صندوق استثمار أموال الضمان الاجتماعي
Social Security Investment Fund

Annual Report 2021

His Majesty

King Abdullah II Bin Al-Hussein

His Royal Highness
Crown Prince Al Hussein Bin Abdullah II

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Chairman of the Investment Board Message

Esteemed Social Security Pensioners and Retirees,

On behalf of my colleagues on the Social Security Investment Board, I would like to express my appreciation to all pensioners and retirees of the Social Security Corporation (SSC) for your confidence in the Social Security Investment Fund (SSIF). I am also pleased to present to you the Annual Report of SSIF's activities for 2021, which includes its standalone and consolidated financial statements for the fiscal year ending on 31 December 2021.

The challenges imposed by the economic negative effects of the Corona pandemic compounded the economic and financial challenges from which the Jordanian economy has suffered for years as a result of the surrounding regional conditions. Despite this, SSIF was able to achieve positive financial results and maintain the strength of its financial position. SSIF realized growth in its total assets, which reached about JD 12.3 billion as on 31 December 2021, compared to about JD 11.2 billion on 31 December 2020.

Members of the Investment Board realize that the funds of the SSC are a trust and a great responsibility which SSIF's management bear. These funds should be managed according to prudent management principles, subject to strict controls, transparent procedures, to achieve the targeted return with the acceptable risk levels. Therefore, SSIF's work is governed by a comprehensive supervisory framework on more than one level to ensure that SSIF's investments and all its activities are managed in accordance with international best practices in corporate governance.

At the end of 2021, SSIF developed its strategic plan (2022-2024), which includes the objectives and strategic directions for SSIF's investments in the targeted economic sectors such as mining, pharmaceutical industries, real estate development and PPP projects.

In conclusion, I sincerely thank the executive management and all employees of SSIF for their indefatigable efforts preserve and develop SSC funds. I also thank the SSC Board of Directors for their efforts and cooperation. We reaffirm our continued determination to exert every effort to achieve better results in developing SSC and contribute to the growth of the national economy, to secure a better future for generations to come, 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

Chief Executive Officer Message

Honorable Social Security Pensioners and Retires,

We at the Social Security Investment Fund are glad to present to you the annual report of SSIF's activities for the year 2021, which includes SSIF’s main achievements, and its consolidated and standalone financial statements for the fiscal year ending on 31 December 2021.

The year 2021 was an extension of the previous year, with its unusual difficulties and challenges that resulted from the negative economic consequences of the Corona pandemic. These difficulties continue to cast their shadow over economies of countries all over the world including Jordan, which for years, has faced economic challenges resulting from regional conditions and the political instability in neighboring countries.

Thanks to the directives of the Hashemite Kingdom of Jordan’s wise leadership and the fast response of its institutions in confronting and dealing with the pandemic, Jordan was able to maintain a good level of economic growth. The Jordanian economy showed early signs of recovery during 2021, achieving a growth rate of 2.1% during 2021, compared to a contraction of 1.6% in 2020.

Despite these challenges and the uncertainty that prevailed in the economy and the investment environment, SSIF continued its achievements and was able to maintain its solid financial position and its operations sustainability. SSIF also continued to fulfill its function of preserving and developing the assets of the SSC by managing these assets efficiently in order to maximize investment returns within an acceptable risk level, to provide the necessary liquidity for SSC to meet its future obligations, finance new investment opportunities, and apply international best practices in managing pension funds.

SSIF also achieved growth in its total assets, which reached about JD 12.3 billion as on 31/12/2021, compared to about JD 11.2 billion as on 31/12/2020. Also, during 2021, SSIF achieved an income from returns of investment tools to the amount of JD 593.5 million, compared to JD 508.6 million in 2020 and an overall income of JD 1,040.4 million in 2021 compared to JD 137.6 million in 2020.

At the end of 2021, SSIF adopted its strategic plan 2022-2024, to ensure that its investment priorities and directions are in line with the national economy condition and with t SSIF’s mission and core values. This was done to in order to keep pace with the economic and financial developments and changes that the Jordanian economy witnessed in 2021, and in response to the developments imposed by the pandemic.

Most of SSIF’s investment portfolios underwent changes in their distribution in varying proportions during 2021 compared to 2020. The ratio of the Bonds Portfolio to total assets decreased from 58.3% at the end of 2020 to 56.7% at the end of 2021, the Money Market Instruments Portfolio remained at about 13% of the total assets, the Equity Portfolio increased due to the improving performance of the Amman Stock Exchange to 16.8% in 2021 compared to 14.1% in 2020, while the Loans, Real Estate and Tourism Investments Portfolios decreased slightly to 3.4%, 6.2%, and 2.6% in 2021, compared to 3.6%, 6.5%, and 2.8% at the end of 2020 respectively.

Currently, SSIF invests in many vital economic sectors such as tourism, development zones, real estate development and major infrastructure projects. These investments contribute to the national economic growth and social development by improving the standard of living of individuals and society, developing the business environment, attracting foreign investments, creating job opportunities, and improving the level of services provided to citizens.

SSIF aims to expand its investment in the agricultural sector that was initially launched in 2021 with a project located on an area of 30,000 SQm in the Al Mudawara area in the south of the Kingdom. The project has a total value of JD 13 million, and aims to produce strategic crops such as wheat, barley and fodder. to help meet part of local consumption needs of these strategic crops, in line with the agricultural map of the kingdom. This project comes in implementation of SSIF's strategy to invest in financially viable projects with a sustainable economic, social and environmental impact and to increase SSIF's investments in the green economy. It is also in line with the royal vision to achieve a good level of food security in some strategic crops, notably wheat.

In addition, acting through National Company of Tourism Development, SSIF continued to pursue the renovation of the Crowne Plaza Hotel, Petra, and other tourist facilities.

Based on the Strategic Plan 2022-2024, SSIF aims to invest mega projects and PPP projects. This will be in line with the investment policy and it will enhance the growth of Social Security Funds and contribute to the national economy growth.

Finally, I avail myself of this opportunity to extend my thanks and appreciation to you for your trust in SSIF. I also thank my colleagues at SSIF, the Investment Board, the SSC Board of Directors, and all SSIF's partners and supervisory authorities for the tireless efforts, unremitting work, which they have exerted to ensure the sustainability of SSIF’s activities, achieve greater successes in managing and developing SSC’s funds, and contribute to the growth of the national economy in fulfillment of the vision of His Majesty King Abdullah II Ibn Al-Hussein, may God protect him.

May God’s peace and blessings be with you.

Kholoud M. Saqqaf

Chief Executive Officer

SSIF in Brief

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. SSIF 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.

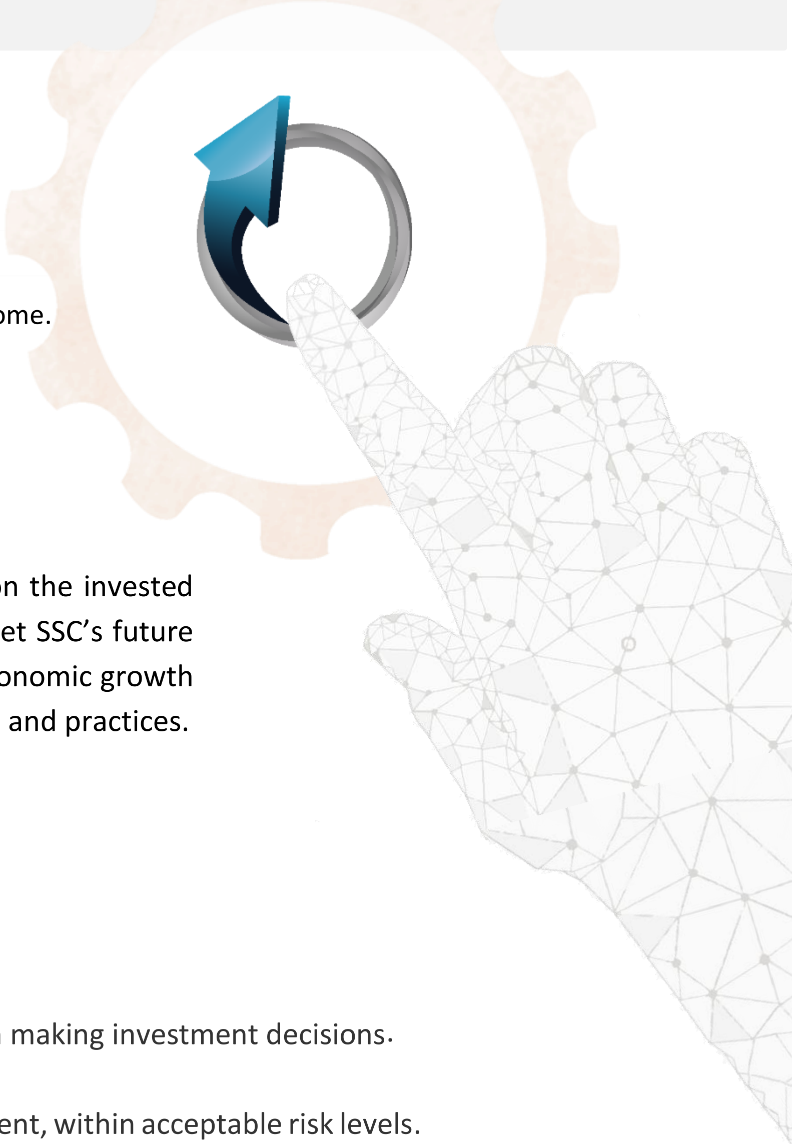
SSIF bylaws and legislation regulate its work in financial, technical and regulatory matters. These bylaws and legislation are approved by the Investment Board and the SSC Board of Directors.

SSIF reviews its assets strategic distribution in light of the SSC’s future commitment to stay in line with the indicators of the national economy and the best practices of international pension funds, 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 that is approved by the SSC Board of Directors.

2. To comply with the acceptable risk level in accordance with the investment policy that is prepared approved by the Investment Board and the SSC Board of Directors.

Strategic Core



Vision:

Investment to secure the future of generations to come.

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 practices.

Core Values :

We Invest Responsibly:

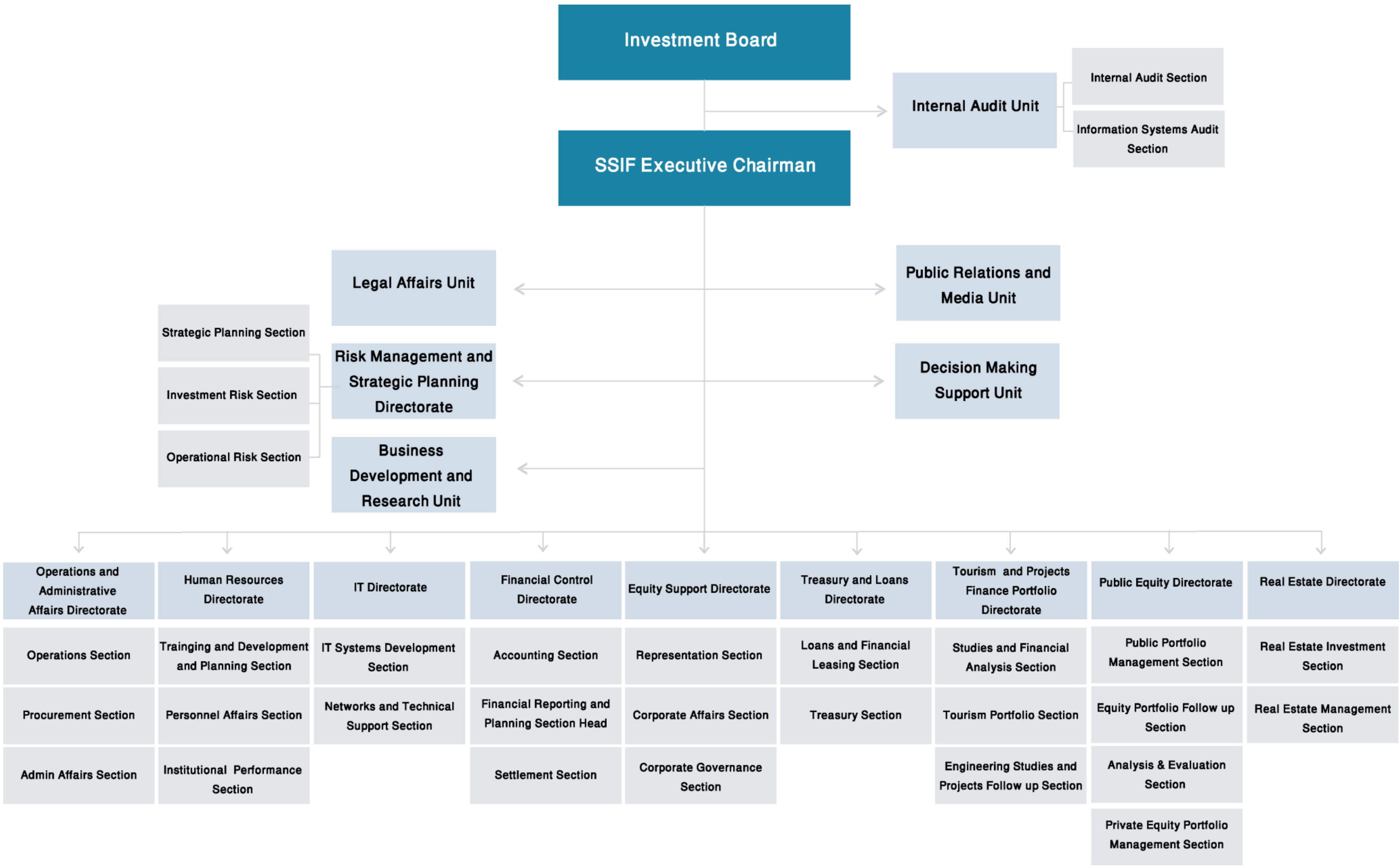
- We are proud of the SSIF's independence in making investment decisions.
- We adopt best standards and practices.
- We adopt feasibility as the basis for investment, within acceptable risk levels.

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.


Investment Board
Internal Audit Unit
Internal Audit Section
Information Systems Audit Section
SSIF Executive Chairman
Legal Affairs Unit
Public Relations and Media Unit
Strategic Planning Section
Investment Risk Section
Operational Risk Section
Risk Management and Strategic Planning Directorate
Decision Making Support Unit
Business Development and Research Unit
Operations and Administrative Affairs Directorate
Operations Section
Procurement Section
Admin Affairs Section
Human Resources Directorate
Trainging and Development and Planning Section
Personnel Affairs Section
Institutional Performance Section
IT Directorate
IT Systems Development Section
Networks and Technical Support Section
Financial Control Directorate
Accounting Section
Financial Reporting and Planning Section Head
Settlement Section
Equity Support Directorate
Representation Section
Corporate Affairs Section
Corporate Governance Section
Treasury and Loans Directorate
Loans and Financial Leasing Section
Treasury Section
Tourism and Projects Finance Portfolio Directorate
Studies and Financial Analysis Section
Tourism Portfolio Section
Engineering Studies and Projects Follow up Section
Public Equity Directorate
Public Portfolio Management Section
Equity Portfolio Follow up Section
Analysis & Evaluation Section
Private Equity Portfolio Management Section
Real Estate Directorate
Real Estate Investment Section
Real Estate Management Section

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 SSC board named the 'Social Security Investment Board', composed of the following members:

- SSIF CEO / Vice Chairperson
- SSC Director General - Member
- An Employees' Representative - Member
- An Employers' Representative - Member
- 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 Chairperson of the Investment Board.

SSIF CEO /Vice Chairperson of the Investment Board is appointed by the Council of Ministers based on the recommendation of the Chairman of SSC Board

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 overall SSIF investment policy and submit it to the SSC Board for approval.
2. Draw the overall investment plan of SSC funds and submit it to the SSC Board of Directors for approval.
3. Oversee the implementation of the investment policy, set the plans and programs needed for this, and follow-up on the policy implementation.
4. Make the necessary investment decisions for implementing the 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's annual budget, detailing different areas of expenditure and the allocations for each one of them.
6. Submit periodic reports to the SSC Board of Directors 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 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:

Mr. Mazin M. Al Khatib

Chairman

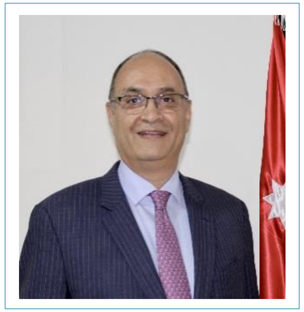
Mrs. Kholoud Saqqaf
Vice Chairman of the Board / SSIF CEO

Dr. Hazem Al-Rahahleh
Member/ SSC Director General

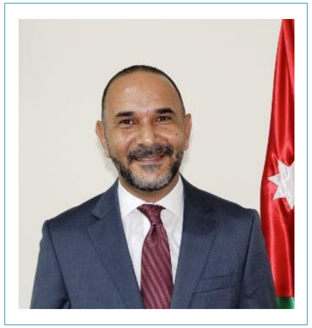
Mr. Mohammad Aljitan
Member/ Representative of Employers

Mr. Mazen Al Ma'aitah
Member/ Representative of Employees

Mr. "Shadi Ramzi" Al Majali
Member



Eng. Sahl Dudin
Member



Dr. Qais Mahafza
Member

Mr. Riyadh AlTaweel
Member

Investment Board meetings: The Board held 12 meetings.

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 the 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

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 SSIF's internal and external auditor's reports, follow-up on action taken regarding these reports and submit its recommendations to the Investment Board.
3. Recommending to the Investment Board the annual internal audit plan for approval.
4. Ensure accuracy and soundness of accounting and auditing procedures.
5. Ensure 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.

▪ Members of the Audit Committee:

Eng. Sahl Dudin	Chairman
Mr. "Shadi Ramzi" Al Majali	Member
Dr. Qais Mahafza	Member
Mr. Fadi Abu Ghoush	Committee's Secretary

▪ Committee Meetings:

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

Second, Investment Governance Committee:

- **Duties of the Investment Governance Committee:**

1. Recommending the investment governance policy to SSC Governance Committee of the SSC Board, and setting the principles and recommendations necessary to implement this policy.
2. Monitoring implementation of the code of conduct and reporting 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 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 SSC's representation on the boards of directors of shareholding companies, including assessment criteria of people nominated to represent SSC
8. Ensure sound implementation of the rules and criteria set for 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 staff and SSC's representatives on the companies' boards of directors 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 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:**

Dr. Hazem Al-Rahahleh	Chairman
Mr. Mazen Al Ma'aitah	Member
Dr. Qais Mahafzah	Member
Mr. Mohammad Madi	Committee's Secretary

- **Committee Meetings:**

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

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 Committee:**

Mr. "Shadi Ramzi" Al Majali	Chairman
Mr. Riyadh AlTaweel	Member
Mr. Mohammad Aljitan	Member
Mr. Nidal Al Qubbaj	Committee's Secretary

- **Committee Meetings:**

- The committee held 12 virtual meetings .

- The Chairman and members of the committee receive a monthly remuneration of JD 300, disbursement of which is linked to attending the committee meetings .

- The Committee's Secretary receives a monthly remuneration of JD 200, disbursement of which is linked to attending the committee meetings.

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. Arafat Alasad**

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**

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**

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**

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: Eng. Falah Tbishat[1]**

(1) - Mr. Ahmad Hawyan held the position of IT Directorate Acting Manager Starting from January 1st, 2021 until February 28, 2021.
- Eng. Falah Tbishat held the position of IT Directorate Manager, starting from March 3rd, 2021.

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.

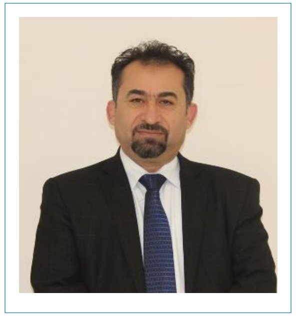
- **Directorate Manager: Mr. Nidal Qubbaj**

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**

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 Shanan[(2)].**

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[(3)].**

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.**

Internal Audit:

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.

- **Unit Manager: Fadi Abu ghoush.**

(2) - Mr. Saeed Shanan held the position of Operations and Administrative Affairs Directorate Manager until October 30, 2021.
- Mr. Dawoud.AlFaqeer held the position of Operations and Administrative Affairs Directorate Acting Manager, starting from Novebmer 1st, 2021.

(3) - Mr. Khaled Al D'aja held the position of Human Resources Directorate Manager until Novebmer 30, 2021.
- Mr. Abdallah Abu Jamous held the position of Human Resources Directorate Manager, starting from December 2nd, 2021.

