	(952)	(409)
Balance as at 31 December	<u>12,508</u>	<u>-</u>	<u>1,924</u>	<u>14,432</u>	<u>18,863</u>

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

	Balance	Interest rate	The maturity date of the last installment	Guarantees
		%		
Direct loans	365,043	1 – 8.37	1 January 2040	Governmental, real estates, legal
Syndicated loans	42,797	5.21 – 7.72	14 June 2028	Governmental, real estates, legal
Housing loans	3,069	4.75	28 February 2056	Real estates
	<u>410,909</u>			

Non-performing loans and debts amounted to JD 1,924 thousand representing 0.47% of loans and granted debts as at 31 December 2020 compared of JD 2,160 thousand representing 0.62% of loans and granted debts at 31 December 2019. A provision was provided for those amounts in full.

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

This item consists of the following:

	2020	2019
Quoted shares in local financial markets*	935,116	1,215,489
Non-quoted shares in local financial markets	42,234	50,728
Other financial assets:		
Investments in mutual funds (in USD)	4,746	8,285
	<u>982,096</u>	<u>1,274,502</u>

* Quoted financial assets are distributed according to sectors as follows:

	Rate	2020	Rate	2019
	%		%	
Banking sector	71.2	666,018	78.8	957,901
Manufacturing sector	25.2	235,710	18.1	219,880
Services sector	3.3	30,902	2.8	34,237
Insurance sector	0.3	2,486	0.3	3,471
		<u>935,116</u>		<u>1,215,489</u>

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(9) INVESTMENTS IN SUBSIDIARIES

This item consists the following:

Company name	Capital's number of shares	Number of shares owned by the Fund	Ownership percentage %	Nature of Business	2020	2019
<u>Listed in Amman Stock Exchange*</u>						
Jordanian Duty-Free Shops	22,500,000	12,711,006	56.5	Duty free	122,026	146,049
Al Daman for Investment Company	10,000,000	6,140,000	61.4	Investment	6,140	6,140
Jordan Press Foundation (Al-Rai)	10,000,000	5,492,000	54.9	Press and publishing	1,208	1,318
					<u>129,374</u>	<u>153,507</u>
<u>Non-listed *</u>						
Kingdom Electricity Company	50,000	35,000	70	Energy Investment	61,813	72,778
Al Daman for Zone Development	40,000,000	40,000,000	100	Investment	36,444	47,305
National Company for Touristic Development	2,050,000	2,050,000	100	Tourism services	30,846	35,890
United Traveling Center	4,654,339	4,654,339	100	Rental services	2,690	3,141
Rama for Investment and Saving	560,000	560,000	100	Investment	2,393	2,709
Al Daman for Finance Leasing	500,000	500,000	100	Finance leasing	513	501
Al Daman for Investment and Agriculture	500,000	500,000	100	Agricultural Investment	499	-
Al Daman for Hotel Transport Services	100,000	100,000	100	Tourism services	136	112
Jordan Daman Company for International Business	100,000	100,000	100	Investment	74	75
					<u>135,408</u>	<u>162,511</u>
					<u>264,782</u>	<u>316,018</u>

* Current and non-current investments in subsidiaries are stated at fair value at the date of the separate financial statements.

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(10) INVESTMENTS IN ASSOCIATES

This item consists the following:

Company Name	Capital's number of shares	Number of shares owned by the Fund	Ownership percentage %	Nature of Business	2020	2019
<u>Listed in Amman Stock Exchange*:</u>						
Jordan Telecommunication	187,500,000	54,150,000	28.9	Telecommunication	79,600	77,976
Jordan Petroleum Refinery	100,000,000	20,140,624	20.1	Petrochemical	50,352	65,054
Jordan Kuwait Bank	150,000,000	31,562,466	21	Banking services	45,450	52,815
Jordan Electricity Company	86,080,154	18,476,784	21.5	Energy	22,357	22,542
Jordan Worsted Mills Factories	15,000,000	3,000,000	20	Textiles	6,150	6,900
Jordan Cement Factories	60,444,460	13,197,226	21.8	Construction	3,827	4,223
					<u>207,736</u>	<u>229,510</u>
<u>Non-listed*:</u>						
AlSalam Industrial Investment and Development Company**	1,400,000	700,000	50	Investment	-	-
Munya Company for Resorts**	20,000,000	5,200,000	26	Investment	-	-
National Company for Infrastructure Investment	80,000	39,000	48.8	Investment	36	-
South Dead Sea Development Co.	17,000,000	5,100,000	30	Investment	5,439	5,591
					<u>5,475</u>	<u>5,591</u>
					<u>213,211</u>	<u>235,101</u>

* Current and non-current investments in associates are stated at fair value at the date of the separate financial statements.