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**

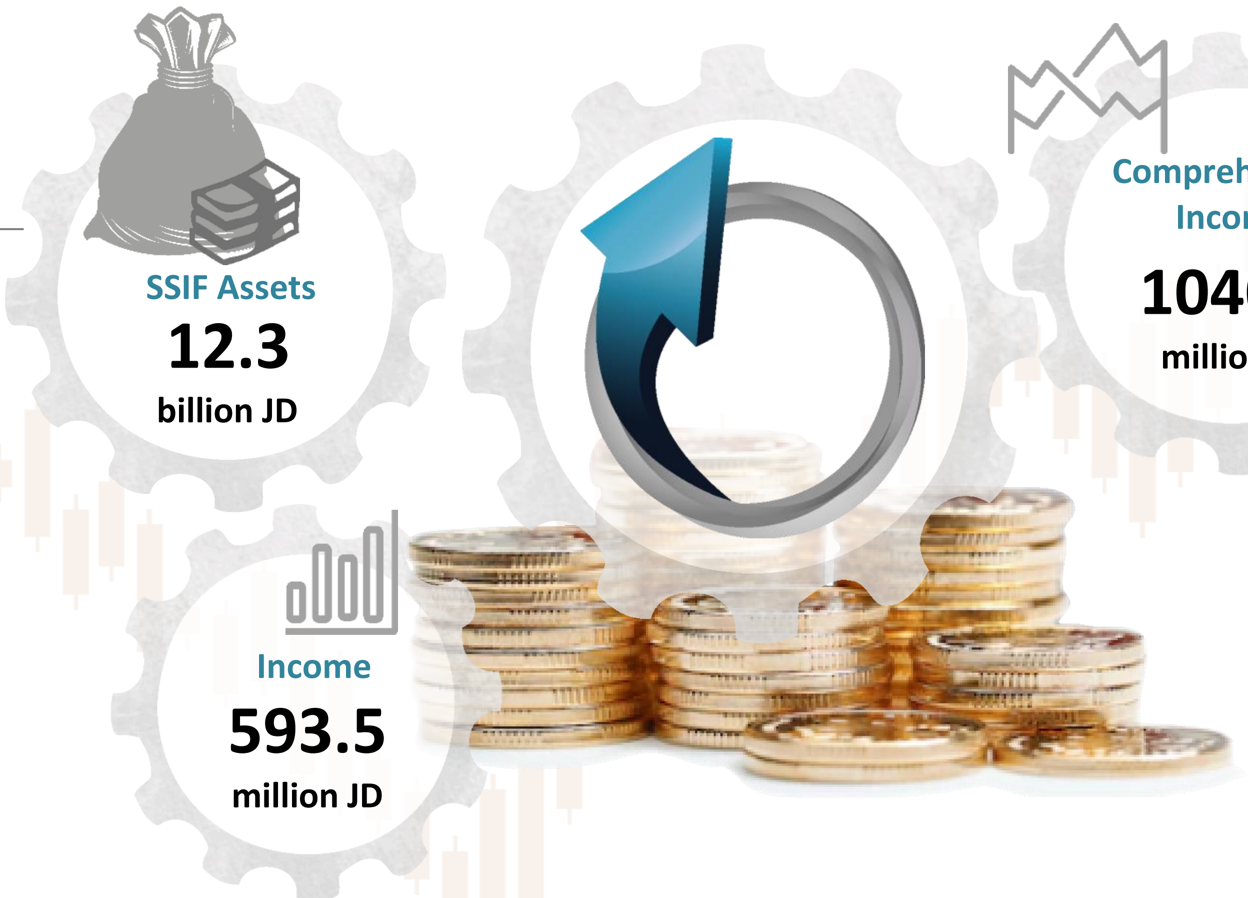
Public Relations and Media Unit:

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**

The Year 2021 in Perspective

%10.5
Asset Growth



SSIF Assets
12.3
billion JD

Comprehensive Income
1040.4
million JD

Income
593.5
million JD

The Year 2021 in Perspective - Asset Allocation as at the end of 30/12/2021

%16.8

Equities Portfolio

%12.8

Money Market Instruments Portfolio

%56.7

Bonds Portfolio

%6.2

Real Estate Investments Portfolio

%3.4

Loans Portfolio

%2.6

Tourism Investments Portfolio

The Year 2021 in Perspective - Human Resources as at the end of 30/12/2021

123
Total staff

%12.8
Percentage increase of women employees

%35.7
Percentage of women employees

44
Women employees

16
New employees

%82.8
Job satisfaction rate

3364
Training hours

34
Training hours per employee

6
Awareness-raising lectures

The Year 2021 in Perspective - Corporate Governance as at the end of 2021

12
Meetings of the Investment Board

116
Meeting of the Investment Committee

76
Virtual meetings
(Investment Committee + Investment Board)

30
Meetings of Investment Board committees

11 meetings
Risks Committee

7 meetings
Governance Committee

12 meetings
Auditing Committee

The Year 2021 in Perspective - The Environment as at the end of 2021

1107 Cubic Meters
Water Consumption

1791 Packs
Paper Consumption

2385 kg
Weight of recycled paper

304149 kilowatt-hours
Electricity Consumption

3 Stations
Solar power for electricity generation

%90
Drop in electricity bill (since June 2021)

5688 liters
Fuel Consumption

19
Press releases

18
Media availability

%87
Degree of satisfaction of service recipients

%91.3
Degree of satisfaction of service providers

21
Introductory meetings and visits to SSIF

%91.5
Public satisfaction with the SSIF website

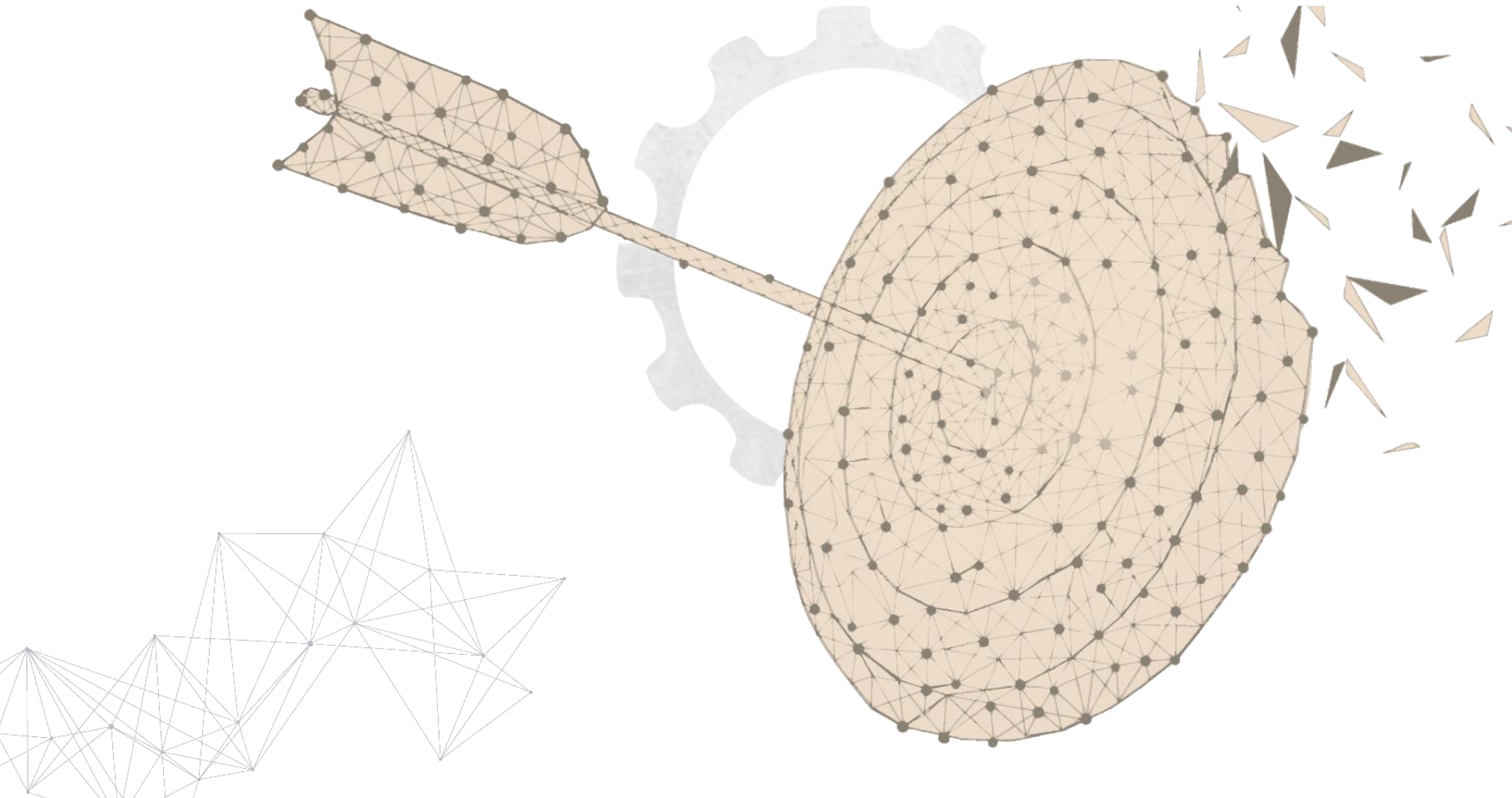
Summary of the Strategic Plan (2022-2024)

SSIF attaches great importance to strategic planning in its work in view of its important role in coordinating and focusing efforts to achieve the strategic objectives of the Fund and to realize the best results with the available resources. Therefore, at the end of 2021, the Fund approved the strategic plan 2022-2024, which aims to highlight the Fund’s role as a financial investor that participates in feasible projects within acceptable risk levels and with a sustainable development impact, and that works to achieve strategic objectives and pivotal national goals. The Fund also seeks to invest in viable local vital sectors with added value to the Jordanian economy within a system that observes best practices in corporate governance and good management. The following are the main features of the strategic plan 2022-2024:

National Objectives:

1. To provide retirement benefits and the services of the Social Security Corporation, and to cover the financial burdens of retirement benefits.
2. To encourage long-term investments.
3. Follow the best international standards related to performance and investment policies.

By developing the strategic plan 2022-2024, the Fund seeks to build on the achievements realized over the past years, and to enhance the institutional vision (investment to ensure the future of generations to come) within clear and measurable goals and a specific time frame and in line with the Fund's mission and core values. Institutional, environmental and social factors and standards were also taken into consideration in the Fund's internal activities and investments, in a systematic institutional manner. The fund adheres to these factors as it strives to achieve its national, strategic and operational goals.



Strategic Objectives:

1. Achieve important returns within acceptable risk levels to maximize the value and sustainability of the Social Security Corporation's investments.
2. Provide the necessary liquidity to cover the long-term financial obligations of the Social Security Corporation.
3. Consolidate the Investment Fund's image as a long-term national investor.
4. Observance of the standards of good governance and transparency of disclosure.
5. Provide a stimulating and supportive work environment for SSIF's activities.
6. Develop the Fund’s human resources.
7. Apply the best international standards and practices.
8. Help promote corporate social responsibility (CSR) in Jordan.

Operational Objectives:

1. Achieve annual target rates of return.
2. Increase the size and true value of the assets.
3. Achieve efficiency in investment.
4. Commitment to the target level of asset distribution.
5. Maintain the fair value of the assets when they are requested to be liquidated.
6. Strengthen means of communication with strategic partners to participate in viable long-term national investment projects.
7. Observance of good governance principles, transparency in the relationship with the SSC Board of Directors, and compliance with legislation.
8. Provide technological systems that keep pace with the Fund's achievements.
9. Develop procedures according to best practices.
10. Proper expenditure planning.
11. Train, develop and improve conditions of human resources.
12. Enhance the SSIF working environment.
13. Contribute to community development and resource conservation.

The 2022-2024 strategic plan also included an analysis of the current state of the Fund, a review of indicators, variables, economic assumptions, the main investment assumptions, the principal target economic sectors, the main investment hypotheses related to future performance and the Fund's balanced scorecards and investment portfolios.

SSIF Investment Policy

Investment Philosophy:

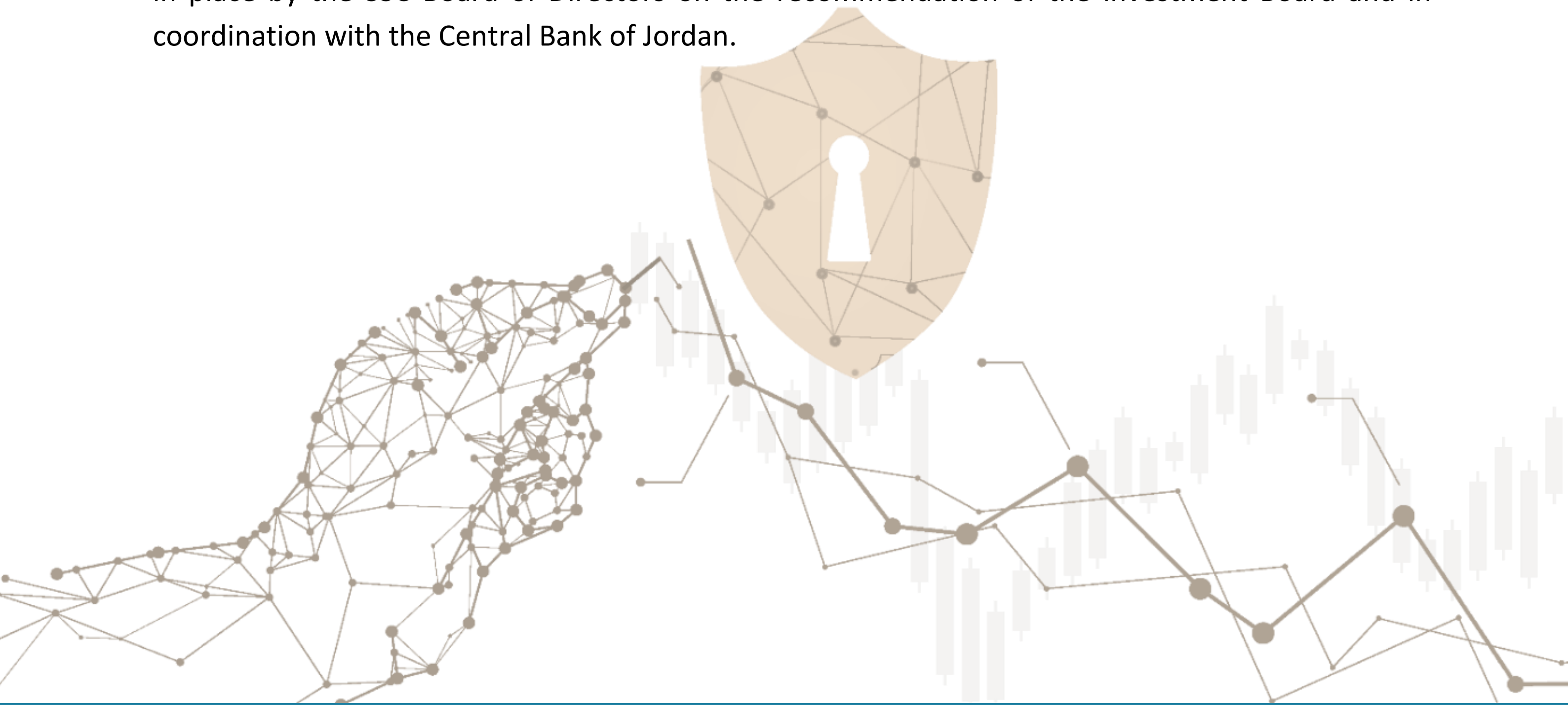
The SSIF investment philosophy is based on realizing the principal objective for establishing the Fund, which is to manage the Social Security Corporation's assets and investing them so as to achieve the highest possible returns within acceptable risk levels, based on the results of SSC's actuarial studies, the economic and financial indicators of the Jordanian economy, the strategic outlooks and the Fund's overall investment policy, which is approved by the SSC Board of Directors and supervised by the Social Security Investment Board.

The Fund works to mitigate investment risks by diversifying its investment portfolios and investment instruments based on the strategic asset allocation, taking into account the national perspective in drawing and implementing investment policy by investing in national mega projects with meaningful returns that contribute to economic growth and job creation.

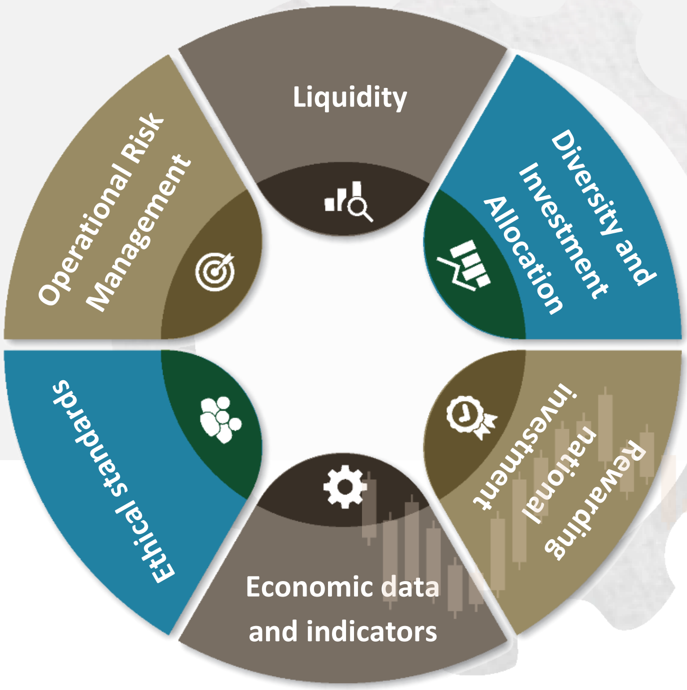
Investment Policy:

The Fund pursues an investment policy based on a set of objectives, mainly: achieving important returns on investment within acceptable levels of risk, maintaining and developing the real value of SSC assets, and providing liquidity to finance promising investment opportunities and any obligations that may arise in the future, and implementing the best international practices in pension fund management.

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 the approval of the Council of Ministers and based on controls put in place 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 SSC's actuarial studies.

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 require appointment of 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 and Business Sustainability Methodology

Risk Management:

Since the beginning SSIF adopted risk management methodologies in its operational and investment activities. A special risk management directorate was established, which deals with the types of investment and operational risks associated with the Fund's activities. The Directorate identifies these risks, measures them and manages them in order to achieve the target investment return for each investment activity within the acceptable risk levels. These methodologies stem from the risk management policy adopted in the Fund within a corporate governance structure at several levels that aims to develop, implement and evaluate the various controls to manage these risks, the acceptable risk limits and the mechanisms for reducing them. These controls, limits and mechanisms are reviewed periodically to ensure their effectiveness and to be updated whenever necessary.

With regard to information security and protection, SSIF depends on an overall framework for the information security program in accordance with international best practices. A set of policies, plans, procedures and measures was built, that govern the work and activity of information security and cybersecurity at the Fund. Additionally, a comprehensive policy for information security and protection and procedures regulating security and information technology operations have been developed. The Fund also implements and operates the latest security and technological systems such as security event management systems, firewall systems, anti-malware systems, and others.

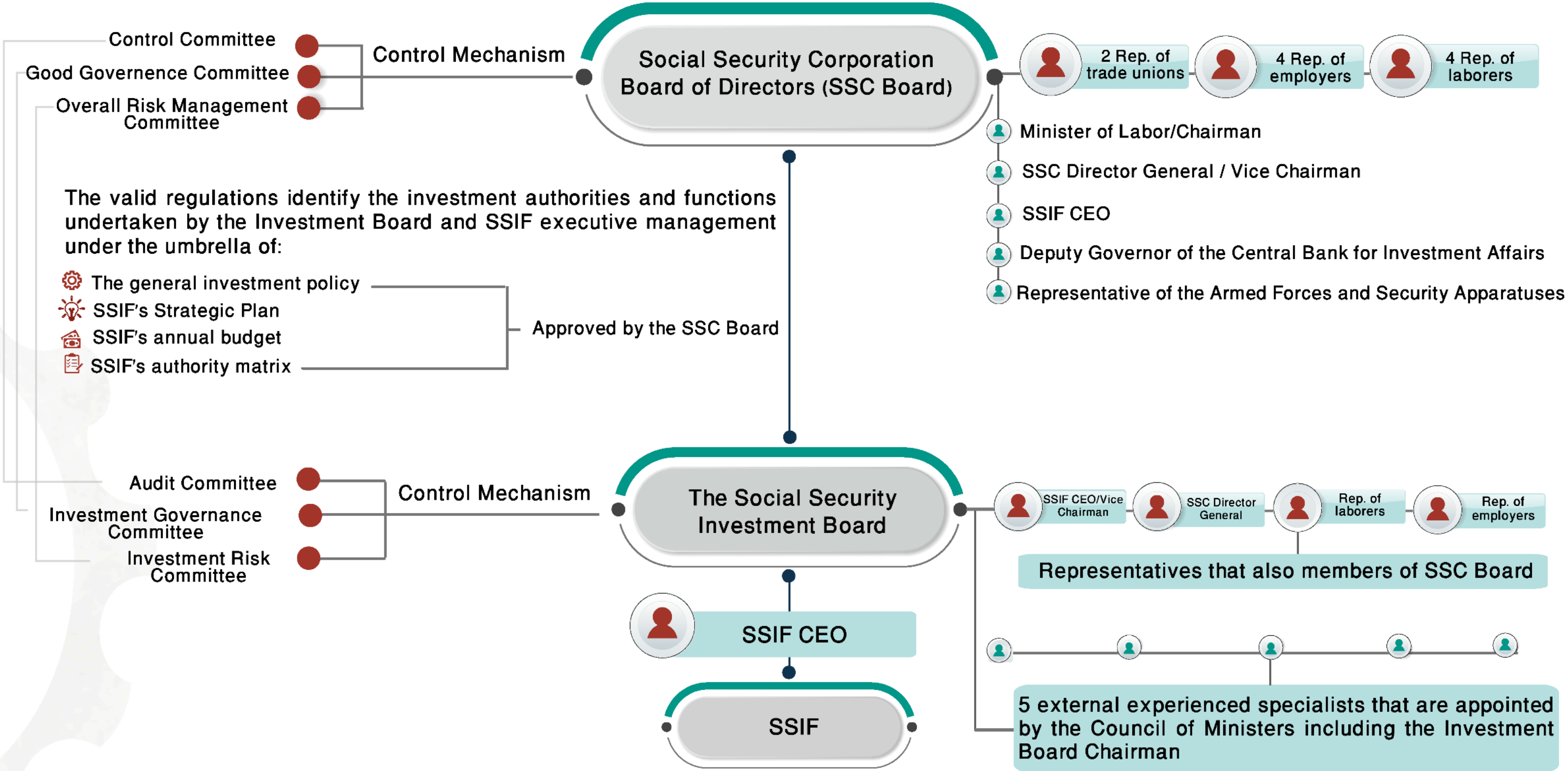
Business Sustainability Methodology:

The Fund applies best practices related to business sustainability in times of crises and extraordinary emergency circumstances, according to a comprehensive scientific methodology based on identifying potential risks and the effects that these risks may have on the Fund's operations. The objective is to build the Fund's ability to respond to any emergency that may occur with efficacy that would maintain the Fund's efficiency in carrying out its activities and performing its business.

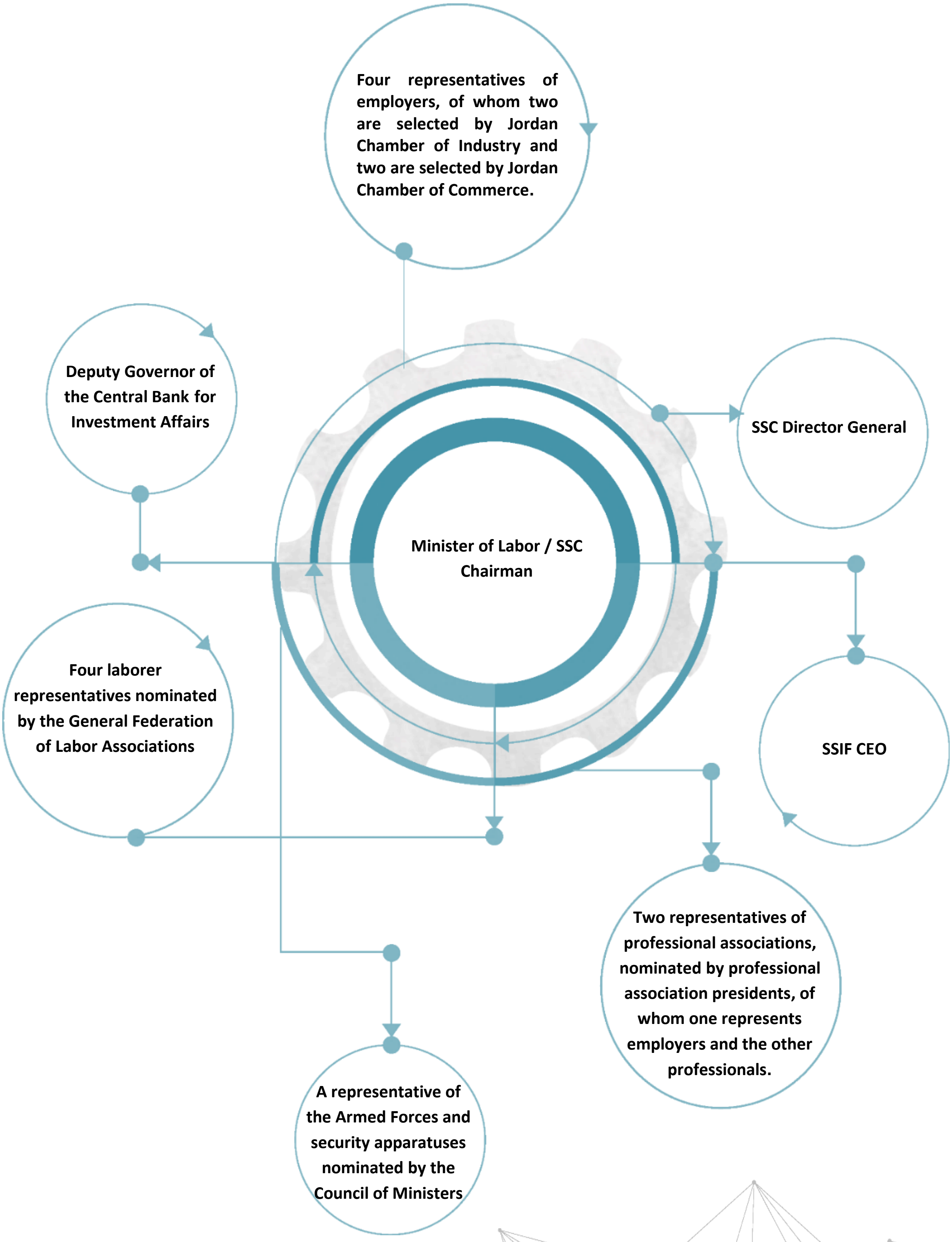
To realize this methodology, the Fund formed a crisis management team whose task is to develop a business continuity plan based on professional principles that include studying and analyzing the expected crises, identifying the risks associated with them, and drawing plans for managing them by developing scenarios for dealing with these crises in a manner that achieves the maximum possible efficiency in directing the available capabilities and resources to the task of dealing effectively with these crises and reduce their impact on business continuity.

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 SSIF's work, issued under the provisions of the Social Security Law and SSIF Bylaw issued pursuant thereto.

• The relationship between the Investment Board and 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 SSC consists of 15 people headed by the Minister of Labor and the following members:



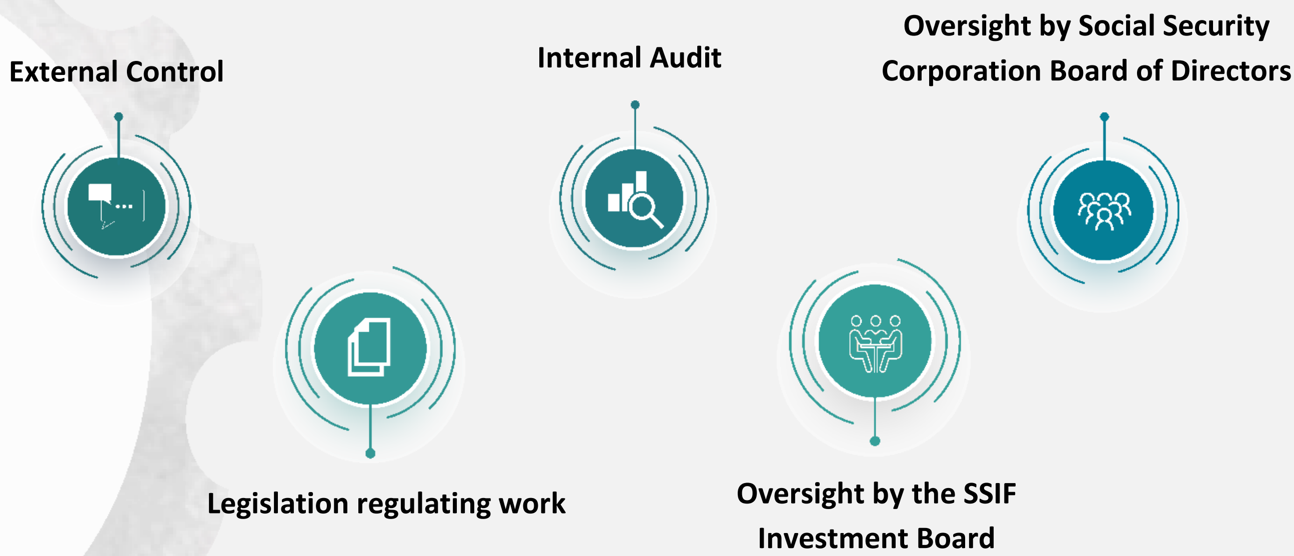
It should be noted that four members of the SSC Board of Directors are also ipso facto members of the SSIF Investment Board; SSIF CEO, SSC Director General, the Employees' Representative, and the Employers' Representatives.

Pursuant to the Social Security Law, the SSC Board of Directors exercises its specific tasks 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 monthly submits its minutes of meetings and resolutions to SSC Board. SSIF also submits a monthly report on the actions taken to execute the SSC Board's resolutions related to SSIF.

- ## Oversight of SSIF activities

All SSIF'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 of 2014 and the S0cial Security Investment Fund and Investment Board Bylaw No. 97 of 2014, and the legislation 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. The functions of each one of these committees are defined by the provisions of the 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 SSIF'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 by the provisions of 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, SSIF executive management does not participate in any of the 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 and procedures. They are: The Risk Management and Strategic Planning Directorate that submits monthly reports to the Investment Board's Investment Risks Committee, the Financial Oversight Directorate that prepares financial performance reports and financial statements and submits them to the Investment Board, The Internal Audit Unit, which submits a monthly report to the Audit Committee of the Investment Board, the Operations and Administrative Affairs Directorate that 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 regulating work:

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

External Control:

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

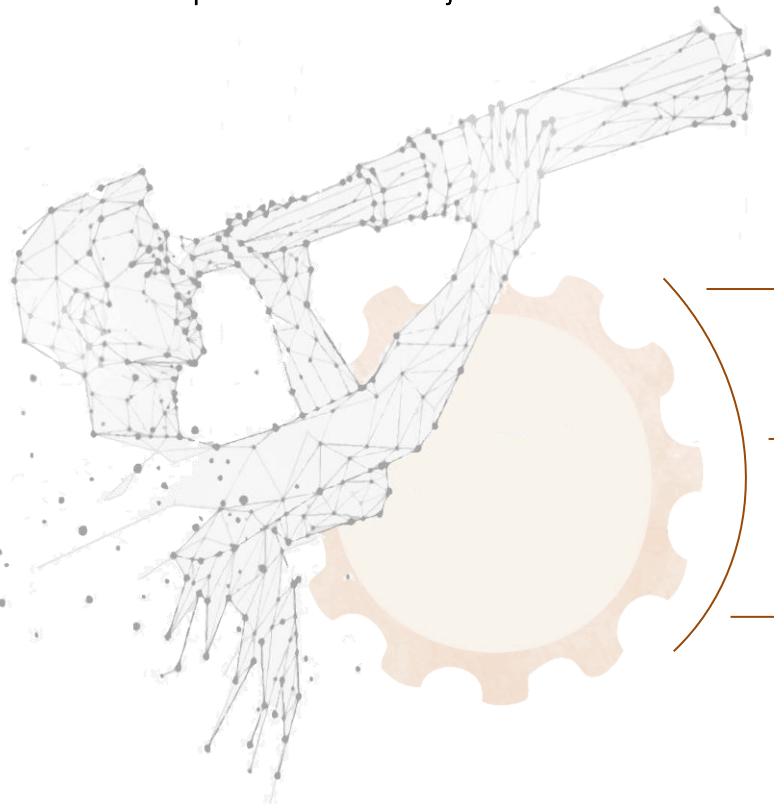
- ## Corporate Governance of at the Companies' Level:

SSIF attaches great importance to implementing the principles of corporate governance because of their positive impact on ensuring the implementation of good management practices and promoting transparency and justice in dealing with all partners and stakeholders, in accordance with the legislation governing SSIF's activities. In this context, the SSC Board promulgated the investment governance policy and the principles necessary for it. Also, the methodology was adopted to measure the extent of compliance with implementation of this policy's provisions.

SSIF also reviews periodically the governance code that governs all its activities, including the process of developing instructions and principles for the process of representation on the boards of directors of companies in which the SSC invests. In compliance with the best international standards in corporate governance, SSIF prepared a guide that aims to achieve the goals of SSC's representation on the boards of directors of companies.

SSIF works continually to develop and update the guide based on new developments in global practices in this field and feedback from representatives. SSIF also continues to implement a program to build and enhance the capabilities of representatives, which would reflect positively on maximizing the value of the SSC's investments, protecting shareholders' rights, enhancing confidence in the national economy, and achieving sustainable development.

And to ensure the presence of a competent management structure at board level that would empower companies to set the policies and plans needed to fulfill their objectives, since 2020 SSIF started to study the governance structure of the wholly-owned companies and their subsidiaries. Based on this, the number of board members was reduced in some companies. In addition, the feasibility of merging companies of similar objectives has been under study.



SSC owns shares in 79 public, private and limited liability companies operating in many vital sectors in the Kingdom.

SSIF manages the representation of the SSC in these companies through 120 representatives.

13.3% of these representatives are women

- ## Corporate Governance Workshop:

SSIF continued to implement the capacity building programs for SSC representatives on the boards of directors of companies in which SSC invests by organizing the fourth workshop entitled **"Modern Approaches in Corporate Governance"** in November 2021.

A number of local and Arab experts presented specialized working papers on the experiences of corporate boards of directors in dealing with the Corona pandemic and the challenges imposed by the pandemic on the business environment . The workshop focused on the important role of corporate governance on the sustainability of the companies' businesses.

Participants reviewed global experiences of companies that adopted the environmental, social and corporate governance (ESG) standards, and how they formulated policies and implemented various activities, and the importance of these non-financial indicators on the sustainability of companies' activities along with the financial indicators that reflect the adequacy, profitability and competitiveness of companies' positions. The light was shed on the external auditor role in strengthening corporate governance rules was also highlighted.

Sustainable Development

The investment fund realizes that it was established for a sustainable purpose, which is to manage and invest SSC's assets by an independent arm consisting of a specialized team, in order to employ these assets such that they achieve the highest possible returns within acceptable risk levels. The aim of this is to preserve and nurture the savings of the corporation's subscribers and retirees, and to provide the necessary liquidity for the Corporation to meet its future commitments, finance new investment opportunities, and apply best international best practices in pension fund management.

Because sustainability is the core of the Fund's business and an integral part of its work to achieve its long-term goals, the Fund's focus on observing sustainability practices helped it continue to achieve good results, which help enhance the quality of life and achieve national economic growth and comprehensive development.

Sustainable Investments

The Fund ensures that its activities and decisions are in line with the sustainable development goals, and targets sustainable investments or investments with social returns that take into account environmental, social and corporate governance (ESG) standards as much as possible.

In keeping with the Fund's initiative to apply international best practices in its work, and with the aim of institutionalizing work in the context of sustainable investment and adopting environmental, social and institutional factors in its decision making, the Fund developed a strategic plan for the period (2022-2024) in line with its mission and core values. Environmental, social and institutional factors and criteria were taken into consideration in the Fund's internal activities and investments in a systematic institutional manner. The Fund is mindful of these factors when striving to achieve its strategic and operational objectives.

The Fund will undertake a number of procedures to develop performance indicators and to develop policies and work procedures that reflect environmental, social and governance (ESG) factors. This will be done when implementing the Fund's internal activities and investments, developing work methods according to international best practices and providing a stimulating multi-dimensional work environment. These dimensions will include training, empowerment and manpower development, women's empowerment, and corporate social responsibility (CSR) initiatives. These goals will ensure that implementation of initiatives, projects and decisions related to social responsibility is done in an institutional manner in accordance with a clear action plan. They will also achieve efficiency in the consumption of resources such as electricity, water and fuels.

The Developmental Role of SSIF's Investments:

The Fund's investments contribute significantly to achieving national economic growth, realizing social balance and improving the standard of living of individuals and society. In addition, they develop the business environment, attract foreign investments, create employment and training opportunities, and improve the level of services provided to citizens.

The Fund invests directly in many vital economic sectors, such as tourism, agriculture, development zones, real estate development and infrastructure projects. These direct investments provide about 5,200 job opportunities. The indirect investments of the Fund in many sectors, in partnership with the private sector, also contribute to achieving economic growth and creating job opportunities in the proportions represented by these sectors in the GDP and the labor market. The Fund's indirect investments in companies and projects undertaken by these companies provide more than 100,000 job opportunities.

The Fund launched its first investments in agriculture with a project to cultivate about 30,000 dunums in the Al-Mudawwarah area. The project, whose total value is JD 13 million, will produce strategic crops such as wheat, barley and animal feed. The project is part of SSIF's strategy to invest in financially rewarding projects with an economic and social impact. It is also in line with the Royal vision to achieve good rates of food security in certain strategic agricultural crops.

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

Through representatives on the boards of companies to which the Social Security Corporation contributes, the Fund supports efforts to enhance the developmental role of these companies through investment in and financing of pioneering projects and small and medium-sized companies, especially in promising sectors such as information technology, tourism, mining, renewable energy, social responsibility projects and initiatives and sustainable development.

The Fund also grants a financing ceiling to the Social Security Corporation for the purposes of financing personal loans and advances for the purposes of developing existing small development projects for the Corporation's retirees. This initiative had a balance of JD 100 million at the end of the year 2021, and the number of advances granted exceeded 45,000, including the advances granted according to the Murabaha (Islamic Shari'a compliant loans) system, which It was introduced in the beginning of 2021. The Social Security Corporation manages this window according to principles duly established by the Corporation's Board of Directors.

- ### The Environment:

Facing environmental challenges and climate change are fundamental issues for the Fund, which seeks to contribute effectively to achieving the environmental goals of Jordan's Vision 2025, and to address environmental and climate challenges along with the national efforts exerted by national institutions throughout the Kingdom.

Motivated by its awareness of its environmental responsibility, the Fund took the initiative of launching a number of practices that aim to reduce waste, rationalize consumption of natural resources and energy sources, and moving to implement more efficient solutions in the use of resources and minimizing their negative environmental impact.

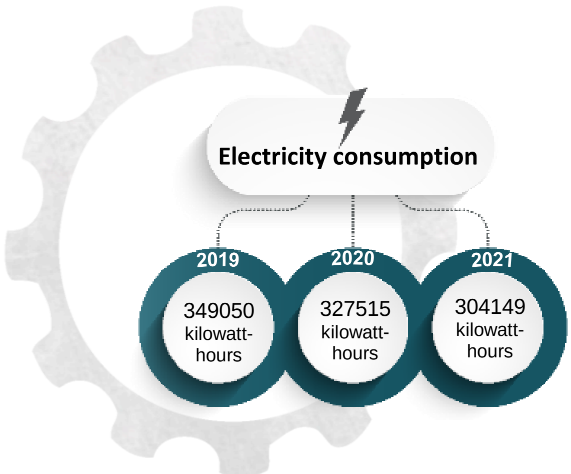
- **Clean Energy:**

In 2021, the Fund operated three solar energy power plants as part of its project to generate electricity from solar energy in order to power SSC-owned hotels, SSC branches, and the SSIF building.



- **Electricity:**

As a result of operating solar power plants in the context of the Fund's project to generate electricity from solar energy, the value of SSIF's electricity bills decreased by 90% starting from June 2021. It is expected that operating these plants will lead to savings in the energy bill, for beneficiary hotels and buildings, at a value of JD 5 million annually.



- **Fuel:**

The Fund is careful to organize the movement of its official vehicles according to controls that reduce fuel consumption to a minimum. In late 2021, the Fund purchased an energy-saving (Hybrid) vehicle as part of its plan to shift towards the use of environment-friendly hybrid vehicles instead of traditional vehicles that consume fuel in large quantities.

Year	Fuel consumption
2021	5688 liters
2020	5821 liters
2019	6581 liters

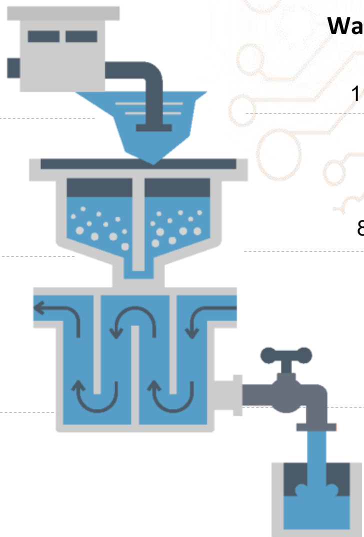
- **Paper:**

The Fund continued to recycle paper in cooperation with the Jordan Environment Society, as part of its effort to manage its paper waste effectively in order to help preserve the natural resources used in paper production, and to reduce the negative environmental impact of increasing its production. The Fund also implements a number of procedures in order to rationalize paper consumption, mainly the trend towards greater automation in its internal processes and correspondence.

Year	Paper Consumption	Weight of Recycled Paper
2021	1791 Packs	2385 kg
2020	1694 Packs	1220 kg
2019	2281 Packs	3115 kg

- **Water:**

The Fund realizes the importance of managing its water consumption, especially in light of the great water challenges that Jordan has faced in recent years. Consequently, the Fund implements a number of practices that contribute to rationalizing water consumption in its building, including fitting all faucets with water-saving valves, periodic maintenance of water tanks and toilets to prevent any leakage or waste of water, and rationing water used in cleaning.



Year	Water Consumption
2021	1107 Cubic Meters
2020	849 Cubic Meters
2019	1028 Cubic Meters

- ## Society:

Social responsibility is one of the most important values that the Fund maintains, which springs from its belief in its important role in supporting and working for the local community to which it belongs. Therefore, the Fund works constantly to develop its community empowerment frameworks and tools, to raise them to the level of its aspirations to serve the community and make a tangible impact in this area.

- **Work environment and staff empowerment:**

The Fund is careful to provide a positive, supportive and motivating work environment for its employees that complies with the principles of justice and equality, and takes care of the human, material and moral aspects of the employee.

The Fund manages its human resources efficiently and effectively, starting with the recruitment process that aims to attract the best qualified and outstanding competencies in various fields, to empowering them by developing their skills and capabilities in accordance with training plans based on functional competencies in line with job descriptions and approved work procedures.

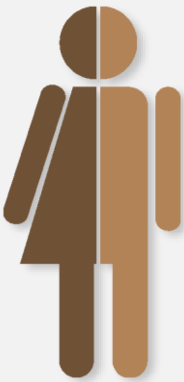
- **Equal career opportunities and women empowerment:**

The fund is subject to legislation and regulations that aim to achieve a number of values and principles, mainly: the rule of law, accountability, transparency, justice, equality and equal opportunities, good governance, integrity, among other values and principles.

The Fund observes the principles of equal job opportunities on the basis of competence and merit in appointments and promotions. It works to empower female employees and open the door for professional and scientific advancement to compete on an equal footing with their male colleagues.

44 Women employees

Percentage of women employees 35.77% at the end of 2021, Percentage increase of women employees 12.82% compared to 2020.



Total staff

123 employees 2021

Percentage increase of new employees 8.85% compared to 2020

43 employees — Total of High and Middle Level Management Staff

29 Section Heads. The percentage of women employees 38% — Total of Section Heads

14 Managers. The percentage of women employees 28.57%. — Total of Managers

- **Human Rights:**

The Fund complies with all operative laws and legislation in the Hashemite Kingdom of Jordan that govern its work, and applies regulations and instructions to its employees equally and objectively. The Fund is active in the national efforts that work to develop a comprehensive and integrated system that nurtures human rights within the reformative approach to which Jordan has committed to for years.

The Fund participates in the government coordination team for human rights, the team that works to prepare the comprehensive national plan for human rights 2016-2025, and the team that works to prepare the strategic plan to implement the recommendations of the universal periodic review of human rights. The Fund also submits a periodic report to the Government Coordinator for Human Rights on the Fund's procedures that aim to implement the comprehensive national plan for human rights.

- **Local Communities:**

The Fund is careful to increase its rewarding investments that have a developmental dimension, which contribute to creating job and training opportunities for local communities and which, at the same time, achieve feasible returns within acceptable risk levels.

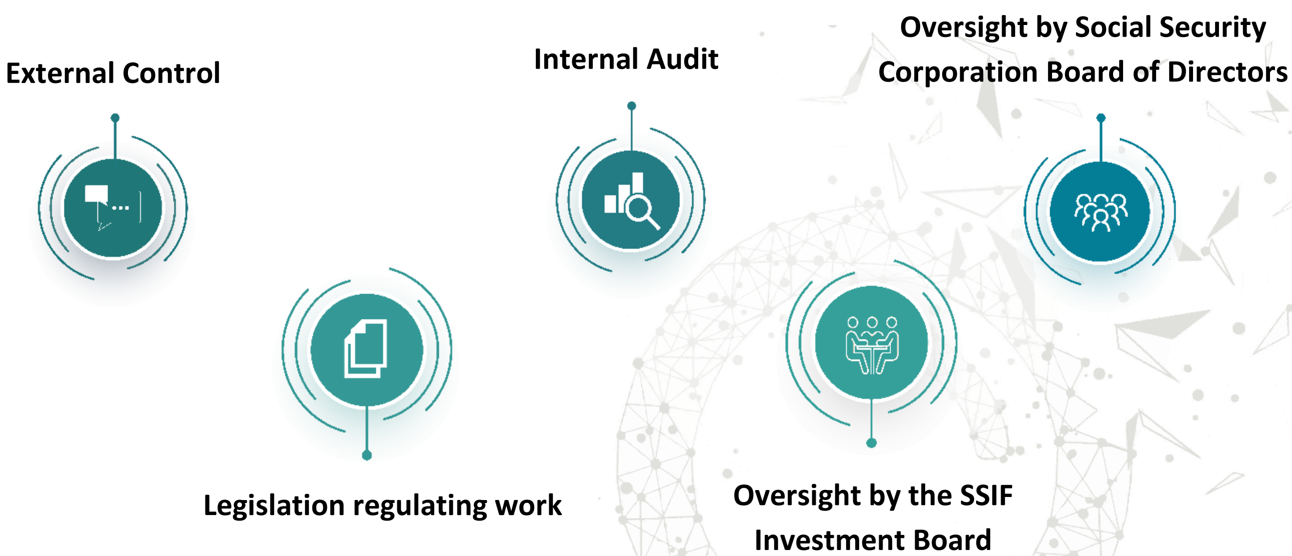
The Fund also continues to support local communities through a number of individual and group initiatives. In this context, the Fund provides an opportunity for university students to receive free practical training at the Fund’s departments in the disciplines of finance, accounting and management, in addition to law, information technology, civil engineering, and architecture. The Fund also participates in the charitable Clothing Bank project, and encourages its staff to participate in charities and development initiatives that support local communities.

- ## Corporate Governance:

The Fund recognizes that the commitment best practices of corporate governance is an essential element in enhancing its internal and external image and building the confidence of stakeholders. Consequently, and in order to consolidate the concept of corporate governance, the Fund's work is governed by an integrated monitoring system on more than one level. The Fund is also committed to transparency and disclosure and it complies with the legislation that controls its work and achieves the highest levels of integrity.

The Fund's policies, instructions, and work procedures aim to manage and carry out activities responsibly and professionally within an administrative and organizational structure with defined powers and limits of responsibility for each of the parties involved in the investment decision-making process and managing the day-to-day business of the Fund. In addition, the Fund applies corporate governance standards in managing SSC representatives on the boards of directors, through its awareness of the importance of this in the sustainability of its work and in achieving its objectives of securing the financial sustainability of social security and ensuring that its investments contribute to economic growth.

- **Supervision [4]:**



(4) details provided on page 34.

- **Transparency, Disclosure and Fighting Corruption:**

The Fund is committed to applying the code of professional conduct contained in the Code of Ethics and Professional Conduct in Public Service in compliance with the provisions of the Civil Service Bylaw, to ensure the highest level of integrity and work ethics, and to prevent any abuse of the job or position for personal gain or any private interest, in accordance with international standards.

The Fund is also careful to educate its employees and empower them in institutional work and good governance by holding educational courses for its staff and informing them of the legislation that regulates their work and the work mechanism of the different supervisory institutions.

To ensure transparency, the Fund exercises disclosure by publishing data periodically about its activities, business, financial performance and any other matters raised by public opinion. This is done on the Fund's website and through social media, seminars and lectures .

The Fund also participates in the sessions of the permanent committees of the House of Representatives and the Senate to inform them of its performance, investments, and future directions. The Fund also answers questions and addresses suggestions from the public through the "My Government is at My Service" platform.

Summary of the National Economy’s Performance in 2021

Most economies around the world saw a gradual recovery to varying degrees during 2021 after the impact of the Corona pandemic that struck the world since the beginning of 2020. Many countries were compelled to close their borders and to impose internal lockdowns for different periods, which led to the suspension of most economic activity, reduced production, disrupted and slowed down supply chains, raised shipping costs and reduced corporate profits.

The following is a summary of the national economy’s performance in 2021[5]. The first section deals with GDP and unemployment, the second section reviews price developments and inflation rates, the third and fourth sections review the fiscal and monetary policies respectively, and the fifth section addresses the main developments in the relationship between the national economy and the economies of other countries. The final section deals with developments in the Jordanian financial market / Amman Stock Exchange.