** These investments are recorded at JD 1 and are under liquidation.

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(11) FINANCIAL ASSETS AT AMORTIZED COST

This item consists of the following:

	<u>Average interest rates</u>	<u>2020</u>	<u>2019</u>
	%		
A- Government and public institution bonds			
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- Bonds, debts and other securities			
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 costs maturity dates range from one month to 15 years.

* This item includes an amount of JD 161,855 thousand as at 31 December 2020 which represents bonds related to the Unemployment Fund (31 December 2019: JD 219,597 thousand).

** Movements on provision for expected credit losses for financial assets at amortized cost 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	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>

(12) INVESTMENT PROPERTIES

This item consists of the following:

	<u>2020</u>	<u>2019</u>
Investment lands	695,337	637,755
Investment buildings	20,475	20,237
	<u>715,812</u>	<u>657,992</u>

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Movements on investment properties during the year were as follows:

	2020	2019
Balance as at 1 January	657,992	596,353
Purchase of investment properties	58,104	57,490
Transferred from Social Security Corporation*	130	-
Transferred from Investments in Joint Operations**	-	1,098
Recovered Lands – Lawsuits (note 21)***	-	13,163
Losses on valuation of investment properties at fair value (note 21)	(414)	(7,539)
Transferred to projects under construction****	-	(2,573)
Balance as at 31 December	<u>715,812</u>	<u>657,992</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 prior years.

**** During 2019, lands in investment properties were transferred to projects under construction to be used to set up power plants that use solar energy.

(13) 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 the operations were as follows:

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

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

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(14) INVESTMENTS IN HOTELS

This item consists of the following:

	<u>2020</u>	<u>2019</u>
Crown Plaza Resort - Dead sea	95,488	95,488
Intercontinental Resort - Aqaba	56,211	56,211
Holiday Inn Resort - Dead sea	45,153	45,153
Crown Plaza Hotel - Amman	32,189	32,189
Crown Plaza Resort - Petra	13,919	13,919
Amman Cham Palace Hotel - Amman	9,760	9,760
	<u>252,720</u>	<u>252,720</u>

Investments in hotels are stated at cost and the assets of these hotels are depreciated in their respective financial statements and are consolidated in the Fund's financial statements.

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(15) PROPERTY AND EQUIPMENT

	Land	Buildings	Machinery equipment and furniture	Vehicles	Computers	Computer Software	Total
2020 -							
Cost:							
Balance as at 1 January	3,019	3,150	184	173	336	525	7,387
Additions	-	-	3	-	13	34	50
Transfer from projects under construction	-	17	22	-	60	40	139
Balance as at 31 December	3,019	3,167	209	173	409	599	7,576
Accumulated depreciation:							
Balance as at 1 January	-	606	124	144	274	427	1,575
Depreciation for the year	-	149	12	4	21	38	224
Balance as at 31 December	-	755	136	148	295	465	1,799
Net book value as at 31 December 2020	3,019	2,412	73	25	114	134	5,777

- The balance of fully depreciated property and equipment amounted to JD 823 thousand as at 31 December 2020.

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	Land	Buildings	Machinery equipment and furniture	Vehicles	Computers	Computer Software	Total
2019 -							
Cost:							
Balance as at 1 January	3,019	3,150	184	153	300	461	7,267
Additions	-	-	20	21	56	64	161
Disposals	-	-	(20)	(1)	(20)	-	(41)
Balance as at 31 December	3,019	3,150	184	173	336	525	7,387
Accumulated depreciation:							
Balance as at 1 January	-	458	123	143	278	396	1,398
Depreciation for the year	-	148	19	2	15	31	215
Disposal	-	-	(18)	(1)	(19)	-	(38)
Balance as at 31 December	-	606	124	144	274	427	1,575
Net book value as at 31 December 2019	3,019	2,544	60	29	62	98	5,812

- The balance of full depreciated property and equipment amounted to JD 786 thousand as at 31 December 2019.