1. GDP and unemployment:

The gross domestic product achieved positive growth of 2.1% in 2021, compared to a contraction of 1.6% in 2020. This came as a result of the gradual opening of the national economy, especially during the last three quarters of the year. After modest growth of about 0.3% in the first quarter, growth rates rose to 3.2%, 2.7% and 2.6% in the second, third and fourth quarters of 2021 respectively.

Unemployment rates rose by about 1.4% in 2021 to reach 24.1% compared to 22.7% in 2020. However, quarterly developments in unemployment shows a gradual decline starting in the second quarter of the year. The unemployment rate rose in the first quarter of 2021 to 25% of the labor force, then it decreased gradually in the following three quarters of the year to 24.8%, 23.2% and 23.3%, respectively. This was mainly due to the improvement in the growth rates of the national economy in these quarters due to the recovery from the effects of the Corona pandemic.

(5) Refrences:
1. General Government Bulletins - Ministry of Finance.
2. Monthly Statistical Bulletin - The Central Bank of Jordan.
3. Department of Statistics Website.

2. Inflation rate:

The inflation rate in 2021, calculated on the basis of the relative change in the consumer price index, reached 1.35%, compared to 0.34% in 2020. Monthly inflation rates in 2021, calculated on an annual basis, fluctuated from month to month but maintained an upward trend. Inflation rate in the first month of the year was negative by about 0.35% and then it rose gradually to about 2.4% in the 12th month of 2021.

It is worth noting that the inflation rates during the past few years fluctuated sharply. In 2015 and 2016 there was negative inflation, as price rates decreased 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, the inflation rate decreased to 0.8% due to the decline in energy prices. Inflation continued to decline in 2020 to reach 0.34%, due to the decline in total spending and the closures that resulted from the Corona pandemic.

3. Fiscal Policy and Public Debt:

• Fiscal Policy:

The economic effects of the Corona pandemic and the contraction of the national economy in 2020 led to a shift in fiscal policy to become expansionary in 2021, specifically the capital expenditures that were necessary to revitalize the national economy. Central government data show that total expenditures increased by 7% in 2021 from their level in 2020. This increase was the result of an increase in current expenditures by 4% and an increase in capital expenditures by 38.3%. It is noteworthy that the fiscal policy of the central government in the pre-Corona pandemic period was contractionary in order to reduce the public budget deficit and strive to achieve self-reliance.

At the same time, the central government's total revenues increased by 15.6% in 2021 from their level in 2020. This resulted mainly from the increase in local revenues by 17.4% in 2021 compared to 2020 because of the start of economic recovery and the increase in the efficiency of tax collection.

The above developments in terms of revenues and expenditures have reduced the fiscal deficit (after grants) in 2021 to about JD 1.7 billion, compared to about JD 2.2 billion for in 2020, a decrease of 20.7%. The same applies to the financial deficit before grants, which decreased in 2021 by 14.8% from its 2020 level.

• **Public Debt:**

The rising deficits in the government's general budget in the past years led to more internal and external borrowing. The published public debt data indicate that total public debt increased by about JD 8.5 billion in the period 2017-2021, including JD 5.7 billion in 2020 and 2021. Accordingly, total public debt at the end of 2021 amounted to about JD 35.8 billion, and its ratio to the GDP was about 111.3%, compared to JD 27.3 billion, or 92.8% of GDP at the end of 2017. The total public debt was divided between internal debt, which amounted to about JD 20.3 billion and external debt, which was about JD 15.5 billion at the end of 2021.

4. Monetary Policy and the Banking Sector:

The Central Bank of Jordan (CBJ) continued to implement its expansionary monetary policy aimed at stimulating economic activity in 2021, which it started in August 2019. Interest rates were gradually reduced until they reached about 2.5% in April 2020 in the wake of the Corona pandemic and continued at the same level until the end of 2021. At the same time, CBJ maintained a comfortable interest margin on the Jordanian Dinar against the interest rate on the US Dollar, in order to enhance the attractiveness of the Jordanian Dinar. In addition, the Central Bank continued to provide the necessary liquidity to the national economy to enhance the ability of economic sectors to confront the negative effects of the Corona pandemic, enhance the resilience of the local economy, preserve jobs, and sustain the ability of business to implement economic activities.

The indicators of the banking sector in 2021 indicate a noticeable improvement compared to the end of 2020. Cash in circulation increased by 4.8% at the end of 2021 compared to 2020, and total deposits with licensed banks increased by 5.1% in 2021 compared to 2020. Most of the increase in deposits came from an increase in deposits in Jordanian Dinars by 6.3%, while deposits in foreign currencies increased by only 1.3%. Total direct facilities granted by banks increased by 4.9% at the end of 2021 compared to the end of 2020.

5. External sector:

Published data regarding the relationship of the national economy with other economies, which is measured through the balance of payments, show that the main indicators have witnessed a mixed performance during 2021 compared to 2020. The Kingdom’s trade deficit increased by about JD 1.7 billion, or 33.7%, in 2021 compared with 2020. This was mainly as a result of the increase in imported goods by about JD 2.8 billion, or 25.4%, despite the increase in exported goods by about JD 1.0 billion, or 17.8%. Net exports and imports of services (balance of services) achieved a surplus of JD 273.8 million in 2021 compared to a deficit of JD -421.7 million in 2020. The reason was mainly due to the gradual improvement in income from tourism during 2021, especially during the last two quarters of the year. Income from tourism rose by about JD 958 million, or 95.8% in 2021 to reach about JD 1.96 billion, compared to JD 1.0 billion in 2020 (most of it during the first quarter of 2020, i.e. before the pandemic).

As a result of these mixed developments, the current account performance of the balance of payments declined in 2021 compared to 2020 and the few years before. The current account deficit in 2021 amounted to about JD 2.8 billion, or 8.8% of the GDP, compared to a deficit of JD 1.8 billion. Or 5.7% of the GDP in 2020.

Despite the negative developments of the current account above, especially the trade balance, the prudent management of the Central Bank raised the CBJ's foreign currency reserves to about JD 18.0 billion at the end of 2021, compared to JD 15.9 billion at the end of 2020. Therefore, foreign currency reserves covered imports for about 9.5 months at the end of 2021.

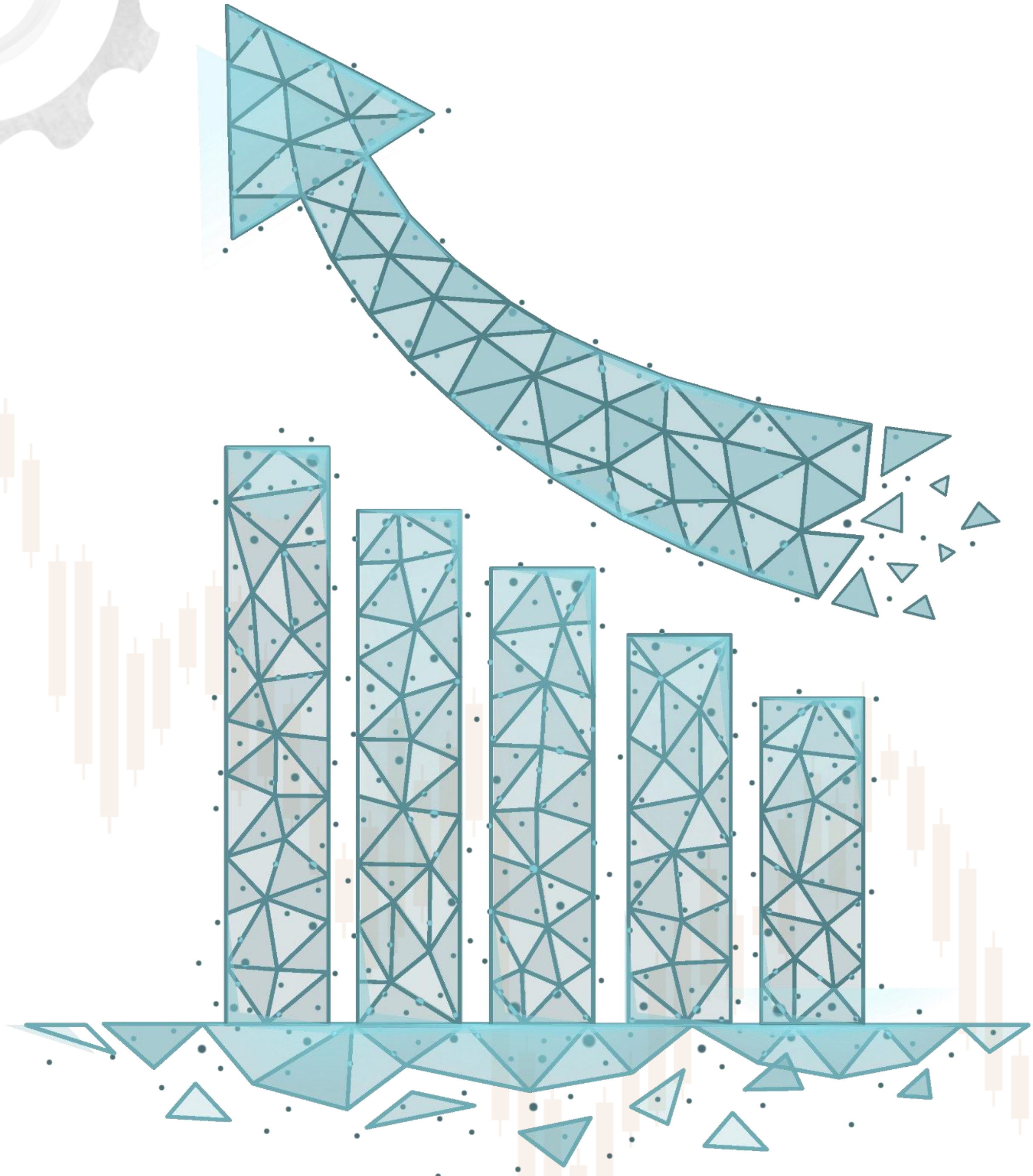
6. The Financial Market:

The indicators of the main sectors of the Amman Stock Exchange witnessed strong recovery in 2021, with the exception of insurance. The general stock price index, weighted by the market value of the Amman Stock Exchange, increased by about 27.8% in 2021 compared to its level at the end of 2020. The general index reached 2,118.65 points at the end of 2021 compared to 1657.22 points at the end of 2020. This improvement came as a result of an increase in the industrial sector index by about 73%, an increase in the banking sector index by about 23.5%, and an increase in the services sector index by about 15.6%. The insurance sector index declined by about 3% in 2021 compared to 2020.

The market value of the shares listed on the Amman Stock Exchange at the end of 2021 increased to JD 15.5 billion, an increase of 20.0% compared to the market value of the shares listed at the end of 2020, which amounted to JD 12.9 billion. Therefore, the market value of the shares listed on the Amman Stock Exchange constituted 48.2% of the GDP at the end of 2021, compared to 41.6% of the GDP at the end of 2020.

This recovery came as a result of the gradual return of economic activity after the closures and the economic retreat that the Kingdom and countries around the world suffered due to the Corona pandemic .

Financial Performance of the SSIF in 2021



Financial Performance of the SSIF

The performance of the Social Security Investment Fund witnessed a gradual recovery during 2021, which reflected the recovery of the national economy. The financial performance of the Investment Fund will be addressed in this chapter, which consists of four main parts, will be addressed. The first deals with a summary of the financial performance in 2021, the second part deals with the development of the Fund's total assets since its creation until the end of 2021 (the period 2003-2021), the third part analyzes how the distribution of assets developed during the last five years (2017-2021), and the last part deals with the development of investment returns of investment portfolios during the same period.

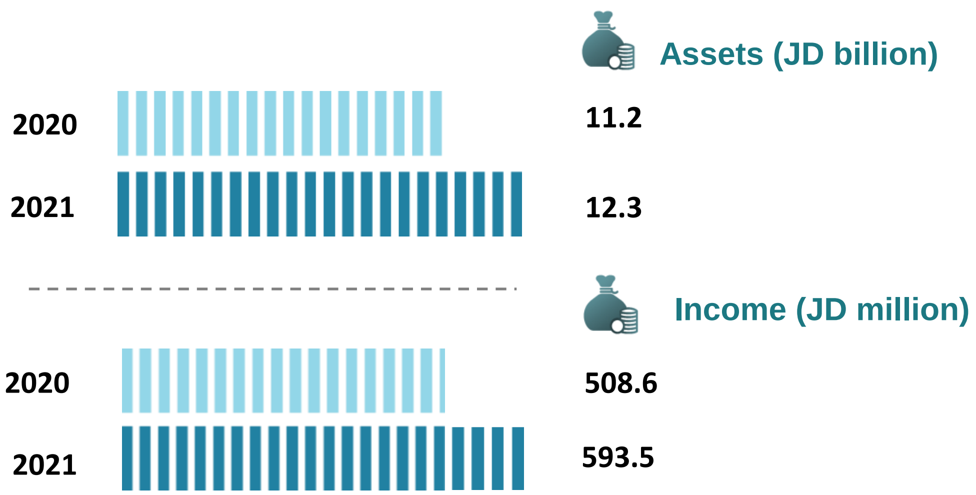
First: Summary of SSIF's Financial Performance in 2021

The Investment Fund achieved an outstanding financial performance in 2021 compared to 2020. Total assets increased by 10.5% to about JD 12,341.2 million at the end of 2021, compared to about JD 11,167.7 million at the end of 2020. This was achieved as a result of the gradual recovery of the national economy and particularly the financial market.

The Investment Fund also achieved a 16.7% increase in its net income in 2021. The 2021 net income amounted to about JD 593.5 million, compared to about JD 508.6 million in 2020, an increase of JD 84.9 million.

The positive economic and financial developments that the national economy witnessed during 2021 led to minor changes in the distribution of SSIF's investment portfolios compared to 2020. The share of the Equity Investments Portfolio of the total assets increased from 14.1% at the end of 2020 to 16.8% at the end of 2021. This was mainly due to the improvement in the market value of shares of companies in which the SSC invests, and the improved performance of the Amman Stock Exchange. The bonds portfolio slightly decreased in its ratio to total assets, from 58.3% at the end of 2020 to 56.7% at the end of 2021.

Likewise, the ratio of the real estate investment portfolio to total assets decreased to about 6.2% at the end of 2021 compared to about 6.5% The end of 2020. Other investment portfolios (the money market tools portfolio, the loans portfolio, and the tourism investments portfolio) witnessed a slight decrease as at the end of 2021, amounting to 0.2% compared to the end of 2020.



It is noteworthy that the Investment Fund periodically reviews the distribution of its investments by preparing and reviewing its strategic plan for the distribution of its assets. This is done in the context of SSIF's constant endeavor to achieve the best use of financial resources, achieve the highest possible returns and reduce the associated risks, and in response to current and future economic and financial developments. As a result, in 2021 SSIF drafted its strategic plan to cover the years 2022-2024, taking into account the future projections of the global and regional economies and their impact on the national economy.

Second: The Development of Assets 2003-2021:

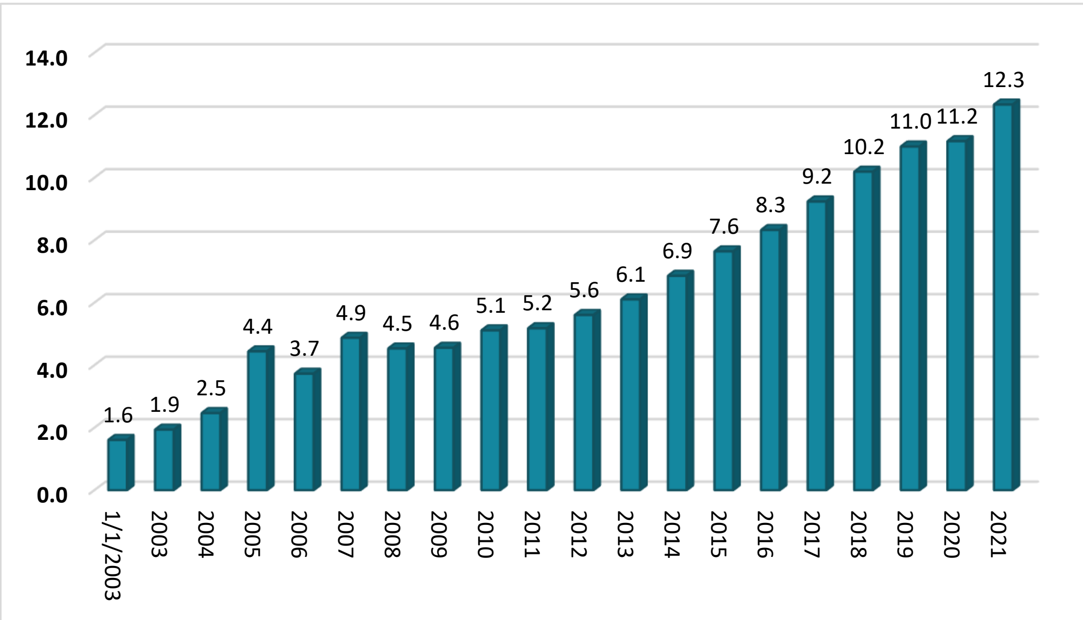
The assets of the Investment Fund witnessed varying increases since inception until the end of 2021, with the exception of 2006 and 2008. Average annual growth of these assets reached around 12.7% for the period 2003-2021, as these assets grew from around JD 1.6 billion at the beginning of 2003 to around JD 12.3 billion at the end of 2021.

Looking at the progress of SSIF's assets in the last ten, five and three years, and in accordance with pension funds international best practices of disclosing its financial results, SSIF's assets achieved annual growth rates of 9.1%, 8.3%, and 6.7% in the last 10, five and three years, respectively.

In 2021, SSIF's total assets increased by around JD 1.1 billion from their level at the end of 2020, a growth rate of 10.5% compared to a growth rate of 1.6% in 2020. Total assets at the end of 2021 amounted to around JD 12.3 billion, compared to around JD 11.2 billion at the end of 2020. The main reason for this was the improvement of investment portfolios performance, especially the equity investments portfolio, due to the increase in the portfolio's market value of the equity portfolio and the improvement of Amman Stock Exchange performance.

The following graph Figure (No 1), shows the development of the Fund's assets since its inception at the beginning of 2003 until the end of 2021.

Figure No. (1): Development of Social Security Investment Fund Assets 2003-2021



Third: Allocation of Assets 2017-2021:

SSIF applies the best international practices and sound principles in distributing its assets among several main investment portfolios. This is done to ensure achieving the best possible returns at acceptable risk levels, in line with SSIF's investment philosophy and taking into consideration the national and institutional objectives of SSIF. The distribution of SSIF's portfolios is based mainly on its strategic plan, which is reviewed every three years and which takes into account the economic and financial developments in the global, regional and national economies and their impact on SSIF. Therefore, the distribution of SSIF's assets undergoes some changes from year to year. During the past five years, this distribution went through several changes, most notably the trend towards fixed income tools such as bonds and money market instruments. This trend is mainly due to the stability of the return on these tools and their lower risks compared to other investment instruments, especially in light of the slowdown in the national economy and the scarcity of rewarding investment opportunities.

The Investment Fund also diversifies its investments to reduce risks and achieve the best possible investment returns by distributing its assets among several investment portfolios and carrying out further diversification within each portfolio. This distribution is prepared based on SSIF's general investment policy and strategic plan and according to the best international practices.

SSIF has six main portfolios:

1. Money Market Instruments
2. Bonds
3. Loans
4. Equity
5. Real Estate Investments
6. Tourism Investments

The following table (No1) shows the comparative distribution of investment portfolios and its development during the past five years (2017-2021) in absolute numbers (million dinars). The following figure (No2) shows the distribution of investment portfolios as a percentage of total assets annually for the same period.

Table No. (1): Comparative Investment Portfolios Distribution in the Period 2017-2021 (Million Dinars)

Item	2017	2018	2019	2020	2021
Money Market Instruments Portfolio	962.8	1,374.7	1,353.2	1,434.0	1,558.4
Bonds Portfolio	4,680.7	5,135.4	5,970.0	6,410.3	6,893.6
Loans Portfolio	229.6	252.8	330.9	396.5	412.1
Equity Investment Portfolio	2,071.3	2,053.4	1,950.3	1,555.2	2,040.8
Real Estate Investment Portfolio	581.1	598.4	659.0	716.9	748.2
Tourism Investment Portfolio *	285.3	286.6	297.9	308.1	314.3
Equity Investment Portfolio	427.2	489.4	435.5	346.7	373.8
Fund's Total Assets	**9,237.9**	**10,190.7**	**10,997.0**	**11,167.7**	**12,341.2**

*Includes the Solar Energy Project

(%) Figure No. (2): Relative Distribution of Investment Portfolios in the Period 2017-2021

The distribution of these investment portfolios went through several changes based on changes on SSIF's strategic plan which is reviewed every three years. The following is a brief analysis of the most important developments that occurred at the level of each portfolio during the past five years.

1. Money Market Instruments Portfolio:

The money market instruments portfolio went through slight fluctuations in its percentage of SSIF's total assets from year to year during that period 2017-2021, but there was a steady increase in its value during the period. At the end of 2017, its percentage reached around 10.8%, and it grew to around 14% at the end of 2018, before dropping gradually to around12.8% at the end of 2021. The total value of this portfolio amounted to around JD 1,558.4 million at the end of 2021, compared to around JD 1,434 million at the end of 2020 and around JD 962.8 million at the end of 2017. These changes were mainly due to the stability of the rates of return on these instruments, the low risk associated with them, and the scarcity of alternative rewarding investment opportunities in the national economy, especially in light of the economy's slowdown in the recent years.

It is worth noting that the money market tools portfolio consists of two instruments: current deposits and term deposits, all of which are in local banks. Time deposits constituted an average of 99.97% during the past five years, while the remainder are current accounts to cover periodic operating expenses.

2. Bonds Portfolio:

The bonds portfolio consists of three instruments: treasury bonds, public institutions bonds and corporate loan bonds. On average, treasury bonds constitute around 97% during the past five years, while corporate loan bonds amounted to 2% and public institutions bonds only 1%.

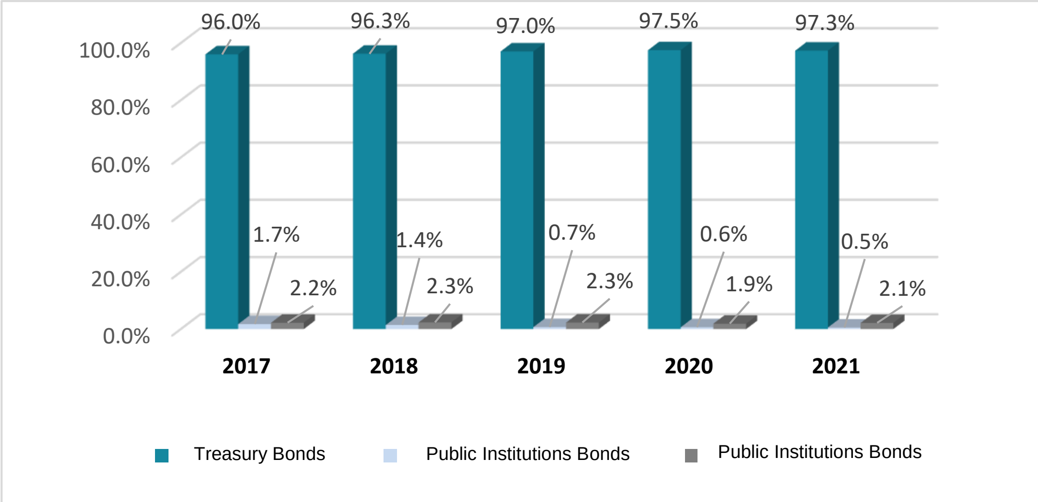
Total bonds portfolio increased steadily during the past five years to reach around JD 6,893.6 million at the end of 2021, compared to around JD 6,410.3 million at the end of 2020 and around JD 4,680.7 million at the end of 2017. Therefore, its proportion of the total investment portfolios increased gradually over the past years, with the exception of 2021, when it reached around 56.7% compared to around 58.3% at the end of 2020. This was due to a review of the strategic distribution of SSIF's portfolios in light of the economic and financial developments in the national economy and the stability and high return achieved on the tools of this low-risk portfolio.

Table No. (2) below shows the development of the bonds portfolio and its components during the period 2017-2021, and the following chart shows the relative distribution of the bonds portfolio components during the same period.

Table (2): Distribution of the bonds portfolio in the period 2017-2021 (JD million)

Item	2017	2018	2019	2020	2021
Treasury Bonds	4,495.5	4,943.8	5,793.4	6,249.3	6,709.7
Public Institutions Bonds	81.7	73.2	40.6	40.6	36.6
Corporate Loan Bonds	103.5	118.4	135.9	120.4	147.3
Total	**4,680.7**	**5,135.4**	**5,970.0**	**6,410.3**	**6,893.6**

Figure No. (2): Relative distribution of the bonds portfolio 2017-2021 (%)



3. Loans Portfolio:

The loans portfolio consists of two main tools: direct loans and syndicated loans. Direct loans accounted on average for 85.5% of the total loans portfolio in the past five years, while syndication loans accounted for an average of 14.5% during the same period. It is worth noting that direct loans are loans granted mainly through Daman financial leasing company to public institutions, government departments and government-owned companies. These loans are fully guaranteed loans, whether from the government or public institutions .

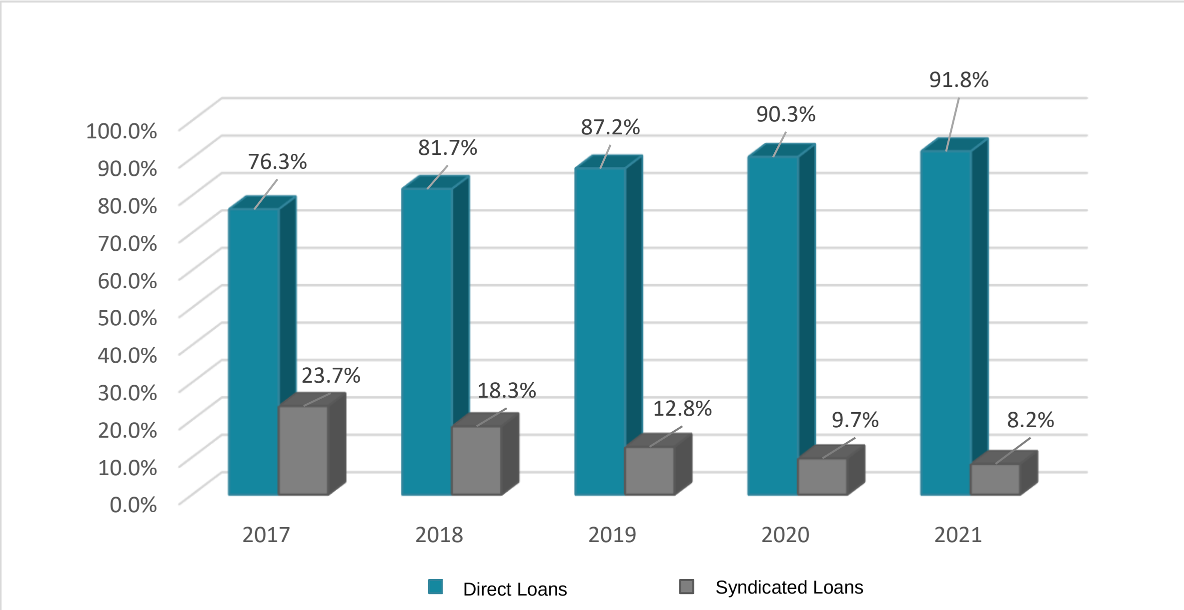
The total loans portfolio during the past five years (2017-2021) increased from about JD 229.6 million at the end of 2017 to about JD 412.1 million at the end of 2021. The ratio of the loans portfolio to total assets increased from around 2.6% at the end of 2017 to around 3.4% at the end of of 2021.

Table No. (3) below shows the total loans portfolio and its components for the period 2017-2021. The following graph shows the distribution of the loans portfolio components for the same period.

Table (3): Distribution of the loans portfolio 2017-2021 (JD million)

Item	2017	2018	2019	2020	2021
Direct Loans	175.3	206.6	288.6	358.0	378.4
Syndicated Loans	54.4	46.2	42.3	38.5	33.8
Total	**229.6**	**252.8**	**330.9**	**396.5**	**412.2**

Figure No. (4): Distribution of the loans portfolio 2017-2021 (%)



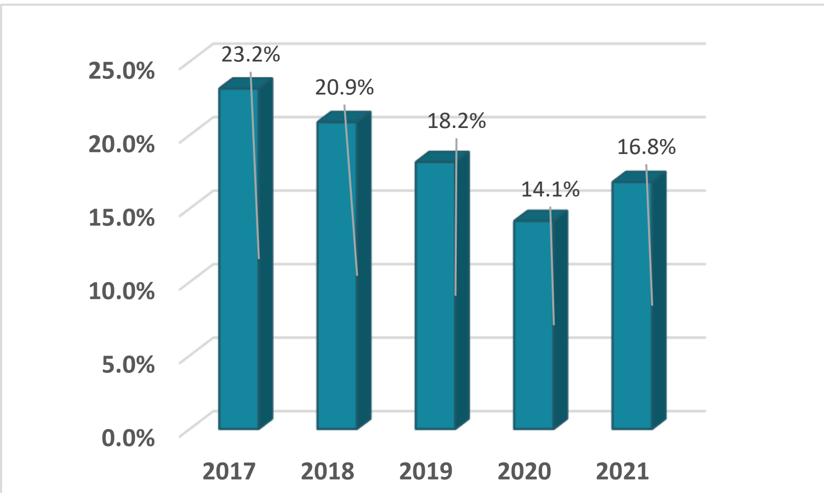
4. Equity Portfolio:

The equity portfolio market value increased to around JD 2,040.8 million at the end of 2021 compared to around JD 1.555 billion at the end of 2020, an increase of 31.2%. This was due to the start of the national economy's recovery and the improving performance of public listed companies. It is worth noting that growth came after several years of continuous decline in the market value of the equity portfolio, especially during 2020. This was due to the slowdown in the performance of the national economy and its modest growth during the years preceding the pandemic, as well as the weak performance of the financial market and the negative impact that afflicted the national economy as a result of the pandemic in 2020.

These developments led to a decrease in the ratio of the equity portfolio to the total investment portfolios to around 14.1% at the end of 2020 before it rebounded to about 16.8% at the end of 2021.

The following figure No. (5) shows the development of the equity portfolio out of SSIF's total assets in 2017-2021.

Figure No. (5): The Importance of the equity portfolio out of the total portfolios, 2017-2021 (%)



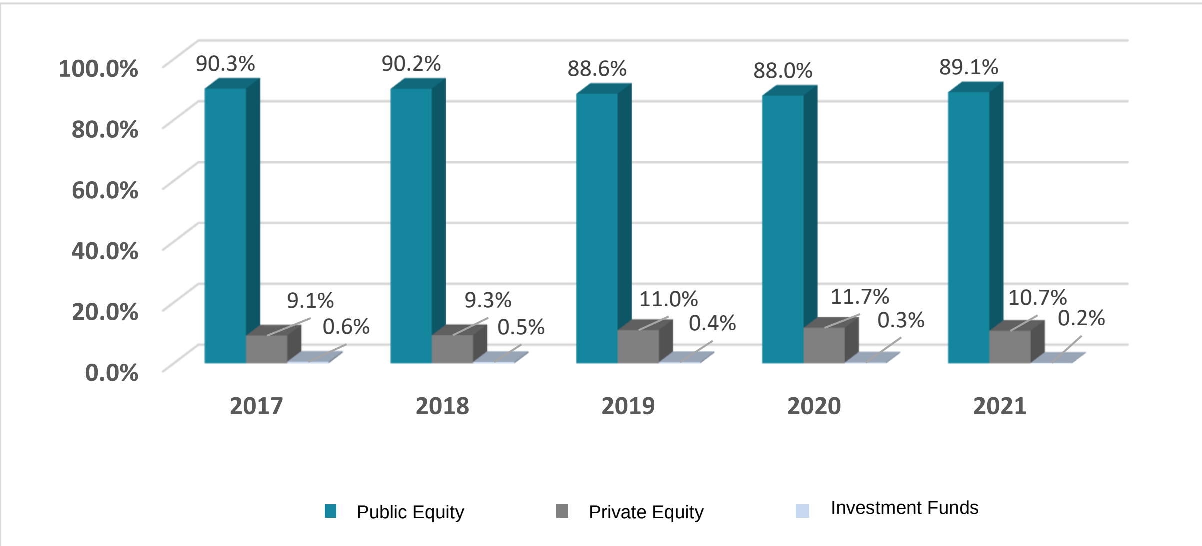
It is worth noting that the equity portfolio consists of public equity, private equity, and investment funds. Public equity constituted on average 89.3% of the total equity portfolio in 2017-2021, followed by private equity which constituted 10.4% during the same period. Investment funds accounted for 0.4% during the same period.

Table No. (4) below shows the total equity portfolio and its components 2017-2021, and the following chart shows the development of the relative distribution of this portfolio during the same period.

Table (4): Distribution of the Total Equity Portfolio 2017-2021 (JD million)

Item	2017	2018	2019	2020	2021
Public Equity	1,870.3	1,853.0	1,728.3	1,368.6	1,818.4
Private Equity	189.4	190.3	213.7	181.9	218.6
Investment Funds	11.6	10.0	8.3	4.7	3.8
Total	**2,071.3**	**2,053.3**	**1,950.3**	**1,555.2**	**2,040.8**

Figure No. (6): Distribution of the total equity portfolio and its components 2017-2021 (%)



5. Real Estate Investments Portfolio:

SSIF's strategy emphasized the importance of increasing investment in the real estate sector, as it is considered one of the most important safe investment tools. Therefore, investment in the real estate portfolio witnessed successive increases during the past five years 2017-2021 at an average growth rate of 5.2% annually. The total portfolio increased from around JD 581.1 million at the end of 2017 to around JD 748.2 million at the end of 2021, an increase of JD 176 million. Despite the increase in the total real estate investments portfolio during these years, its share of SSIF's total portfolios decreased from around 6.5% at the end of 2017 to around 6.2% at the end of 2021 due to the growth of assets at rates that exceeded the growth of the portfolio.

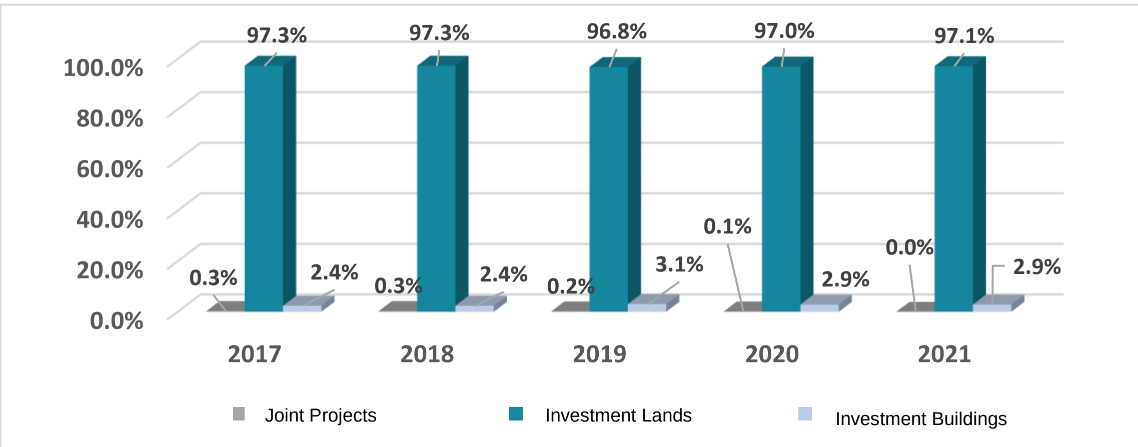
In order to diversify the real estate portfolio, it consists of three main portfolios: lands, buildings, and joint real estate projects. Investment in lands constitute the largest share of this portfolio at around 97.1% on average during the period 2017-2021, followed by investment in buildings 2.7%, and the rest being the share of joint real estate projects.

Table No. (5) below shows the total real estate investments portfolio and its main components 2017-2021. The following figure No. (7) shows a graph of the distribution of the real estate investments portfolio during the same period.

Table (5): Real Estate Investments Portfolio Distribution 2017-2021 (JD million)

Item	2017	2018	2019	2020	2021
Joint Real Estate Projects	2.0	2.0	1.0	1.0	0.0
Investment in Lands	565.3	582.0	637.8	695.3	726.7
Investment in Buildings	13.8	14.3	20.2	20.5	21.4
Total	**581.1**	**598.3**	**659.0**	**716.9**	**748.1**

Figure No. (7): Distribution of Real Estate Investments Portfolio 2017-2021 (%)



6. Tourism Portfolio:

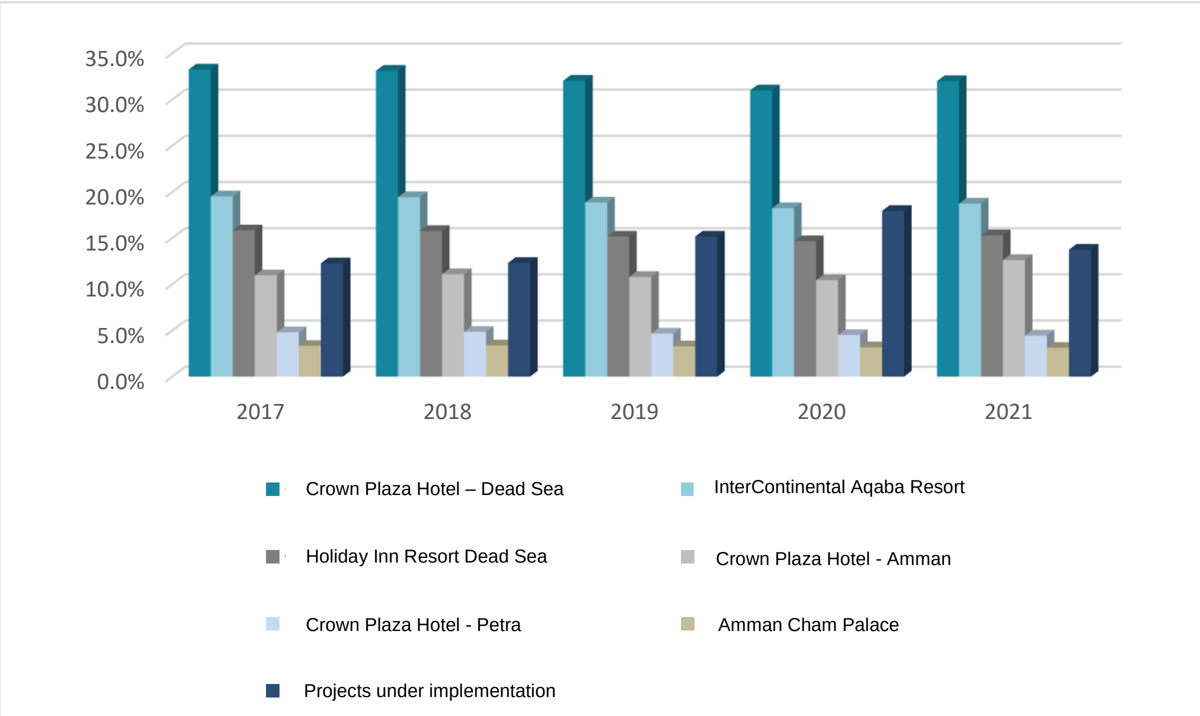
The tourism portfolio consists mainly of investments in a number of five-star hotels geographically distributed between Amman, the Dead Sea, Petra, and Aqaba. The value of the tourism portfolio grew steadily in the period 2017-2021, mainly due to new projects in this sector. The tourism portfolio's value was around JD 314.3 million at the end of 2021, compared to JD 285.3 million at the end of 2017. Its proportion of SSIF's total portfolios decreased slightly during these years from around 3.2% at the end of 2017 to around 2.6% at the end of 2021 due to the growth of assets at rates higher than this portfolio.

Table No. (6) below shows the total tourism investments portfolio and its main components 2017-2021. Figure No. (8) shows the distribution of the tourism investments portfolio components out of the total of this portfolio in the same period.

Table (6): Distribution of the tourism investments portfolio 2017-2021 (JD million)

Item	2017	2018	2019	2020	2021
Crown Plaza Hotel – Dead Sea	94.9	94.9	95.5	95.5	100.6
InterContinental Aqaba Resort	55.7	55.7	56.2	56.2	58.9
Holiday Inn Resort Dead Sea	45.2	45.2	45.2	45.2	48.1
Crown Plaza Hotel - Amman	31.3	31.8	32.2	32.2	39.7
Crown Plaza Hotel - Petra	13.7	13.9	13.9	13.9	14.0
Amman Cham Palace	9.5	9.7	9.8	9.8	9.8
Projects under implementation	35.0	35.3	45.2	55.3	43.2
Total	**285.3**	**286.5**	**297.9**	**308.1**	**314.3**

Figure No. (8): Distribution of Tourism Investments Portfolio 2017-2021 (%)



Fourth: Investment returns 2017-2021

The Investment Fund achieved steady increase in investment returns in the past five years (2017-2021), with the exception of 2020. Net income, which is taken as the measure of investment returns of SSIF's investment portfolios, grew during the period 2017-2021 on average by around 14.2% annually. In 2021, net income increased by 16.7% from its 2020 level, to reach around JD 593.5 million at the end of 2021, compared to around JD 508.6 million at the end of 2020. This was due to the increase in income from most investment portfolios, especially the equity portfolio. Net income of the equity portfolio increased by 154.5% in 2021 to around JD 92.4 million, compared to JD 36.3 million in 2020. This was due to the improvement in the performance of the financial market and the increase in distributed profits.

Table No. (7) below shows the investment returns realized on SSIF's different portfolios and administrative expenses 2017-2021.

Table (7): Portfolios' Revenues and Expenditures 2017-2021 (JD million)

Item	2017	2018	2019	2020	2021
Money Market Tools	38.7	55.9	78.3	58.0	56.2
Bonds	222.4	264.2	322.2	379.3	402.8
Loans	7.8	12.1	16.1	19.1	21.1
Equity	87.3	87.6	112.7	36.3	92.4
Real Estate Investment	− 4.8	0.8	7.7	1.7	15.8
Other Revenues	12.2	17.0	23.7	20.0	10.2
Total Expenditure	**3.9−**	**3.9−**	**4.4−**	**5.7−**	**5.0−**
SSIF Net Income	**359.7**	**433.6**	**556.2**	**508.6**	**593.5**

Standalone Financial Statements 2021

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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 2021, 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 2021, 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 2021 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.

Amman – Jordan
8 August 2022

ERNST & YOUNG
Amman - Jordan

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND
SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021
(IN THOUSANDS OF JORDANIAN DINARS)

	Notes	2021	2020
Assets			
Cash and bank balances	4	491	301
Deposits at banks and financial institutions	5	1,558,013	1,444,399
Financial assets at fair value through profit or loss	6	135,724	95,161
Loans and granted debts	7	412,142	396,477
Financial asset at fair value through other comprehensive income	8	1,354,896	982,096
Investments in subsidiaries	9	281,250	264,782
Investments in associates	10	268,946	213,211
Financial assets at amortized cost	11	7,074,961	6,572,191
Due from related parties	25	36,647	29,169
Investment properties	12	748,155	715,812
Investments in joint operations	13	15	1,046
Investments in hotels	14	271,092	252,720
Property and equipment	15	5,658	5,777
Other assets	16	193,213	194,531
Total assets		12,341,203	11,167,673
Liabilities and Social Security Corporation Equity			
Liabilities -			
Other liabilities	17	5,045	6,012
Income tax provision	26	272	803
Total liabilities		5,317	6,815
Social Security Corporation Equity -			
Social Security Corporation current account		6,593,228	6,458,605
Social Security Corporation current account – Unemployment Fund	18	183,464	174,725
Fair value reserve	27	295,626	(169,297)
Accumulated surplus of revenues over expenses		5,263,568	4,696,825
Total Social Security Corporation Equity		12,335,886	11,160,858
Total liabilities and Social Security Corporation Equity		12,341,203	11,167,673

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 2021
(IN THOUSANDS OF JORDANIAN DINARS)

	Notes	2021	2020
Revenues -			
Interest income	19	485,914	462,090
Gains (loss) of financial assets at fair value through profit or loss, net	20	40,983	(567)
Gains on investment properties, net	21	15,784	3,165
Dividends distribution	22	51,376	36,856
Reversal of expected credit losses		1,273	9,803
Other commitments provision		-	(669)
Other revenues, net		3,147	2,963
		598,477	513,641
Expenses -			
General and administrative expenses	23	(4,440)	(4,193)
Surplus of revenues over expenses for the year before income tax		594,037	509,448
Income tax expense	26	(542)	(799)
Surplus of revenues over expenses for the year		593,495	508,649

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 2021
(IN THOUSANDS OF JORDANIAN DINARS)

	2021	2020
Surplus of revenues over expenses for the year	593,495	508,649
Add: other comprehensive income items not to be reclassified to revenues and expenses in subsequent periods		
Change in financial assets' fair value	446,910	(371,021)
Total comprehensive income for the year	1,040,405	137,628

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

SEPARATE STATEMENT OF CHANGES IN SOCIAL SECURITY CORPORATION EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021
(IN THOUSANDS OF JORDANIAN DINARS)

	Notes	Social Security Corporation current account	Social Security Corporation current account – unemployment fund	Fair value reserve	Accumulated surplus of revenues over expenses	Total
For the year ended 31 December 2021						
Balance as at 1 January 2021		6,458,605	174,725	(169,297)	4,696,825	11,160,858
Total comprehensive income for the year		-	-	446,910	593,495	1,040,405
Realized gains from sale of financial assets at fair value through other comprehensive income		-	-	18,013	(18,013)	-
Cash transferred during the year, net		134,623	-	-	-	134,623
Unemployment Fund's share of the Investment Fund's returns	18	-	8,739	-	(8,739)	-
Balance as at 31 December 2021		6,593,228	183,464	295,626	5,263,568	12,335,886
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

SOCIAL SECURITY CORPORATION – SOCIAL SECURITY INVESTMENT FUND
SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021
(IN THOUSANDS OF JORDANIAN DINARS)

	Notes	2021	2020
Operating activities			
Surplus of revenues over expenses for the year before income tax		594,037	509,448
Adjustments-			
Depreciation	15	233	224
(Gain) losses from revaluation of financial assets at fair value through profit or loss	20	(40,897)	4,122
Realized gains on sale of financial assets at fair value through profit or loss	20	(88)	(3,556)
Provision for expected credit losses		122	2,306
Recovered from provision for expected credit losses		(1,395)	(12,109)
(Gain) losses on investment property valuation at fair value	21	(13,026)	414
Other commitments provision		-	669
Working capital changes:			
Deposits at banks and financial institutions with maturity of more than 3 months		(125,122)	131,425
Financial assets at fair value through profit or loss		422	28,984
Other assets		(15,493)	(6,101)
Due from related parties		(7,551)	7,428
Other liabilities		(967)	1,015
Income tax paid	26	(1,073)	(765)
Net cash flows from operating activities		389,202	663,504
Investing activities			
Loans and granted debts		(15,144)	(61,171)
Financial assets at fair value through other comprehensive income		5,252	(4,950)
Financial assets at amortized cost		(502,819)	(379,990)
Investments in associates		-	(39)
Investments in subsidiaries		(3,345)	(500)
Investment properties	12	(18,270)	(58,104)
Purchases of property and equipment	15	(128)	(50)
Investments in hotels		(961)	-
Investments in joint operations		(2)	4
Net cash flows used in investing activities		(535,417)	(504,800)
Financing activities			
Net of amounts transferred from the Social Security Corporation		134,623	31,246
Net cash flows from financing activities		134,623	31,246
Net (decrease) increase in cash and cash equivalents		(11,592)	189,950
Cash and cash equivalents at 1 January		351,986	162,036
Cash and cash equivalents at 31 December	24	340,394	351,986

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

(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 investments 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 2021 have been approved by the Board of Investment on its meeting held on 26 April 2022.