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(16) OTHER ASSETS

This item consists of the following:

	2020	2019
Accrued interest*	133,357	138,041
Projects under construction**	55,581	45,377
Receivables and fines of lessees' receivables	7,347	4,671
Housing Fund deposits	2,623	2,805
Advance payments to purchase lands	50	1,546
Others	299	855
	199,257	193,295
Less: provision for expected credit losses***	(4,726)	(3,298)
	194,531	189,997

* 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).

** Projects under construction consists of the following:

- An amount of JD 32,142 thousand which represents the land and construction's value of 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 built on it. The Fund's management believes that the book value recorded is less than the land's fair value as at 31 December 2020.
- An amount of JD 16,434 thousand 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 2021.
- An amount of JD 4,847 thousand which represents the development project of Crowne Plaza Petra Hotel. The expected cost of the project is JD 19,500 thousand and is expected to be completed during 2022.

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

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
Balance as at 1 January	-	244	3,054	3,298	2,677
Provision for the year	-	18	1,410	1,428	621
Balance as at 31 December	-	262	4,464	4,726	3,298

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(17) OTHER LIABILITIES

This item consists of the following:

	2020	2019
Accounts payable	2,285	1,990
Brokers' payable	874	705
Other commitments provision (note 32)	731	111
Others	669	-
	1,453	1,522
	<u>6,012</u>	<u>4,328</u>

(18) SOCIAL SECURITY CORPORATION CURRENT ACCOUNT - UNEMPLOYMENT FUND

Based on the Corporation's Board of Directors' decision No. 14/2013 dated 4 February 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 were 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:

	2020	2019
Balance as at 1 January	256,611	351,901
Unemployment Fund's share of amounts transferred to the Corporation	(91,182)	(113,971)
Unemployed Fund's share of Investment Fund's returns during the year	9,296	18,681
Balance as at 31 December	<u>174,725</u>	<u>256,611</u>

(19) INTEREST INCOME

This item consists of the following:

	2020	2019
Interest of bonds and treasury bills*	383,814	340,715
Interest of balances and deposits at banks and financial institutions*	59,105	79,994
Interest of loans and granted debts	19,171	16,681
	<u>462,090</u>	<u>437,390</u>

* These items include an amount of JD 9,296 thousand as of 31 December 2020 which represents interest income for the benefit of the Unemployed Fund (2019: JD 18,879 thousand).

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(20) LOSSES ON 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 revaluations losses	(4,122)	(2,071)
Commissions of purchases and sales	<u>(1)</u>	<u>(4)</u>
	<u>(567)</u>	<u>(2,008)</u>

(21) GAINS ON INVESTMENT PROPERTIES, NET

This item consists of the following:

	<u>2020</u>	<u>2019</u>
Revenues:		
Revenues from leased properties	4,011	3,151
Recovered lands - lawsuits (note 12)	-	13,163
Compensations received	68	-
Expenses:		
Management fees, valuation and other expenses	(500)	(478)
Change in fair value:		
Losses on valuation of investment properties at fair value (note 12)	<u>(414)</u>	<u>(7,539)</u>
	<u>3,165</u>	<u>8,297</u>

(22) DIVIDENDS DISTRIBUTION

This item consists of the following:

	<u>2020</u>	<u>2019</u>
Dividends from subsidiaries	14,122	17,118
Dividends from financial assets through other comprehensive income	12,172	72,762
Dividends from associates	9,636	17,606
Dividends from financial assets through profit or loss	<u>926</u>	<u>7,210</u>
	<u>36,856</u>	<u>114,696</u>

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(23) GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following:

	2020	2019
Salaries and wages	1,960	1,963
Incentives and rewards	502	489
Professional fees and legal and technical consultancy	373	138
Contribution to Social Security	283	281
Depreciation (note 15)	224	215
Maintenance and support of software	129	29
Insurance	126	90
Electricity, water and fuel	94	89
Investment's Board members' remuneration	90	89
Transportation	53	57
Subscriptions	44	45
Cleaning expenses	42	43
Remuneration of Investment Board committee	33	29
Stationery	19	32
Telephone, mail and internet	16	18
Contribution to Saving Fund	16	16
Training and courses	11	24
Advertising and public relations	11	16
General maintenance	7	10
Bank charges	3	4
Daily wages and travel expenses	1	4
Others	156	80
	<u>4,193</u>	<u>3,761</u>

(24) CASH AND CASH EQUIVALENTS

This item consists of the following:

	2020	2019
Current accounts and deposits on demand (note 4)	301	276
Deposits maturing within three months or less (note 5)	<u>351,685</u>	<u>161,760</u>
	<u>351,986</u>	<u>162,036</u>

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(25) RELATED PARTIES TRANSACTIONS

Related parties' transactions represent transactions with associates and subsidiaries, major shareholders in associates and subsidiaries, directors and key management personnel and companies of which they are principal owners. The Fund 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:

	2020				2019
	Parent Company	Subsidiaries	Associates	Total	Total
<u>Statements of separate financial position items</u>					
Assets and liabilities:					
Bank balances and deposits-					
Jordan Kuwait Bank (current account)	-	-	28	28	2
Jordan Kuwait Bank (deposits)	-	-	55,285	55,285	50,663
Due from related parties-					
National for Tourism Development*	-	9,936	-	9,936	10,192
Al Daman for Finance Leasing	-	-	-	-	1
Jordanian Daman Company for International Business	-	22,423	-	22,423	29,594
	-	32,359	-	32,359	39,787
Less: provision for expected credit losses**	-	(3,190)	-	(3,190)	(8,227)
	-	29,169	-	29,169	31,560
Loans -					
Social Security Corporation	100,000	-	-	100,000	70,000
Al-Daman for International Investments	-	51,060	-	51,060	51,060
Kingdom Electricity Company	-	27,349	-	27,349	33,210
Daman for Finance Leasing	-	141,973	-	141,973	114,562

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	2020					2019
<u>Items of the separate statements of revenues and expenses</u>	Parent Company	Subsidiaries	Associates	Other	Total	Total
Interest-						
Current account with Jordan Kuwait Bank	-	-	-	-	-	5
Deposits with Jordan Kuwait Bank	-	-	1,639	-	1,639	3,386
Kingdom Electricity Company loan	-	2,336	-	-	2,336	2,743
Al-Daman for Finance Leasing loan	-	8,350	-	-	8,350	5,809
Al-Daman for International Investments loan	-	519	-	-	519	4,140
Social Security Corporation loan	2,835	-	-	-	2,835	2,204
Dividends Income-						
Daman for Investment	-	-	-	-	-	123
Jordan Duty Free shops	-	13,982	-	-	13,982	12,711
Rama for investment	-	140	-	-	140	-
Kingdom Electricity Company	-	-	-	-	-	4,200
Jordan Electricity Power Company	-	-	1,340	-	1,340	1,478
Jordan Petroleum Refinery	-	-	3,424	-	3,424	5,035
Jordan Worsted Milles	-	-	540	-	540	675
Jordan Telecommunication Company	-	-	4,332	-	4,332	6,209
Jordan Kuwait Bank	-	-	-	-	-	4,208
Executive management salaries and remunerations	-	-	-	843	843	790
Investment Board remuneration	-	-	-	122	122	117
Rental income-						
National Tourism and Development Company	-	37	-	-	37	37

* This item includes the cost of purchasing Al-Muthalathya land in Aqaba with an amount of JD 9.9 million, the amount was paid by the Social Security Investment Fund and the ownership of the land was registered in the name of the National Company for Touristic Development.

** Movements on provision for expected credit losses for due from related parties during the year were as follows:

	2020				2019
	Stage 1	Stage 2	Stage 3	Total	Total
Balance as at 1 January	8,227	-	-	8,227	8,264
Recovered from provision during the year	(5,037)	-	-	(5,037)	(37)
Balance as at 31 December	3,190	-	-	3,190	8,227

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(26) INCOME TAX

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

	2020	2019
Balance as at 1 January	769	468
Income tax expense for the year	799	637
Income tax paid	(765)	(336)
Balance as at 31 December	<u>803</u>	<u>769</u>

Income tax provision for the year ended 31 December 2020 and 2019 have been calculated in accordance with Income Tax Law No. (38) of 2018 which have amended 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 any 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 until the date of preparing these financial statements.