(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 2021 in accordance with International Financial Reporting Standard.

The financial statements are prepared under the historical cost convention, expect 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.

(2-2) CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those adopted for the year ended 31 December 2020, except for the adoption of new standards and amendments effective as of 1 January 2021:

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- To require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest,
- To permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued,
- To provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the separate financial statements of the Fund.

COVID-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

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. 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. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the COVID-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.

The amendment applies to annual reporting periods beginning on or after 1 April 2021.

However, the Fund has not received COVID-19-related rent concessions but plans to apply the practical expedient if it becomes applicable within allowed period of application.

(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 cost plus transaction costs. Subsequently the premium/discount are amortized using the effective interest rate method less allowance for impairment, increasing or decreasing the interest. 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 buliding a number of assumptions, most importantly GDF growth indicators, the financial market index and debt indecators, 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.

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.

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.

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:

	%
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.

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 amending 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.

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.

(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 audit report date 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.

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's 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 in 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 default**

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. 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 are considered including prepayment options and extension options. The expected life 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**

The expected credit loss allowance was measured and calculated on all the financial assets of the Investment Fund, 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.

(IN THOUSANDS OF JORDANIAN DINARS)

(4) CASH AND BANK BALANCES

This item consists of the following:

	2021	2020
Current accounts on demand *	491	301
	491	301

* This item includes the amount of JD 113 thousand as current accounts related to the Unemployment Fund as at 31 December 2021 (31 December 2020: JD 22 thousand).

- As at 31 December 2021 and 2020, current accounts did not include any balance with foreign banks and financial institutions.

- There were no restricted balances as at 31 December 2021 and 2020.

(5) DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS

This item consists of the following:

	2021	2020
Deposits maturing within 3 months or less	339,903	351,685
Deposits maturing within 3 to 6 months	611,768	530,752
Deposits maturing within 6 to 12 months	616,276	572,170
	1,567,947	1,454,607
Less: provision for expected credit losses*	(9,934)	(10,208)
	1,558,013	1,444,399

- Interest rates on deposits in Jordanian Dinar range between 2.95% to 4.5% for the year ended 31 December 2021 and from 2.75% to 6.4% for the year ended at 31 December 2020.
- There are no balances with foreign banks and financial institutions and there are no restricted balances as at 31 December 2021 and 2020.
- 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:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
Balance as at 1 January	10,208	-	-	10,208	9,348
(Recovered from) provision during the year	(274)	-	-	(274)	860
Balance as at 31 December	9,934	-	-	9,934	10,208

(IN THOUSANDS OF JORDANIAN DINARS)

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

This item consists of the following:

	2021	2020
Quoted shares:		
Local	125,152	88,134
Foreign	10,572	7,027
	135,724	95,161

(7) LOANS AND GRANTED DEBTS

This item consists of the following:

	2021	2020
Direct loans	377,033	365,043
Syndicated loans	37,679	42,797
Housing loans	11,341	3,069
	426,053	410,909
Less: provision for expected credit losses*	(13,911)	(14,432)
	412,142	396,477

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

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
Balance as at 1 January	12,508	-	1,924	14,432	18,863
(Recovered from) provision for the year (housing loans)	(18)	-	-	(18)	18
Recovered from provision during the year (direct loans)	(82)	-	-	(82)	(3,497)
Recovered from provision during the year (syndicated loans)	(421)	-	-	(421)	(952)
Balance as at 31 December	11,987	-	1,924	13,911	14,432

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	377,033	3.5 – 8.37	1 January 2040	Governmental, real estates, legal
Syndicated loans	37,679	3.16 – 7,72	14 June 2028	Governmental, real estates, legal
Housing loans	11,341	4,75	31 December 2056	Real estates
	426,053			

Non-performing loans and debts amounted to JD 1,924 thousand representing 0.45% of loans and granted debts as at 31 December 2021 compared of JD 1,924 thousand representing 0.47% of loans and granted debts at 31 December 2020. A provision was provided for those amounts in full.

(IN THOUSANDS OF JORDANIAN DINARS)

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

This item consists of the following:

	2021	2020
Quoted shares in local financial markets*	1,307,826	935,116
Non-quoted shares in local financial markets	43,303	42,234
Other financial assets:		
Investments in mutual funds (in USD)	3,767	4,746
	1,354,896	982,096

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

	Rate	2021	Rate	2020
	%		%	
Banking sector	61.4	802,704	71.2	666,018
Manufacturing sector	36.7	479,512	25.2	235,710
Services sector	1.8	23,514	3.3	30,902
Insurance sector	0.2	2,096	0.3	2,486
		1,307,826		935,116

(IN THOUSANDS OF JORDANIAN DINARS)

(9) INVESTMENTS IN SUBSIDIARIES

This item consists of the following:

Company name	Capital's number of shares	Number of shares owned by the Fund	Ownership percentage	Nature of Business	Value of investment 2021	2020
			%			
Listed in Amman Stock Exchange*						
Jordanian Duty-Free Shops	22,500,000	12,711,006	56.5	Duty free	99,146	122,026
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	1,153	1,208
					106,439	129,374
Non-listed *						
Kingdom Electricity Company	50,000	35,000	70	Energy Investment	95,609	61,813
Al Daman for Development Zones	40,000,000	40,000,000	100	Investment	41,270	36,444
National Company for Touristic Development	2,050,000	2,050,000	100	Tourism services	28,779	30,846
United Traveling Center**	1,986,499	1,986,499	100	Rental services	1,193	2,690
Rama for Investment and Saving	560,000	560,000	100	Investment	2,366	2,393
Al Daman for Finance Leasing	500,000	500,000	100	Finance leasing	519	513
Al Daman for Investment and Agriculture***	5,219,310	5,219,310	100	Agricultural Investment	4,869	499
Al Daman for Hotel Transport Services	100,000	100,000	100	Tourism services	138	136
Jordan Daman Company for International Business	100,000	100,000	100	Investment	68	74
					174,811	135,408
					281,250	264,782

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

** The General Assembly of the United Traveling Center decided in its extraordinary meeting held on 17 February 2021, to reduce its capital by 2,667 thousand dinars, bringing the authorized and paid capital to 1,986 thousand dinars, in order to extinguish the accumulated losses in the amount of 1,292 thousand dinars, and the amount of 1,374 thousand dinars was returned to the Fund.

*** The General Assembly of the Al Daman for Investment and Agriculture approved in its extraordinary meeting held on 16 June 2021 to increase the paid-in capital of the company by an amount of 4,719 thousand dinars to become 5,219 thousand dinars.

(IN THOUSANDS OF JORDANIAN DINARS)

(10) INVESTMENTS IN ASSOCIATES

This item consists of the following:

Company Name	Capital's number of shares	Number of shares owned by the Fund	Ownership percentage	Nature of Business	Value of investment 2021	Value of investment 2020
			%			
Listed in Amman Stock Exchange*:						
Jordan Telecommunication	187,500,000	54,150,000	28.9	Telecommunication	115,881	79,600
Jordan Petroleum Refinery	100,000,000	20,140,624	20.1	Petrochemical	69,082	50,352
Jordan Kuwait Bank	150,000,000	31,562,466	21	Banking services	42,925	45,450
Jordan Electricity Company	88,232,158	18,938,703	21.5	Energy	21,969	22,357
Jordan Worsted Mills Factories	15,000,000	3,000,000	20	Textiles	6,570	6,150
Jordan Cement Factories	60,444,460	13,197,226	21.8	Construction	7,126	3,827
					263,553	207,736
Non-listed*:						
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	34	36
South Dead Sea Development Co.	17,000,000	5,100,000	30	Investment	5,359	5,439
					5,393	5,475
					268,946	213,211

* 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.

(IN THOUSANDS OF JORDANIAN DINARS)

(11) FINANCIAL ASSETS AT AMORTIZED COST

This item consists of the following:

	Average interest rates %	2021	2020
A- Government and public institution bonds			
Treasury bonds*	3.71 – 7.99	6,891,010	6,411,196
Public institutions bonds	3.97 – 6.48	36,634	40,626
		6,927,644	6,451,822
B- Bonds, debts and other securities			
Private companies' bonds and debts	3.23 – 7.00	160,569	133,572
Less: provision for expected credit losses**		(13,252)	(13,203)
		147,317	120,369
		7,074,961	6,572,191

Financial assets at amortized costs maturity dates range from one month to 15 years.

* This item includes an amount of JD 181,336 thousand as at 31 December 2021 which represents bonds related to the Unemployment Fund (31 December 2020: JD 161,855 thousand).

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

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
Balance as at 1 January	12,636	-	567	13,203	15,826
Provision for the year	30	-	19	49	-
Recovered from provision during the year	-	-	-	-	(2,623)
Balance as at 31 December	12,666	-	586	13,252	13,203

(12) INVESTMENT PROPERTIES

This item consists of the following:

	2021	2020
Investment lands	726,724	695,337
Investment buildings	21,431	20,475
	748,155	715,812

(IN THOUSANDS OF JORDANIAN DINARS)

Movements on investment properties during the year were as follows:

	2021	2020
Balance as at 1 January	715,812	657,992
Purchase of investment properties	18,270	58,104
Transferred from Investments in Joint Operations**	1,033	-
Recovered Lands (note 15)***	14	-
Transferred from Social Security Corporation*	-	130
Gains (losses) on valuation of investment properties at fair value (note 21)	13,026	(414)
Balance as at 31 December	748,155	715,812

* During 2021, lands from investments in joint operations were transferred to investment property after they were sorted, and their ownership was transferred to the Fund under fundamental registration documents. The lands were re-evaluated by real estate experts and were recorded at fair value.

** During the year 2021, part of the building and land of the Administrative Fund was transferred from property and equipment to real estate investments as a result of changing the purposes of its use.

*** 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.

(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 2021 and 2020, the details of the operations were as follows:

	2021	2020
Al-Zaytuna project (1)*	15	13
Al-Zaytuna project (2)*	-	1,033
	15	1,046

* It is expected that during 2022, the projects' lands will be transferred to investment properties.

** During 2022, project's lands were transferred to investment properties after they were sorted and the ownership was transferred to the Fund.

(IN THOUSANDS OF JORDANIAN DINARS)

(14) INVESTMENTS IN HOTELS

This item consists of the following:

	2021	2020
Crown Plaza Resort - Dead sea	100,648	95,488
Intercontinental Resort - Aqaba	58,946	56,211
Holiday Inn Resort - Dead sea	48,091	45,153
Crown Plaza Hotel - Amman	39,669	32,189
Crown Plaza Resort - Petra	13,978	13,919
Amman Cham Palace Hotel - Amman	9,760	9,760
	271,092	252,720

* 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.

** During the year 2021, an amount of 17,411 thousand dinars was capitalized on the account of investments in hotels, which represents the solar power plant project.

(IN THOUSANDS OF JORDANIAN DINARS)

(15) PROPERTY AND EQUIPMENT

	Land	Buildings	Machinery, equipment and furniture	Vehicles	Computers	Computer Software	Total
2021 -							
Cost:							
Balance as at 1 January	3,019	3,167	209	173	409	599	7,576
Additions	-	-	13	60	28	27	128
Transfer to investment properties (note 12)	(7)	(7)	-	-	-	-	(14)
Balance as at 31 December	3,012	3,160	222	233	437	626	7,690
Accumulated depreciation:							
Balance as at 1 January	-	755	136	148	295	465	1,799
Depreciation for the year	-	149	12	4	27	41	233
Balance as at 31 December	-	904	148	152	322	506	2,032
Net book value as at 31 December 2021	3,012	2,256	74	81	115	120	5,658

- The balance of fully depreciated property and equipment amounted to JD 857 thousand as at 31 December 2021.

(IN THOUSANDS OF JORDANIAN DINARS)

	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 full depreciated property and equipment amounted to JD 823 thousand as at 31 December 2020.

(IN THOUSANDS OF JORDANIAN DINARS)

(16) OTHER ASSETS

This item consists of the following:

	2021	2020
Accrued interest*	144,196	133,357
Projects under construction**	43,376	55,581
Receivables and fines of lessees' receivables	6,995	7,347
Housing Fund deposits	2,473	2,623
Advance payments to purchase lands	-	50
Others	299	299
	197,339	199,257
Less: provision for expected credit losses***	(4,126)	(4,726)
	193,213	194,531

* This item includes an amount of JD 2,022 thousand as of 31 December 2021, which represents accrued interests related to Unemployment Fund (31 December 2020: JD 2,136 thousand).

** Projects under construction consists of the following:

- An amount of JD 32,142 thousand which represents value of the touristic beach project land and what is on it. The Fund is currently conducting an economic feasibility study to determine the mechanism of benefiting from this land or completing the project that was to be built on it. The Fund is expected to make a decision on the mechanism of benefiting from this land during 2022 after evaluating the results of the study.
- An amount of JD 9,713 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.
- During 2021, an amount of 17,411 thousand was capitalized on the account of investments in hotels, which represents the power plant project using solar energy.

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

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
Balance as at 1 January	-	262	4,464	4,726	3,298
(Recovered from) Provision for the year	-	-	(600)	(600)	1,428
Balance as at 31 December	-	262	3,864	4,126	4,726

(IN THOUSANDS OF JORDANIAN DINARS)

(17) OTHER LIABILITIES

This item consists of the following:

	2021	2020
Deferred revenues	2,082	2,285
Accounts payable	601	874
Brokers' payable	-	731
Other commitments provision (note 32)	669	669
Others	1,693	1,453
	5,045	6,012

(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:

	2021	2020
Balance as at 1 January	174,725	256,611
Net cash transferred during the year to the Corporation for the Unemployment Fund	-	(91,182)
Unemployment Fund's share of Investment Fund's returns during the year	8,739	9,296
Balance as at 31 December	183,464	174,725

(19) INTEREST INCOME

This item consists of the following:

	2021	2020
Interest of bonds and treasury bills*	408,110	383,814
Interest of balances and deposits at banks and financial institutions*	56,653	59,105
Interest of loans and granted debts	21,151	19,171
	485,914	462,090

* These items include an amount of JD 8,766 thousand as of 31 December 2021 which represents interest income for the benefit of the Unemployed Fund (2020: JD 9,296 thousand).

(IN THOUSANDS OF JORDANIAN DINARS)

(20) GAINS (LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS, NET

This item consists of the following:

	2021	2020
Realized gains	88	3,556
Unrealized revaluations gains (losses)	40,897	(4,122)
Commissions of purchases and sales	(2)	(1)
	40,983	(567)

(21) GAINS ON INVESTMENT PROPERTIES, NET

This item consists of the following:

	2021	2020
Revenues:		
Revenues from leased properties	3,288	4,011
Compensations received	-	68
Expenses:		
Management fees, valuation and other expenses	(530)	(500)
Change in fair value:		
Gains (losses) on valuation of investment properties at fair value (note 12)	13,026	(414)
	15,784	3,165

(22) DIVIDENDS DISTRIBUTION

This item consists of the following:

	2021	2020
Dividends from financial assets through other comprehensive income	35,459	12,172
Dividends from associates	7,766	9,636
Dividends from financial assets through profit or loss	6,796	926
Dividends from subsidiaries	1,355	14,122
	51,376	36,856

(IN THOUSANDS OF JORDANIAN DINARS)

(23) GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following:

	2021	2020
Salaries and wages	1,946	1,960
Incentives and rewards	507	502
Legal expenses	506	-
Contribution to Social Security	282	283
Depreciation (note 15)	233	224
Professional fees and legal and technical consultancy	181	373
Insurance	151	126
Maintenance and support of software	97	129
Investment’s Board members’ remuneration	88	90
Transportation	58	53
Subscriptions	44	44
Electricity, water and heating	43	94
Cleaning expenses	43	42
Remuneration of Investment Board committee	32	33
Stationery	25	19
Advertising and public relations	20	11
Training and courses	18	11
Contribution to Saving Fund	17	16
Telephone, mail and internet	14	16
General maintenance	13	7
Bank charges	5	3
Daily wages and travel expenses	-	1
Others	117	156
	4,440	4,193

(24) CASH AND CASH EQUIVALENTS

This item consists of the following:

	2021	2020
Current accounts and deposits on demand (note 4)	491	301
Deposits maturing within three months or less (note 5)	339,903	351,685
	340,394	351,986

(IN THOUSANDS OF JORDANIAN DINARS)

(25) RELATED PARTIES TRANSACTIONS

Related parties' represent 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:

	2021				2020
Statements of separate financial position items	Parent Corporation	Subsidiaries	Associates	Total	Total
Assets and liabilities:					
Bank balances and deposits-					
Jordan Kuwait Bank (current account)	-	-	3	3	28
Jordan Kuwait Bank (deposits)	-	-	67,700	67,700	55,285
Due from related parties-					
National for Tourism Development*	-	10,030	-	10,030	9,936
Jordanian Daman Company for International Business	-	27,730	-	27,730	22,423
Crowne Plaza Amman	-	500	-	500	-
Holiday Inn Dead Sea	-	650	-	650	-
Crowne Plaza Dead Sea	-	1,000	-	1,000	-
	-	39,910	-	39,910	32,359
Less: provision for expected credit losses**	-	(3,263)	-	(3,263)	(3,190)
	-	36,647	-	36,647	29,169
Loans -					
Social Security Corporation	100,000	-	-	100,000	100,000
Al-Daman for International Investments	-	51,060	-	51,060	51,060
Kingdom Electricity Company	-	23,511	-	23,511	27,349
Daman for Finance Leasing	-	162,135	-	162,135	141,973

(IN THOUSANDS OF JORDANIAN DINARS)

	2021					2020
Items of the separate statements of revenues and expenses	Parent Corporation	Subsidiaries	Associates	Other	Total	Total
Interest-						
Deposits with Jordan Kuwait Bank	-	-	1,487	-	1,487	1,639
Kingdom Electricity Company loan	-	1,558	-	-	1,558	2,336
Al-Daman for Finance Leasing loan	-	10,070	-	-	10,070	8,350
Al-Daman for International Investments loan	-	519	-	-	519	519
Social Security Corporation loan	4,044	-	-	-	4,044	2,835
Dividends Income-						
Jordanian Duty-Free shops	-	1,271	-	-	1,271	13,982
Rama for Investment and Saving	-	84	-	-	84	140
Jordan Electricity Power Company	-	-	924	-	924	1,340
Jordan Petroleum Refinery	-	-	1,007	-	1,007	3,424
Jordan Worsted Milles	-	-	420	-	420	540
Jordan Telecommunication Company	-	-	5,415	-	5,415	4,332
Executive management salaries and remunerations	-	-	-	687	687	843
Investment Board remuneration	-	-	-	120	120	122
Rental income-						
National Tourism and Development Company	-	-	28	-	28	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:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
Balance as at 1 January	3,190	-	-	3,190	8,227
Provision for the year	73	-	-	73	-
Recovered from provision during the year	-	-	-	-	(5,037)
Balance as at 31 December	3,263	-	-	3,263	3,190

(IN THOUSANDS OF JORDANIAN DINARS)

(26) INCOME TAX

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

	2021	2020
Balance as at 1 January	803	769
Income tax expense for the year	542	799
Income tax paid	(1,073)	(765)
Balance as at 31 December	272	803

Income tax provision for the years ended 31 December 2021 and 2020 have been calculated in accordance with Income Tax Law No. (34) of 2014 and its amendments. Management believes that the provision amounting to JD 272 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 except for the net income from rents as well as dividends from foreign investments.

The Fund submitted its tax returns for the years 2020 and 2019 within the legal period. The Income and Sales Tax Department did not review the Fund's records until the date of preparing these financial statements.

The tax returns were submitted on the results of the Fund's operations for the years 2015 to 2018, and the Income and Sales Tax Department estimated tax differences of a total of 433 thousand for those years. The Fund objected to the amounts claimed and filed a lawsuit against the Department at the Court of First Instance of Income Tax. The case is still pending before the Court as of the date of preparation of the separate financial statements.

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

The provision for the income tax is calculated as follows:

	2021
Gross lease income	3,454
Less:	
Direct expenses related to property investment	(528)
Property investment depreciation	(337)
Salaries of the property investment department employees	(212)
Leases portion of shared expenses	(33)
Leases net income	2,344
Accrued income tax on rent fees (20%)	469
Accrued income tax on dividends from foreign investments (10%)	45
National contribution (1%)	28
Income tax expense	542

(IN THOUSANDS OF JORDANIAN DINARS)

(27) FAIR VALUE RESERVE

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

	2021	2020
Balance as at 1 January	(169,297)	201,834
Changes in fair value of financial assets through other comprehensive income	378,052	(297,356)
Changes in fair value of investments in subsidiaries	13,123	(51,736)
Changes in fair value of investments in associates	55,735	(21,929)
Realized loss (gain) from sale of financial assets through other comprehensive income	18,013	(110)
Balance as at 31 December	295,626	(169,297)

(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 input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 : Valuation techniques for which the input that is significant to the fair value measurement but it is unobservable.

2021 -	Level (1)	Level (2)	Level (3)	Total
Financial Assets:				
Financial assets through profit or loss	135,724	-	-	135,724
Financial assets though other comprehensive income	1,307,826	-	47,070	1,354,896
Investments in subsidiaries	106,439	-	174,811	281,250
Investments in associates	263,553	-	5,393	268,946
	1,813,542	-	227,274	2,040,816

(IN THOUSANDS OF JORDANIAN DINARS)

2020 -	Level (1)	Level (2)	Level (3)	Total
Financial Assets:				
Financial assets through profit or loss	95,161	-	-	95,161
Financial assets though 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
	1,367,387	-	187,863	1,555,250

(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.

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
	%	
2021-		
JD	1	86,801
USD	1	3,655
2020-		
JD	1	80,318
USD	1	3,815

(IN THOUSANDS OF JORDANIAN DINARS)

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.

The sensitivity of interest rates is as follows:

2021 -	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	491	-	-	-	-	-	-	491
Deposits at banks and financial institutions	474,651	296,038	606,808	180,516	-	-	-	1,558,013
Financial assets at fair value through profit or loss	-	-	-	-	-	-	135,724	135,724
Loans and granted debts	311	12,505	15,070	18,121	85,299	280,836	-	412,142
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	1,354,896	1,354,896
Investments in subsidiaries	-	-	-	-	-	-	281,250	281,250
Investments in associates	-	-	-	-	-	-	268,946	268,946
Financial assets at amortized cost	-	14,999	277,916	155,880	1,052,507	5,573,659	-	7,074,961
Due from related parties	-	-	-	-	-	-	36,647	36,647
Investments properties	-	-	-	-	-	-	748,155	748,155
Investments in joint operations	-	-	-	-	-	-	15	15
Investment in hotels	-	-	-	-	-	-	271,092	271,092
Property and equipment	-	-	-	-	-	-	5,658	5,658
Other assets	-	-	-	-	-	-	193,213	193,213
Total Asset	475,453	323,542	899,794	354,517	1,137,806	5,854,495	3,295,596	12,341,203
Social Security Corporation Equity and Liabilities								
Social Security Corporation Equity -								
Social Security Corporation current account	-	-	-	-	-	-	6,593,228	6,593,228
Social Security Corporation current account - Unemployment Fund	-	-	-	-	-	-	183,464	183,464
Fair value reserve	-	-	-	-	-	-	295,626	295,626
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	5,263,568	5,263,568
Total Social Security Corporation Equity	-	-	-	-	-	-	12,335,886	12,335,886
Liabilities -								
Other liabilities	-	-	-	-	-	-	5,045	5,045
Income tax provision	-	-	-	-	-	-	272	272
Total liabilities	-	-	-	-	-	-	5,317	5,317
Total Social Security Corporation Equity and Liabilities	-	-	-	-	-	-	12,341,203	12,341,203
Sensitivity variance	475,453	323,542	899,794	354,517	1,137,806	5,854,495	(9,045,607)	-
Accumulated sensitivity variance	475,453	798,995	1,698,789	2,053,306	3,191,112	9,045,607	-	-

(IN THOUSANDS OF JORDANIAN DINARS)

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	-	-

(IN THOUSANDS OF JORDANIAN DINARS)

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:

2021-	Change in indicator	Effect on surplus of revenues over expenses for the year	Effect on Social Security Corporation equity
	%		
Indicator			
Amman stock exchange	5	6,258	90,149
Palestine stock exchange	5	529	529
		6,787	90,678
2020-			
Indicator			
Amman stock exchange	5	4,407	68,018
Palestine stock exchange	5	351	351
		4,758	68,369

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.

(IN THOUSANDS OF JORDANIAN DINARS)

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:

2021 -	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	491	-	-	-	-	-	-	491
Deposits at banks and financial institutions	474,651	296,038	606,808	180,516	-	-	-	1,558,013
Financial assets at fair value through profit or loss	-	-	-	-	-	-	135,724	135,724
Loans and granted debts	311	12,505	15,070	18,121	85,299	280,836	-	412,142
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	1,354,896	1,354,896
Investments in subsidiaries	-	-	-	-	-	-	281,250	281,250
Investments in associates	-	-	-	-	-	-	268,946	268,946
Financial assets at amortized cost	-	14,999	277,916	155,880	1,052,507	5,573,659	-	7,074,961
Due from related parties	-	-	-	-	-	-	36,647	36,647
Investments properties	-	-	-	-	-	-	748,155	748,155
Investments in joint operations	-	-	-	-	-	-	15	15
Investments in hotels	-	-	-	-	-	-	271,092	271,092
Property and equipment	-	-	-	-	-	-	5,658	5,658
Other assets	-	-	-	-	-	-	193,213	193,213
Total Asset	475,453	323,542	899,794	354,517	1,137,806	5,854,495	3,295,596	12,341,203
Social Security Corporation equity and Liabilities								
Social Security Corporation Equity -								
Social Security Corporation current account	-	-	-	-	-	-	6,593,228	6,593,228
Social Security Corporation current account – Unemployment Fund	-	-	-	-	-	-	183,464	183,464
Fair value reserve	-	-	-	-	-	-	295,626	295,626
Surplus of revenues over accumulated expenses	-	-	-	-		-	5,263,568	5,263,568
Total Social Security Corporation Equity	-	-	-	-	-	-	12,335,886	12,335,886
Liabilities -								
Other liabilities	-	-	-	-	-	-	5,045	5,045
Income tax provision	-	-	272	-	-	-	-	272
Total liabilities	-	-	272	-	-	-	5,045	5,317
Total Social Security Corporation Equity and Liabilities	-	-	272	-	-	-	12,340,931	12,341,203

(IN THOUSANDS OF JORDANIAN DINARS)

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

(IN THOUSANDS OF JORDANIAN DINARS)

(30) SEGMENT INFORMATION

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

	2021		2020	
	Assets	Liabilities	Assets	Liabilities
Business segments				
Financial investments	10,816,986	-	9,755,106	-
Investments in associates	268,946	-	213,211	-
Investment property	748,155	-	715,812	-
Investment in hotels	271,092	-	252,720	-
Others	236,024	5,317	230,824	6,815
	12,341,203	5,317	11,167,673	6,815

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:

	2021		2020	
	Assets	Liabilities	Assets	Liabilities
Geographical region				
Inside the Kingdom	12,330,631	5,317	11,160,646	6,815
Arab countries (note 6)	10,572	-	7,027	-
	12,341,203	5,317	11,167,673	6,815

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

	2021		2020	
	Revenues	Expenses	Revenues	Expenses
Business segments				
Financial investments	569,020	-	488,743	-
Investments in associates	9,253	-	11,275	-
Investment property	15,784	-	3,165	-
Others	4,420	4,440	10,458	4,193
	598,477	4,440	513,641	4,193

(IN THOUSANDS OF JORDANIAN DINARS)

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

	Inside Jordan		Outside Jordan		Total	
	2021	2020	2021	2020	2021	2020
Total revenues	594,681	514,855	3,995	(545)	598,676	514,310
Capital expenses	128	50	-	-	128	50
Depreciation expenses	233	224	-	-	233	224

(31) CONTINGENT LIABILITIES

Contingent liabilities and commitments of the Fund as at 31 December 2021 are as follows:

Letters of credit and letters of guarantee amounting to Zero JD without cash collateral as at 31 December 2021 (31 December 2020: JD 24 thousand).

(32) LAWSUITS

As at 31 December 2021, the Fund was defendant in a number of lawsuits which amounted to JD 1,004 thousand (31 December 2020: JD 1,004 thousand). The opinion of the Fund and the legal councilor that the recorded provision of JD 669 thousand (note 17) is sufficient for any future commitments against these lawsuits.

(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. as the government of the Hashemite Kingdom of Jordan decided during the year 2020 to impose a curfew law and suspend all business activities in the Kingdom in order to limit the spread of the virus. Accordingly, the Social Security Investment Fund has been affected by government measures taken during the year 2020 to combat the virus.

During the year 2021, amendments to the Defense Laws and other decisions were issued by various parties to help the Jordanian economy in continuity by allowing the sectors to return to practice their businesses again, which directly contributed to the rise in stock prices in the Amman Stock Exchange, thus increasing the fair value of the fund's listed investments, as well as an increase in dividends for the year 2021 compared to the year 2020.

(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 Funds 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. This standard is not applicable to the Fund.

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

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 separate financial statements of 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 recognises 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 separate financial statements of 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 separate financial statements of the Fund.

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.

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 amendments are not expected to have a material impact on the separate financial statements of 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 separate financial statements of the Fund.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of ‘accounting estimates’. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the separate financial statements of the Fund.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Fund is currently assessing the impact of the amendments to determine the impact they will have on the Funds accounting policy disclosures.

Consolidated Financial Statements 2021

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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 2021, 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 2021, 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.

Amman – Jordan
8 August 2022

ERNST & YOUNG
Amman - Jordan

Social Security Corporation – Social Security Investment Fund
Consolidated Statement of Financial Position
As at 31 December 2021
(In Thousands of Jordanian Dinars)

	Notes	2021	2020
Assets			
Cash and bank balances	3	12,076	11,766
Deposits at banks and financial institutions	4	1,623,089	1,495,637
Financial assets at fair value through profit or loss	5	135,724	95,161
Loans and granted debts	6	347,241	327,023
Financial asset at fair value through other comprehensive income	7	1,441,677	1,073,665
Investments in associates	8	482,480	464,289
Financial assets at amortized cost	9	7,074,961	6,572,191
Subscribers' contributions and rural fils assets	10	201,928	201,154
Projects in progress	11	109,982	119,501
Inventories	12	25,723	36,485
Property and equipment	13	376,592	358,334
Investment properties	14	797,814	770,269
Investments in joint operations	15	15	1,046
Due from related parties	37	-	38
Intangible assets	16	55,630	58,017
Other assets	17	582,475	454,260
Total assets		13,267,407	12,038,836
Liabilities and Equity			
Liabilities-			
Subscribers' contributions and rural fils liabilities	10	201,928	201,154
Electricity service subscribers' deposits	18	79,159	74,034
Advance payments form electricity subscribers	19	18,940	17,238
Due to National Electric Power Company	20	331,237	248,233
Bank loans	21	49,411	54,265
End of service indemnity provision	22	18,720	16,538
Due to banks	23	83,436	70,229
Income tax provision	44	6,038	5,466
Other liabilities	24	158,779	144,263
Total liabilities		947,648	831,420
Equity-			
Social Security Corporation Equity-			
Social security corporation current account		6,542,251	6,407,251
Social security corporation current account – unemployment fund	27	183,464	174,725
Property and equipment revaluation reserve	25	31,812	31,812
Fair value reserve	26	280,782	(105,193)
Cash flow hedges reserve		(3,764)	(7,078)
Surplus of revenues over accumulated expenses		5,241,263	4,663,360
Net Social Security Corporation Equity		12,275,808	11,164,877
Non-controlling interests		43,951	42,539
Net Equity		12,319,759	11,207,416
Total liabilities and equity		13,267,407	12,038,836

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 2021
(IN THOUSANDS OF JORDANIAN DINARS)

	Notes	2021	2020
Operating revenues -			
Hotels		19,839	13,995
Press and publication		5,270	4,928
Energy		563,277	566,575
Commercial		27,442	26,264
Others		2,969	2,796
Gross revenues		618,797	614,558
Cost of revenues		(495,060)	(500,665)
Net operating revenues	29	123,737	113,893
Interest income	30	486,047	462,529
Gains (losses) on financial assets at fair value through profit or loss, net	31	40,983	(567)
Group's share of associates' net operating results	8	25,043	5,936
Gains (losses) on investment properties, net	32	14,601	(1,759)
Dividends distribution	33	43,646	14,399
Other revenues		36,047	27,454
Net revenues		770,104	621,885
Expenses-			
General and administrative expenses	34	(76,174)	(73,515)
Energy and maintenance expenses		(5,634)	(6,020)
Selling and distribution expenses		(4,878)	(5,976)
Depreciation of property and equipment	13	(30,215)	(28,358)
Amortization of intangible assets	16	(2,806)	(2,904)
Provision for expected credit losses		(2,149)	(3,560)
Provision for slow moving inventory	12	(1,043)	(494)
Finance cost	35	(30,122)	(25,144)
Provision from contingent liabilities provision	24	(1,132)	(2,939)
Other (expenses) revenues		(2,073)	645
Total expenses		(156,226)	(148,265)
Surplus of revenues over expenses for the year before income tax		613,878	473,620
Income tax expense	44	(6,553)	(4,981)
Surplus of revenues over expenses for the year		607,325	468,639
Attributable to:			
Social Security Investment Fund		604,655	467,387
Non-controlling interests		2,670	1,252
		607,325	468,639

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 2021
(IN THOUSANDS OF JORDANIAN DINARS)

	Note	2021	2020
Surplus of revenues over expenses for the year		607,325	468,639
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		368,029	(275,327)
Group's share of net profit (loss) of hedging cash flow		4,734	(5,830)
Total comprehensive income for the year		980,088	187,482
Attributable to:			
Social Security Investment Fund		975,931	187,999
Non-controlling interests		4,157	(517)
		980,088	187,482

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 2021
(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
2021-									
Balance as at 1 January 2021	6,407,251	174,725	31,812	(105,193)	(7,078)	4,663,360	11,164,877	42,539	11,207,416
Surplus of revenues over expenses for the year	-	-	-	-	-	604,655	604,655	2,670	607,325
Change in fair value of financial assets through other comprehensive income	-	-	-	367,962	-	-	367,962	67	368,029
Realized losses on sale of financial assets through other comprehensive income	-	-	-	18,013	-	(18,013)	-	-	-
Group's share of cash flow hedges reserve (note 8)	-	-	-	-	3,314	-	3,314	1,420	4,734
Cash transferred during the year, net	135,000	-	-	-	-	-	135,000	-	135,000
Unemployment Funds' share of the investment Funds' returns	-	8,739	-	-	-	(8,739)	-	-	-
Dividends from non-controlling interests	-	-	-	-	-	-	-	(2,745)	(2,745)
Balance as at 31 December 2021	6,542,251	183,464	31,812	280,782	(3,764)	5,241,263	12,275,808	43,951	12,319,759
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	-	-	-	-	(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

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 2021
(IN THOUSANDS OF JORDANIAN DINARS)

	Notes	2021	2020
Operating activities			
Surplus of revenues over expenses for the year before income tax		613,878	473,620
Adjustments-			
Depreciation of property and equipment	13	30,215	28,358
Amortization of intangible assets	16	2,806	2,904
End of service indemnity provision	34	3,715	2,124
Group's share of associates' net operating results	8	(25,043)	(5,936)
(Gains) losses of revaluation of financial assets at fair value through profit or loss	31	(40,897)	4,122
Realized gains on sale of financial assets at fair value through profit or loss	31	(88)	(3,556)
Provision for slow moving inventory	12	1,043	494
Provision for expected credit losses		3,546	6,633
Recovered from provision for expected credit losses		(1,397)	(3,073)
Provision for contingent liabilities	24	1,132	2,939
(Gains) losses on investment property valuation at fair value	32	(11,857)	5,362
Finance costs		30,122	25,144
Working capital changes-			
Deposits at banks and financial institutions with maturity of more than 3 months		(132,866)	154,656
Financial assets at fair value through profit or loss		422	28,984
Inventories		9,719	(4,096)
Other assets		(131,266)	84,363
Related parties		38	86
Electricity service subscribers' deposits		5,125	3,710
Advance payments from electricity subscribers		1,702	(9,087)
Due to National Electric Power Company		83,004	(103,192)
Other liabilities		13,384	11,185
Payments of end of service indemnity	22	(2,452)	(934)
Income tax paid	44	(6,427)	(3,072)
Net cash flows from operating activities		447,558	701,738
Investing activities			
Financial assets at fair value through other comprehensive income		(643)	1,327
Financial assets at amortized cost		(502,819)	(379,990)
Investments in associates	8	4,467	(39)
Dividends received from associates	8	7,779	10,354
Investment properties	14	(18,270)	(58,108)
Property and equipment and projects in progress, net		(34,420)	(29,673)
Loans and granted debts		(19,095)	(67,121)
Intangible assets	16	(419)	(35)
Investments in joint operations		(2)	4
Net cash flows used in investing activities		(563,422)	(523,281)
Financing activities			
Net amounts transferred from Social Security Corporation		135,000	29,028
Bank loans		(4,854)	2,321
Change in non-controlling interests		(2,745)	(12,218)
Finance costs paid		(30,122)	(25,144)
Net cash flows from (used in) financing activities		97,279	(6,013)
Net (decrease) increase in cash and cash equivalents		(18,585)	172,444
Cash and cash equivalents at 1 January		295,851	123,407
Cash and cash equivalents at 31 December	36	277,266	295,851

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

(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 2021 have been approved by the Board of Investment on its meeting held on 28 June 2022.

(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, expect 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.

(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 2021. The subsidiaries that have been included in the consolidated financial statements are as follows:

	Sector	Paid in capital		Percentage of Ownership	
		2021	2020	2021	2020
				%	%
Jordan Press Foundation Public Shareholding Company / Al-Rai	Press and publication	10,000,000	10,000,000	54.93	54.93
Jordanian Duty Free Shops 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	1,986,499	4,654,339	100	100
Al Daman for Lease Financing	Finance leasing	500,000	500,000	100	100
Al Daman for Hotel Transport Services	Services	100,000	100,000	100	100
Kingdom Electricity Company for Energy Investments**	Energy investments	50,000	50,000	70	70
Daman for Development Zones 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	5,219,310	500,000	100	100

* The General Assembly of the United Travelling Center LLC decided in its extraordinary meeting held on 17 February 2021 to reduce its capital by JD 2,667,840, so that the quoted and paid in capital becomes JD 1,986,499, in order to extinguish the accumulated losses with the amount of JD 1,292,914, and an amount of D 1,374,962 was returned to the Investment 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 and its subsidiary - 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.

(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

***** The General Assembly of Al Daman for Agriculture and Investment approved in its extraordinary meeting held on 16 June 2021 to increase the Company's paid-in capital by an amount of JD 4,719,310 to become JD 5,219,310.

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

- Amra 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 2021, 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 are consistent with those adopted for the year ended 31 December 2020, except for the adoption of new standards and amendments effective as of 1 January 2021:

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- To require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest,
- To permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued,
- To provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

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

COVID-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16
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. 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. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the COVID-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

However, the Establishment has not received COVID-19-related rent concessions but plans to apply the practical expedient if it becomes applicable within allowed period of application.

(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 cost plus transaction costs. Subsequently premium/discount is amortized using the effective interest rate method, increasing or decreasing the interest. 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).

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 debt 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.

(IN THOUSANDS OF JORDANIAN DINARS)

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

	%
Buildings	2-10
Furniture and fixtures	9-25
Meters, cables, and pumps	10
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.

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

After initial recognition, interest bearing loans are subsequently measured at amortized cost using the effective interest method. Profits and losses are recognized in the consolidated statement of revenues and expenses when the obligation is paid. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The finance costs are included as finance costs in the consolidated statement of profit or loss.

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. A balance is written off when there is no reasonable expectation of recovering the contractual cash flows.

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.

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 Assemblies of the investees.

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.

Recognition of financial assets

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

Derivative financial instruments

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

Repurchase and resale agreements

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

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

Investments in associates

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

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

Inventory

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

Income tax

- Income tax expense represents accrued tax and deferred tax.

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

- Taxes are calculated on the basis of tax rates prescribed according to the prevailing laws, regulations and instructions of the Hashemite kingdom of Jordan. Social Security Corporation revenues are exempted from income tax by law except for rental revenues, revenue of some hotels and foreign investments.

- Deferred taxes are taxes expected to be paid or recovered as a result of temporary differences in the value of assets or liabilities in the consolidated financial statements and the value upon which taxable income is calculated. Deferred taxes are provided using the liability method on the consolidated financial statements and are calculated based on the tax rates expected to be implemented upon the settlement of a tax commitment or upon the realization of tax asset.

- Deferred tax assets and liabilities are reviewed as of the date of the consolidated financial statements and reduced in case it is expected that no benefit will arise therefrom, partially or totally.

Cash and cash equivalents

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

Subscribers' contributions assets and liabilities

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

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

Rural fils assets

This term represents the infrastructure assets used to connect the electricity network to rural areas. It is recorded under non-current asset as "Rural fils 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.

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.

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- The Group has 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 in 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 default**

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, 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.

(IN THOUSANDS OF JORDANIAN DINARS)

(3) CASH AND BANK BALANCES

This item consists of the following:

	2021	2020
Cash on hand	570	1,731
Current accounts and deposits on demand*	11,506	10,035
	12,076	11,766

* This item includes the amount of JD 113 thousand of current accounts related to the Unemployment Fund as at 31 December 2021 (31 December 2020: JD 22 thousand).

- Current accounts do not include balances with foreign banks and financial institution as at 31 December 2021 and 2020.

- There were no restricted balances as at 31 December 2021 and 2020.

(4) DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS

This item consists of the following:

	2021	2020
Deposits maturing within 3 months or less	348,626	354,314
Deposits maturing within 3 to 6 months	648,856	576,089
Deposits maturing within 6 to 12 months	635,541	575,442
	1,633,023	1,505,845
Less: provision for expected credit losses*	(9,934)	(10,208)
	1,623,089	1,495,637

- Interest rates on Jordanian Dinar deposits range between 2.95% to 4.5% for the year ended at 31 December 2021 and from 2.75% to 6.4% for the year ended at 31 December 2020.

- There are no balances with foreign banks and financial institutions and there are no restricted balances as at 31 December 2021 and 2020.

- 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:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
Balance as at 1 January	10,208	-	-	10,208	9,348
(Recovered from) provision during the year	(274)	-	-	(274)	860
Balance as at 31 December	9,934	-	-	9,934	10,208

(IN THOUSANDS OF JORDANIAN DINARS)

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

This item consists of the following:

Quoted shares:	2021	2020
Local	125,152	88,134
Foreign	10,572	7,027
	135,724	95,161

(6) LOANS AND GRANTED DEBTS

This item consists of the following:

	2021	2020
Direct loans	303,724	287,783
Syndicated loans	37,679	42,797
Housing loans	11,341	3,069
	352,744	333,649
Less: provision for expected credit losses*	(5,503)	(6,626)
	347,241	327,023

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

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
Balance as at 1 January	4,702	-	1,924	6,626	7,076
Recovered from provision during the year	(1,123)	-	-	(1,123)	(450)
Balance as at 31 December	3,579	-	1,924	5,503	6,626

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

	Balance	Interest rate	The last installment maturity date	Guarantees
		%		
Direct loans	303,724	3.5 – 8.37	1 January 2040	Governmental, real estate, legal
Syndicated loans	37,679	3.16 – 7.72	14 June 2028	Governmental, real estate, legal
Housing loans	11,341	4.75	31 December 2056	Real estate
	352,744			

Non-performing loans and debts amounted to JD 1,924 thousand representing 0.55% of loans and granted debts as at 31 December 2021 compared to JD 1,924 thousand representing 0.58% of loans and granted debts at 31 December 2020. A provision was provided in full against those loans.