The Fund obtained a final clearance from the Income Tax Department up to the year 2014.

(27) FAIR VALUE RESERVE

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

	2020	2019
Balance as at 1 January	201,834	354,028
Changes in fair value of financial assets through other comprehensive income	(297,356)	(164,150)
Changes in fair value of investments in subsidiaries	(51,736)	5,449
Changes in fair value of investments in associates	(21,929)	6,510
Realized gains from sale of financial assets through other comprehensive income	(110)	(3)
Balance as at 31 December	<u>(169,297)</u>	<u>201,834</u>

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(28) FAIR VALUES OF FINANCIAL INSTRUMENTS

The Fund's financial instruments comprise of financial assets and liabilities.

Financial assets consist of 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, investments in associates and subsidiaries, financial assets at amortized cost, due from related parties and some other current assets. Financial liabilities consist of some other current liabilities.

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

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

- Level 1 – Quoted 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.

2020 -	<u>Level (1)</u>	<u>Level (2)</u>	<u>Level (3)</u>	<u>Total</u>
Financial Assets:				
Financial assets through profit or loss	95,161	-	-	95,161
Financial assets through other comprehensive income	935,116	-	46,980	982,096
Investments in subsidiaries	129,374	-	135,408	264,782
Investments in associates	207,736	-	5,475	213,211
	<u>1,367,387</u>	<u>-</u>	<u>187,863</u>	<u>1,555,250</u>
2019 -	<u>Level (1)</u>	<u>Level (2)</u>	<u>Level (3)</u>	<u>Total</u>
Financial Assets:				
Financial assets through profit or loss	124,711	-	-	124,711
Financial assets through other comprehensive income	1,215,489	-	59,013	1,274,502
Investments in subsidiaries	153,507	-	162,511	316,018
Investments in associates	229,510	-	5,591	235,101
	<u>1,723,217</u>	<u>-</u>	<u>227,115</u>	<u>1,950,332</u>

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(29) RISK MANAGEMENT

The Fund 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 Fund monitors the risks and then handles the variances that exceed allowed limits.

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

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

CREDIT RISK

Credit risk is the risk that one party to financial instrument will fail to discharge an obligation at their due dates.

The Fund performs necessary financial and credit analysis when acquiring any bonds for public shareholding companies or when granting loans. Moreover, the Fund sets deposit ceiling for the local banks based on defined methodology and the credit rating of the bank in addition, the Fund sets a ceiling for the volume of transactions with the 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 Fund issues policies and procedures to ensure proper execution of the transactions in addition to providing the best information systems and specialized technical personnel and develops 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 Fund 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.

To mitigate the impact of such risks, especially in the absence of necessary hedging instruments, the Fund 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.

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

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

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

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

Currency	Increase in interest rate	Impact on surplus of revenues over expenses for the year
	%	
2020-		
JD	1	80,318
USD	1	3,815
2019-		
JD	1	75,340
USD	1	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 the increase shown above.

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The sensitivity of interest rates is as follows:

2020 -	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
Assets								
Cash and bank balances	301	-	-	-	-	-	-	301
Deposits at banks and financial institutions	417,788	194,324	544,153	288,134	-	-	-	1,444,399
Financial assets at fair value through profit or loss	-	-	-	-	-	-	95,161	95,161
Loans and granted debts	304	14,823	2,137	14,499	119,798	244,916	-	396,477
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	982,096	982,096
Investments in subsidiaries	-	-	-	-	-	-	264,782	264,782
Investments in associates	-	-	-	-	-	-	213,211	213,211
Financial assets at amortized cost	-	29,224	230,786	210,347	1,045,865	5,055,969	-	6,572,191
Due from related parties	-	-	-	-	-	-	29,169	29,169
Investments properties	-	-	-	-	-	-	715,812	715,812
Investments in joint operations	-	-	-	-	-	-	1,046	1,046
Investment in hotels	-	-	-	-	-	-	252,720	252,720
Property and equipment	-	-	-	-	-	-	5,777	5,777
Other assets	-	-	-	-	-	-	194,531	194,531
Total Asset	418,393	238,371	777,076	512,980	1,165,663	5,300,885	2,754,305	11,167,673
Social Security Corporation Equity and Liabilities								
Social Security Corporation Equity -								
Social Security Corporation current account	-	-	-	-	-	-	6,458,605	6,458,605
Social Security Corporation current account - Unemployment Fund	-	-	-	-	-	-	174,725	174,725
Fair value reserve	-	-	-	-	-	-	(169,297)	(169,297)
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	4,696,825	4,696,825
Total Social Security Corporation Equity	-	-	-	-	-	-	11,160,858	11,160,858
Liabilities -								
Other liabilities	-	-	-	-	-	-	6,012	6,012
Income tax provision	-	-	-	-	-	-	803	803
Total liabilities	-	-	-	-	-	-	6,815	6,815
Total Social Security Corporation Equity and Liabilities	-	-	-	-	-	-	11,167,673	11,167,673
Sensitivity variance	418,393	238,371	777,076	512,980	1,165,663	5,300,885	(8,413,368)	-
Accumulated sensitivity variance	418,393	656,764	1,433,840	1,946,820	3,112,483	8,413,368	-	-

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The sensitivity of interest rates is as follows:

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	Non-interest bearing	Total
Assets								
Cash and bank balances	276	-	-	-	-	-	-	276
Deposits at banks and financial institutions	237,481	389,062	501,178	259,038	-	-	-	1,386,759
Financial assets at fair value through profit or loss	-	-	-	-	-	-	124,711	124,711
Loans and granted debts	4,017	14,474	1,500	16,525	89,312	205,047	-	330,875
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	1,274,502	1,274,502
Investments in subsidiaries	-	-	-	-	-	-	316,018	316,018
Investments in associates	-	-	-	-	-	-	235,101	235,101
Financial assets at amortized cost	25,000	40,200	22,000	386,500	1,080,092	4,635,786	-	6,189,578
Due from related parties	-	-	-	-	-	-	31,560	31,560
Investments properties	-	-	-	-	-	-	657,992	657,992
Investments in joint operations	-	-	-	-	-	-	1,050	1,050
Investment in hotels	-	-	-	-	-	-	252,720	252,720
Property and equipment	-	-	-	-	-	-	5,812	5,812
Other assets	-	-	-	-	-	-	189,997	189,997
Total Asset	266,774	443,736	524,678	662,063	1,169,404	4,840,833	3,089,463	10,996,951
Social Security Corporation Equity and Liabilities								
Social Security Corporation Equity -								
Social Security Corporation current account	-	-	-	-	-	-	6,336,047	6,336,047
Social Security Corporation current account - Unemployment Fund	-	-	-	-	-	-	256,611	256,611
Fair value reserve	-	-	-	-	-	-	201,834	201,834
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	4,197,362	4,197,362
Total Social Security Corporation Equity	-	-	-	-	-	-	10,991,854	10,991,854
Liabilities -								
Other liabilities	-	-	-	-	-	-	4,328	4,328
Income tax provision	-	-	-	-	-	-	769	769
Total liabilities	-	-	-	-	-	-	5,097	5,097
Total Social Security Corporation Equity and Liabilities	-	-	-	-	-	-	10,996,951	10,996,951
Sensitivity variance	266,774	443,736	524,678	662,063	1,169,404	4,840,833	(7,907,488)	-
Accumulated sensitivity variance	266,774	710,510	1,235,188	1,897,251	3,066,655	7,907,488	-	-

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SHARE PRICE RISK

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

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

2020-	Change in indicator	Effect on surplus of revenues over expenses for the year	Effect on Social Security Corporation equity
	%		
Indicator			
Amman stock exchange	5	4,407	68,018
Palestine stock exchange	5	351	351
		<u>4,758</u>	<u>68,369</u>
2019-			
Indicator			
Amman stock exchange	5	5,827	85,752
Palestine stock exchange	5	409	409
		<u>6,236</u>	<u>86,161</u>

The effect of the decreases in share prices with the same percentage is expected to be equal and opposite to the effect of the 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 Fund's functional currency is the Jordanian Dinars, and US Dollar is considered as the base currency for foreign investments. Therefore, due to the fact the Jordanian Dinar is fixed against the US Dollar, the Fund is not exposed to significant currencies risk in relation to the US Dollar. Furthermore, the Fund does not have any obligations in foreign currencies, accordingly, no hedging was performed against their obligations.

LIQUIDITY RISK

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

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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:

2020 -	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
Assets								
Cash and bank balances	301	-	-	-	-	-	-	301
Deposits at banks and financial institutions	417,788	194,324	544,153	288,134	-	-	-	1,444,399
Financial assets at fair value through profit or loss	-	-	-	-	-	-	95,161	95,161
Loans and granted debts	304	14,823	2,137	14,499	119,798	244,916	-	396,477
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	982,096	982,096
Investments in subsidiaries	-	-	-	-	-	-	264,782	264,782
Investments in associates	-	-	-	-	-	-	213,211	213,211
Financial assets at amortized cost	-	29,224	230,786	210,347	1,045,865	5,055,969	-	6,572,191
Due from related parties	-	-	-	-	-	-	29,169	29,169
Investments properties	-	-	-	-	-	-	715,812	715,812
Investments in joint operations	-	-	-	-	-	-	1,046	1,046
Investments in hotels	-	-	-	-	-	-	252,720	252,720
Property and equipment	-	-	-	-	-	-	5,777	5,777
Other assets	-	-	-	-	-	-	194,531	194,531
Total Asset	418,393	238,371	777,076	512,980	1,165,663	5,300,885	2,754,305	11,167,673
Social Security Corporation equity and Liabilities								
Social Security Corporation Equity -								
Social Security Corporation current account	-	-	-	-	-	-	6,458,605	6,458,605
Social Security Corporation current account – Unemployment Fund	-	-	-	-	-	-	174,725	174,725
Fair value reserve	-	-	-	-	-	-	(169,297)	(169,297)
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	4,696,825	4,696,825
Total Social Security Corporation Equity	-	-	-	-	-	-	11,160,858	11,160,858
Liabilities -								
Other liabilities	731	-	-	-	-	-	5,281	6,012
Income tax provision	-	-	803	-	-	-	-	803
Total liabilities	731	-	803	-	-	-	5,281	6,815
Total Social Security Corporation Equity and Liabilities	731	-	803	-	-	-	11,166,139	11,167,673

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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	Non-interest bearing	Total
<u>Assets</u>								
Cash and bank balances	276	-	-	-	-	-	-	276
Deposits at banks and financial institutions	237,481	389,062	501,178	259,038	-	-	-	1,386,759
Financial assets at fair value through profit or loss	-	-	-	-	-	-	124,711	124,711
Loans and granted debts,	4,017	14,474	1,500	16,525	89,312	205,047	-	330,875
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	1,274,502	1,274,502
Investments in subsidiaries	-	-	-	-	-	-	316,018	316,018
Investments in associates	-	-	-	-	-	-	235,101	235,101
Financial assets at amortized cost	25,000	40,200	22,000	386,500	1,080,092	4,635,786	-	6,189,578
Due from related parties	-	-	-	-	-	-	31,560	31,560
Investments properties	-	-	-	-	-	-	657,992	657,992
Investments in joint operations	-	-	-	-	-	-	1,050	1,050
Investments in hotels	-	-	-	-	-	-	252,720	252,720
Property and equipment	-	-	-	-	-	-	5,812	5,812
Other assets	-	-	-	-	-	-	189,997	189,997
Total Asset	266,774	443,736	524,678	662,063	1,169,404	4,840,833	3,089,463	10,996,951
<u>Social Security Corporation equity and Liabilities</u>								
Social Security Corporation Equity -								
Social Security Corporation current account	-	-	-	-	-	-	6,336,047	6,336,047
Social Security Corporation current account – Unemployment Fund	-	-	-	-	-	-	256,611	256,611
Fair value reserve	-	-	-	-	-	-	201,834	201,834
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	4,197,362	4,197,362
Total Social Security Corporation Equity	-	-	-	-	-	-	10,991,854	10,991,854
Liabilities -								
Other liabilities	111	-	-	-	-	-	4,217	4,328
Income tax provision	-	-	769	-	-	-	-	769
Total liabilities	111	-	769	-	-	-	4,217	5,097
<u>Total Social Security Corporation Equity and Liabilities</u>	111	-	769	-	-	-	10,996,071	10,996,951

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(30) SEGMENT INFORMATION

Assets and liabilities are distributed according to business segments as follows:

	2020		2019	
	Assets	Liabilities	Assets	Liabilities
Business segments				
Financial investments	9,755,106	-	9,622,443	-
Investments in associates	213,211	-	235,101	-
Investment property	715,812	-	657,992	-
Investment in hotels	252,720	-	252,720	-
Others	230,824	6,815	228,695	5,097
	<u>11,167,673</u>	<u>6,815</u>	<u>10,996,951</u>	<u>5,097</u>

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

	2020		2019	
	Assets	Liabilities	Assets	Liabilities
Geographical region				
Inside the Kingdom	11,160,646	6,815	10,988,780	5,097
Arab countries (note 6)	7,027	-	8,171	-
	<u>11,167,673</u>	<u>6,815</u>	<u>10,996,951</u>	<u>5,097</u>

The Fund's revenues and capital expenses are distributed according to business sectors as follows:

	2020		2019	
	Revenues	Expenses	Revenues	Expenses
Business segments				
Financial investments	488,743	-	532,472	-
Investments in associates	9,636	-	17,606	-
Investment property	3,165	-	8,297	-
Investment in hotels	-	-	-	-
Others	12,097	4,193	2,200	3,761
	<u>513,641</u>	<u>4,193</u>	<u>560,575</u>	<u>3,761</u>

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The following table sets out the distribution of the Fund's revenues and capital expenses inside and outside Jordan:

	Inside Jordan		Outside Jordan		Total	
	2020	2019	2020	2019	2020	2019
Total revenues	514,855	560,461	(545)	114	514,310	560,575
Capital expenses	50	161	-	-	50	161
Depreciation expenses	224	215	-	-	224	215

(31) CONTINGENT LIABILITIES

Contingent liabilities and commitments of the Fund as at 31 December 2020 are as follows:

Letters of credit and letters of guarantee amounting to JD 24 thousand without cash collateral as at 31 December 2020 (31 December 2019: JD 30 thousand).

(32) LAWSUITS

As at 31 December 2020, the Fund was defendant in a number of lawsuits which amounted to JD 1,004 thousand (31 December 2019: JD 335 thousand). The Fund recorded a provision for other commitments against these lawsuits for JD 669 thousand (note 17).

(33) SPREAD OF CORONAVIRUS (COVID-19) AND ITS EFFECT ON THE FUND

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 has been affected by mass business closure such as that of international stock markets, including Amman's Stock Market and other government procedures to combat the virus.

The Prime Minister of Jordan resolved, on 17 March 2020, to enforce a mandatory curfew law and to suspend all business activity in Jordan until further notice as part of the precautions taken by the government to combat the spread of Coronavirus. The majority of the Jordan's business activity has halted since the resolution as a result. At the end of the second quarter of the year 2020, the Prime Minister of Jordan decided to amend the curfew law imposed and to allow several sectors to operate, while taking preventative measures. However, during the second half of the year, the Kingdom witnessed an increase in the number of cases which resulted in more precautionary measures to reduce the effects of the spread of the virus.

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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.

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 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.

Moreover, 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 Fund's quoted investments and decreased dividends distributed for the year 2020 compared to the prior year and the budgeted figures for the year 2020.

The extent and duration of such impacts of the Fund'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 financial statements. These developments could impact the Fund's future cash flow and financial conditions.

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(34) 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 Fund's separate financial statements are disclosed below. The Fund 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 2023 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.

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 Fund.

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 Fund.

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 Fund 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 Fund.

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 Fund 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 Fund.

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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 Fund's hedging relationships to continue upon the replacement of an existing interest rate benchmark with an RFR. The reliefs require the Fund 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 Fund may elect on a hedge by hedge basis to reset the cumulative fair value change to zero. The Fund 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 Fund reasonably expects the RFR to become separately identifiable within 24 months. For hedges of groups of items, the Fund 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 amendments is not applicable to the Fund.

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 Fund.