(IN THOUSANDS OF JORDANIAN DINARS)

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

This item consists of the following:

	2021	2020
Financial Assets- Quoted Shares*:		
Quoted shares – local	1,308,118	935,307
Quoted shares – foreign	86,484	91,373
	1,394,602	1,026,680
Financial Assets- Unquoted Shares:	43,308	42,239
Other financial assets:		
Investments in mutual funds – USD	3,767	4,746
	1,441,677	1,073,665

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

	Ratio	2021	Ratio	2020
	%		%	
Banking sector	58	802,704	65	666,018
Manufacturing sector	41	566,288	32	327,274
Services sector	2	23,514	3	30,902
Insurance sector	0.2	2,096	0.2	2,486
		1,394,602		1,026,680

(IN THOUSANDS OF JORDANIAN DINARS)

(8) INVESTMENTS IN ASSOCIATES

This item consists of the following:

	Number of capital shares	Number of shares/ ownership	Ownership percentage	Nature of business	Last issued audited financial statements	Balance using equity method at the beginning of the year	Purchase/ Capital increase	Loans repayments	Dividends received	Share of companies' results	Share of cash flow hedges reserve	Share of fair value reserve	2021 Balance using equity method at year end	2021 Fair market value at year end	2020 Balance using equity method at year end	2020 Fair market value at year end
Listed *in Amman Stock Exchange*			%													
Jordan Kuwait Bank	150,000,000	31,562,466	21.04	Banking	31 December 2021	93,903	-	-	-	1,628	-	521	96,052	42,925	93,903	45,450
Jordan Petroleum Refinery Co.	100,000,000	20,407,497	20.41	Petrochemical	31 December 2021	50,183	-	-	(1,019)	10,619	-	1	59,784	69,082	50,183	50,352
Jordan Cement Factories	60,444,460	13,207,226	21.85	Construction	31 December 2021	-	-	-	-	-	-	-	-	7,126	-	3,827
Jordan Telecommunication Co.	187,500,000	54,150,000	28.88	Telecommunication	31 December 2021	221,466	-	-	(5,415)	7,545	-	-	223,596	115,881	221,466	79,600
Jordan Worsted Mill Factories	15,000,000	3,004,000	20.04	Textiles	31 December 2021	9,644	-	-	(421)	300	-	-	9,523	6,570	9,644	6,150
Al-Sharq Investment Projects	16,000,000	4,164,153	26.03	Hotel services	31 December 2021	5,039	5	-	-	(60)	-	138	5,122	8,037	5,039	10,410
Jordan Electricity Company	86,080,154	18,489,044	21.48	Energy	31 December 2021	42,323	-	-	(924)	2,402	-	-	43,801	21,969	42,323	22,357
						422,558	5	-	(7,779)	22,434	-	660	437,878	271,590	422,558	218,146
Non-listed in Amman Stock Exchange																
South Dead Sea Development	17,000,000	5,100,000	30	Investment	31 December 2021	5,571	-	-	-	1	-	-	5,572	5,439	5,571	5,439
Electrical Equipment Industries	3,750,000	881,250	23.5	Manufacturing	31 December 2021	991	-	-	-	(88)	-	-	903	-	991	-
Al Zanpaq Company	167,000	50,100	30	Electricity generation	31 December 2021	920	-	-	-	114	91	-	1,125	-	920	-
Zahrat Al Salam Company	167,000	50,100	30	Electricity generation	31 December 2021	933	-	-	-	112	90	-	1,135	-	933	-
Alward Aljoury Company	167,000	50,100	30	Electricity generation	31 December 2021	1,031	-	-	-	111	90	-	1,232	-	1,031	-
Jordan Solar One Company	100,000	30,000	30	Electricity generation	31 December 2021	627	-	-	-	58	194	-	879	-	627	-
Al-Zarqa Station for Electrical Power Generation	*50,000*	20,000	40	Electricity generation	31 December 2021	31,623	-	(4,472)	-	2,301	4,269	-	33,721	-	31,623	-
National Company for Infrastructure Investment	80,000	39,000	48,75	Investment	-	35	-	-	-	-	-	-	35	34	35	36
						41,731	-	(4,472)	-	2,609	4,734	-	44,602	5,473	41,731	5,475
						464,289	5	(4,472)	(7,779)	25,043	4,734	660	482,480	277,063	464,289	223,621

(IN THOUSANDS OF JORDANIAN DINARS)

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

	Jordan Kuwait Bank	
	2021	2020
Statement of Financial Position		
Assets	3,005,137	2,809,895
Liabilities	(2,537,463)	(2,353,463)
Non-controlling interest	(278)	-
Net equity	467,396	456,432
Percentage of ownership	21.04٪	21.04%
Net investment as of 31 December	96,052	93,903
Statement of Comprehensive Income		
Net Interest revenues, commissions and foreign currency	96,726	96,183
Losses on financial assets at fair value through other comprehensive income	(90)	(407)
Losses on financial assets at fair value through profit or loss	(304)	-
Cash dividends at fair value through other comprehensive income	1,069	2,768
Provision for impairment of direct credit facilities	(28,707)	(44,953)
Provision for credit losses	(1,894)	(7,269)
Employees' expenditures	(29,892)	(28,868)
Other revenues and expenses, Net	(29,203)	(21,965)
Profit (loss) for the year	7,705	(4,511)
Attributable to Bank's shareholders	7,738	(4,511)
Attributable to non-controlling interests	(33)	-
Group's share of profit (loss)	1,628	(949)

(IN THOUSANDS OF JORDANIAN DINARS)

	Jordan Petroleum Refinery	
	2021	2020
Statement of Financial Position		
Current assets	977,062	817,841
Non-current assets	266,403	276,129
Current liabilities	(897,730)	(790,893)
Non-current liabilities	(83,107)	(87,095)
Non-controlling interest	(8,604)	(9,138)
Net equity	254,024	206,844
Percentage of ownership	20.41%	20.41%
Net investment as of 31 December	59,784	50,183
Statement of Comprehensive Income		
Sales	1,239,674	957,288
Cost of sales	(1,108,571)	(921,060)
Bank interests and commissions	(20,939)	(22,458)
Selling and distribution expenses	(51,026)	(50,830)
Other (expenses) revenues, net	(6,895)	22,782
Profit (loss) for the year	52,243	(14,278)
Attributable to the Company's share holders	52,028	(14,326)
Attributable to non-controlling interests	215	48
Group's share of profit (loss)	10,619	(2,924)

(IN THOUSANDS OF JORDANIAN DINARS)

	Jordan Telecommunication Company	
	2021	2020
Statement of Financial Position		
Current assets	181,812	151,440
Non-current assets	518,646	541,487
Current liabilities	(276,017)	(258,918)
Non-current liabilities	(143,082)	(160,026)
Net equity	281,359	273,983
Percentage of ownership	28.88%	28.88%
Net investment as of 31 December	223,596	221,466
Statement of Comprehensive Income		
Revenues	333,465	317,066
Cost of services	(119,005)	(123,806)
Administrative expenses	(26,726)	(27,746)
Selling and marketing expenses	(41,696)	(37,225)
Finance income	1,432	956
Other expenses, net	(121,346)	(111,743)
Profit for the year	26,124	17,502
Group’s share of profit	7,545	5,055

(IN THOUSANDS OF JORDANIAN DINARS)

	Jordan Worsted Mill Factory	
	2021	2020
Statement of Financial Position		
Current assets	5,958	11,357
Non-current assets	50,897	44,361
Current liabilities	(979)	(903)
Non-current liabilities	(112)	(147)
Non-controlling interest	-	(3,957)
Net equity	55,764	50,711
Percentage of ownership	20٪	20.04%
Net investment as of 31 December	9,523	9,644
Statement of Comprehensive Income		
Sales	1,584	4,855
Cost of sales	(1,040)	(3,056)
Administrative expenses	(815)	(1,250)
Selling and marketing expenses	-	(50)
Other revenue and expense, net	1,769	1,125
Profit for the year	1,498	1,624
Attributable to Company's shareholders	1,498	1,304
Attributable to non-controlling interests	-	320
Group's share of profit	300	261

(IN THOUSANDS OF JORDANIAN DINARS)

	Al-Sharq Investments Projects	
	2021	2020
Statement of Financial Position		
Current assets	1,542	993
Non-current assets	18,992	18,860
Current liabilities	(828)	(493)
Net equity	19,706	19,360
Percentage of ownership	26.03%	26.03%
Net investment as of 31 December	5,122	5,039
Statement of Comprehensive Income		
Operating revenues	3,679	2,027
Operating costs	(1,224)	(862)
Administrative expenses, maintenance, marketing and deprecation	(2,685)	(2,436)
Other revenues	2	13
Loss for the year	(228)	(1,258)
Group’s share of loss	(60)	(327)

(IN THOUSANDS OF JORDANIAN DINARS)

	Jordan Electricity Company	
	2021	2020
Statement of Financial Position		
Current assets	606,007	580,177
Non-current assets	449,195	424,559
Current liabilities	(582,778)	(531,511)
Non-current liabilities	(339,877)	(348,962)
Net equity	132,547	124,263
Percentage of ownership	21.48%	21.48%
Net investment as of 31 December	43,801	42,323
Statement of Comprehensive Income		
Operating revenues	899,772	901,162
Operating costs	(751,273)	(762,530)
Administrative expenses, maintenance, marketing and deprecation	(122,617)	(112,508)
Other expenses, net	(10,413)	(14,795)
Profit for the year before tax	15,469	11,329
Income tax expense	(4,288)	(2,977)
Profit for the year	11,181	8,352
Group’s share of profit	2,402	1,794

(IN THOUSANDS OF JORDANIAN DINARS)

(9) FINANCIAL ASSETS AT AMORTIZED COST

This item consists of the following:

	Average interest rates	2021	2020
	%		
A- Government and public institution bonds			
Treasury bonds*	3.71 – 7.99	6,891,010	6,411,196
Public institutions bonds	3.97 – 6.48	36,634	40,626
		6,927,644	6,451,822
B- Bonds, debts and other securities			
Private companies bonds and debts	3.23 –7.00	160,569	133,572
Less: provision for expected credit losses**		(13,252)	(13,203)
		147,317	120,369
		7,074,961	6,572,191

Financial assets at amortized cost have maturity dates ranging between 1 month and 25 years.

* Treasury bonds include an amount of JD 181,336 thousand as of 31 December 2021, representing treasury bonds related to the unemployment fund (31 December 2020: JD 161,855 thousand).

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

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
Balance as at 1 January	12,636	-	567	13,203	15,826
Provision (recovered from) during the year	30	-	19	49	(2,623)
Balance as at 31 December	12,666	-	586	13,252	13,203

(IN THOUSANDS OF JORDANIAN DINARS)

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

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

	2021	2020
Cost-		
Balance as at 1 January	381,923	357,287
Transfer from projects in progress	15,727	24,636
Balance as at 31 December	397,650	381,923
Accumulated amortization		
Balance as at 1 January	180,769	166,200
Depreciation for the year*	14,953	14,569
Balance as at 31 December	195,722	180,769
Net book value as at 31 December	201,928	201,154

* 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:

	2021	2020
Subscribers' contribution liability	148,084	147,460
Rural fils liabilities	53,844	53,694
	201,928	201,154

(IN THOUSANDS OF JORDANIAN DINARS)

(11) PROJECTS IN PROGRESS

This item consists of the following:

	2021	2020
Aqaba Touristic Beach project*	32,142	32,142
Al-Mafraq project's land infrastructure cost**	28,555	28,392
Electricity connection projects ***	18,910	20,335
Development of Duty-Free Shops on border crossings****	13,433	11,044
Crowne Plaza Resort renovation – Petra*****	9,713	5,206
Building and development of Irbid projects' Infrastructure ******	5,706	4,145
Intercontinental Hotel renovation – Aqaba	716	563
Amra Crowne Plaza renovation – Amman	232	412
Crowne Plaza Hotel – Dead Sea	22	182
Investment Fund's Solar Energy Project*******	-	16,433
Other projects in progress	553	647
	109,982	119,501

* This item represents an amount of JD 32,142 thousand which represents the touristic beach project. The Fund is currently conducting an economic feasibility study to determine the mechanism of benefiting from this land or completing the project that was to be built on it. The Fund is expected to make a decision on the mechanism of benefiting from this land during 2022 after evaluating the results of the study.

** The Company has updated the estimated cost estimate for completion of the the Mafraq project by an engineering company on 5 February 2019. The total cost expected to complete this project is approximately JD 143 million. 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 2021.

*** This item represents the infrastructure projects for the delivery of electricity for companies affiliated with the Kingdom Electricity Company for Energy Investments, which are in progress as at 31 December 2021. The cost of completion of the unfinished part of the projects under progress is estimated at JD 15,545 thousand as at 31 December 2021 (31 December 2020: 21,193).

**** This item represents the cost of completing Jordanian Duty Free Shop's border stores and fountain project in Aqaba. The expected cost is estimated at approximately JD 17,376 thousand as at 31 December 2021 (31 December 2020: JD 16,897 thousand). These projects are expected to be completed during the year 2022.

***** This item 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.

(IN THOUSANDS OF JORDANIAN DINARS)

******This item represents the infrastructure development projects of the Daman for Development Zones. 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 2021 and is expected to be completed in 2046, based on the study provided by the consulting company.

******* During the year 2021, an amount of 17,362 thousand was capitalized on property and equipment, which represents the power plant project using solar energy, and an amount of 49 thousand was transferred to expenses.

(12) INVENTORIES

This item consists of the following:

	2021	2020
Electricity tools, material and spare parts	18,500	18,177
Finished goods	3,963	13,923
Raw materials	917	1,238
Food and beverage	239	235
Goods in transit	224	90
Supplies and operational tools	5	5
Others	6,825	6,811
	30,673	40,479
Less: provision for slow moving inventory*	(4,950)	(3,994)
	25,723	36,485

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

	2021	2020
Balance as at 1 January	3,994	3,538
Provision for the year	1,043	494
Provision for compensation of goods from suppliers	578	-
Inventory written off during the year	(665)	(38)
Balance as at 31 December	4,950	3,994

(IN THOUSANDS OF JORDANIAN DINARS)

(13) PROPERTY AND EQUIPMENT

This item consists of the following:

	Land	Buildings	Meters, cables, and pumps	Furniture and fixtures	Machinery and equipment	Vehicles	Additions and improvements	Computers	Electro-mechanical equipment	Sanitary extensions	Others	Total
2021-												
Cost:												
Balance as at 1 January	18,915	175,221	-	47,665	400,870	17,963	4,051	42,683	46,069	11,541	7,767	772,745
Additions	393	3,483	505	298	14,196	468	41	827	814	18	624	21,667
Disposal	-	(299)	-	(160)	(3,681)	(237)	-	(69)	(201)	-	(47)	(4,694)
Transfers from projects in progress*	5,213	3,066	-	32	7,205	-	-	353	8,961	-	-	24,830
Transfers from (to) properties investments	3,622	(7)	-	-	-	-	-	-	-	-	-	3,615
Balance as at 31 December	28,143	181,464	505	47,835	418,590	18,194	4,092	43,794	55,643	11,559	8,344	818,163
Accumulated depreciation:												
Balance as at 1 January	-	60,243	-	39,530	210,480	14,197	4,025	24,322	43,039	11,541	7,034	414,411
Depreciation for the year	-	4,464	2	757	17,746	1,400	2	4,049	1,683	3	109	30,215
Disposal	-	(222)	-	(100)	(2,153)	(219)	-	(157)	(199)	-	(5)	(3,055)
Balance as at 31 December	-	64,485	2	40,187	226,073	15,378	4,027	28,214	44,523	11,544	7,138	441,571
Net book value as of 31 December 2021	28,143	116,979	503	7,648	192,517	2,816	65	15,580	11,120	15	1,206	376,592
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	18,915	175,221	-	47,665	400,870	17,963	4,051	42,683	46,069	11,541	7,767	772,745
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	-	60,243	-	39,530	210,480	14,197	4,025	24,322	43,039	11,541	7,034	414,411
Net book value as at 31 December 2020	18,915	114,978	-	8,135	190,390	3,766	26	18,361	3,030	-	733	358,334

*During the year 2021, an amount of 17,362 thousand was capitalized on property and equipment, which represents the power plant project using solar energy.

(IN THOUSANDS OF JORDANIAN DINARS)

(14) INVESTMENT PROPERTIES

This item consists of the following:

	2021	2020
Land held for investment	766,555	736,278
Buildings held for investment	31,032	30,126
Advance payments to purchase investment properties	-	3,629
Others	227	236
	797,814	770,269

Movements on investment properties during the year were as follows:

	2021	2020
Balance as at 1 January	770,269	717,392
Purchase of investment properties	18,270	58,108
Transfers from investments in joint operations*	1,033	-
Profits (losses) on valuation of investment properties at fair value (note 32)	11,857	(5,362)
Transfers to properties and equipment, net**	(3,615)	-
Transfers from Social Security Corporation***	-	130
Transfers from projects in progress	-	1
Balance as at 31 December	797,814	770,269

* During 2021, 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 the year 2021, the ownership of the land of the Aqaba project was transferred in the name of the subsidiary company (First Markets Company), which cost 3,629 thousand. Thus, the cost of the land was transferred from payments on the purchase of land to property and equipment. In addition, part of the building and land of the Administrative Fund was converted at an amount of 14 thousand from property and equipment to real estate investments as a result of changing the purposes of its use.

*** 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.

(IN THOUSANDS OF JORDANIAN DINARS)

(15) INVESTMENTS IN JOINT OPERATIONS

This item consists of Al-Zaytuna project (1) and Al-Zaytuna project (2) which represent lands that the Fund invested in, jointly with Urban Development Corporation as well as other partners. These lands have been sorted and are to be distributed to the investors based on their percentage of ownership. Investments in joint operations are stated at cost as at 31 December 2021 and 2020, the details of these projects were as follows:

	2021	2020
Al-Zaytuna project (1)*	15	13
Al-Zaytuna project (2)**	-	1,033
	15	1,046

* It is expected that during 2022, the projects' lands will be transferred to investment properties.

** During the year 2021, the project lands were transferred into real estate investments after they were sorted, and their ownership transferred to the Fund.

(16) INTANGIBLE ASSETS

2021-	Exclusive right*	Licenses**	Right of passing ***	Right to use and operate ****	Goodwill*****	Computer software	Total
Cost:							
Balance as at 1 January	8,000	39,411	8,298	4,173	28,014	-	87,896
Additions	-	-	25	-	-	394	419
Balance as at 31 December	8,000	39,411	8,323	4,173	28,014	394	88,315
Accumulated amortization:							
Balance as at 1 January	7,733	15,771	3,928	2,447	-	-	29,879
Amortization for the year	267	1,970	380	137	-	52	2,806
Balance as at 31 December	8,000	17,741	4,308	2,584	-	52	32,685
Net book value as of 31 December	-	21,670	4,015	1,589	28,014	342	55,630

2020-	Exclusive right*	Licenses**	Right of passing ***	Right to use and operate ****	Goodwill*****	Computer software	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	8,000	39,411	8,298	4,173	28,014	-	87,896
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	7,733	15,771	3,928	2,447	-	-	29,879
Net book value as of 31 December	267	23,640	4,370	1,726	28,014	-	58,017

* This item represents the total amount paid by Jordanian Duty Free Shops 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 fee 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 1 January 2017, the Company is committed to pay 10.5% of its monthly gross sales to the Ministry of Finance.

- 9% service tax for the General Treasury.
- 1.5% operating expenses for the Jordanian Customs Department.

The exclusive right agreement expired on 31 August 2021 to establish and operate duty-free markets at land crossings and seaports. During the year 2021, the Prime Minister's approval was issued to extend the exclusive right agreement initially until the end of 2021, and accordingly it formed a committee headed by the Minister of Justice to negotiate directly with the Jordanian Duty Free Shops Company to reach a fair price (in exchange for services and royalties for the treasury) in exchange for extending the exclusivity right agreement and for the period that the committee deems appropriate, and determines the form of contracting with the company. Subsequent to the date of these consolidated financial statements, the Council of Ministers decided on 17 April 2022, to approve the extension of the agreement for another 10 years and with different conditions and to instruct the Minister of Finance and the Minister of Investment to sign it on behalf of the Jordanian government and consider the terms of the new agreement for the exclusive right in force from the date of signing it.

** 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 2021 as follows:

(IN THOUSANDS OF JORDANIAN DINARS)

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 2021 that was approved by the Board of Directors. Cash flows after the year 2021 was calculated using a growth rate of 0.3%. 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 11% and a growth rate of 1%. 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.

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% discount rate and a growth rate of 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:

	2021	2020
Trade receivables	436,067	318,503
Accrued revenues and interests*	137,616	127,255
Prepaid expenses	28,613	26,968
Right of use assets	8,747	7,457
Checks under collection	3,315	2,908
Deferred tax assets	3,107	2,658
Housing Fund deposits	2,473	2,623
Other debt balances	546	438
	620,484	488,810
Less: provision for expected credit losses**	(38,009)	(34,550)
	582,475	454,260

* This item includes an amount of JD 2,022 thousand as of 31 December 2021, which represents accrued interests related to Unemployment Fund (31 December 2020: JD 2,136 thousand).

(IN THOUSANDS OF JORDANIAN DINARS)

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

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
Balance as at 1 January	-	262	34,288	34,550	28,777
Provision for the year	-	-	3,497	3,497	5,773
Receivables written-off	-	-	(38)	(38)	-
Balance as at 31 December	-	262	37,747	38,009	34,550

(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 35,094 thousand as at 31 December 2021 (31 December 2020: JD 24,493 thousand).

(21) BANK LOANS

This item consists of the following:

	31 December 2021		
	Loan Installments		
	Short term	Long term	Total
Arab Bank	345	2,245	2,590
Jordan Kuwait Bank	50	18,667	18,717
Housing Bank for Trade and Finance	6,667	15,333	22,000
Jordan Islamic Bank	6,000	-	6,000
Jordan Commercial Bank	17	87	104
	13,079	36,332	49,411

(IN THOUSANDS OF JORDANIAN DINARS)

	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
	18,617	35,648	54,265

Arab Bank

This amount represents the loan amount granted to Jordan Press Foundation / Al Rai on 13 March 2014 from Arab Bank, with a celling 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 2015. The purpose of the loan is to repay the due payments for the previous loan from Arab Bank and to finance the remaining Al Rai printing 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 became 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 30 August 2020.

The company signed a contract with the Arab Bank to reschedule the loan on 19 April 2021, with a monthly instalment of 45 thousand, until full payment, except for the last instalment with the rest of the balance, The first instalment is due on 30 January 2022.

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 a ceiling 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.

Kingdom Electricity Private Shareholding Company signed an agreement with the Housing Bank on 27 October 2021, to obtain financing of 2 million at an interest rate of 4.75%, provided that the loan will be repaid in 3 equal installments starting from 26 October 2022 so the due date of the last installment is on 26 October 2024.

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 an amount 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 29 May 2019, the Company rescheduled the loan 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 30 June 2019. The loan was used to pay for incoming collection policy documents.

The Company signed a contract with the Jordan Commercial Bank to reschedule the loan on 10 March 2020. Accordingly, the loan is repaid to 24 monthly installments including interest, the value of each of which is 4 thousand, until full payment except for the last installment with the rest of the balance so that the first installment is due on 28 May 2020.

Cairo Amman Bank

This item represents the amount of the loan granted to the Kingdom Electricity Company on 21 October 2020 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. The loan balance was fully repaid during 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 including the profit against an agreed annual profit rate of 4.9% where the agreement was extended for the year 2021 to become from the date of payment to the National Electric Power Company on 15 March 2021 for a period of one year. The installment and the resulting profit are due on 15 March 2022.

(IN THOUSANDS OF JORDANIAN DINARS)

(22) END OF SERVICE INDEMNITY PROVISION

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

	2021	2020
Balance as at 1 January	16,538	14,881
Provision for the year*	4,634	2,591
Paid during the year	(2,452)	(934)
Balance as at 31 December	18,720	16,538

* Kingdom Electricity Company for Energy Investments capitalized an amount of JD 919 thousand to projects in progress as of 31 December 2021 (31 December 2020: JD 467 thousand).

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

	2021	2020
Expenses in the consolidated statement of revenues and expenses (note 34)	3,715	2,124
Capitalized to projects in progress	919	467
	4,634	2,591

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

	2021	2020
Deduction rate	5%	5.15%
Mortality rate	0.19%	0.18%
Annual increments to salaries rate	6%	4.3%
Resignation rate	3%	3%
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	2021	2020
Deduction	(1,254)	(1,083)
Salaries	1,669	1,434
Resignations	486	367

(IN THOUSANDS OF JORDANIAN DINARS)

Decrease by a rate of 1% in	Impact on the current value of employees' end of service indemnity provision 2021	2020
Deduction	1,534	1,334
Salaries	(1,318)	(1,118)
Resignations	(486)	(367)

(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 4.77% and 8.75%. The aggregate ceilings for these facilities amounted to JD 107 million as at 31 December 2021 (31 December 2020: JD 85 million).

(24) OTHER LIABILITIES

This item consists of the following:

	2021	2020
Trade payables	39,405	36,515
Revenues and grants received in advance	30,405	26,580
Waste fees	10,302	10,309
Governmental provisions and fees	10,045	8,804
Lease contract obligations	9,486	7,888
Rural fils payable	6,358	5,621
Accrued expenses	5,717	3,943
Due to the Ministry of Finance – television fees	5,303	4,463
Contingent liabilities provision*	4,570	3,476
Projects deposits	2,957	2,957
Contractors' payables and retentions	1,075	574
Other credit balances	33,156	33,133
	158,779	144,263

*Movements on provision for contingent liabilities during the year were as follows:

	2021	2020
Balance as at 1 January	3,476	537
Provision for the year	1,132	2,939
Paid during the year	(38)	-
Balance as at 31 December	4,570	3,476

(IN THOUSANDS OF JORDANIAN DINARS)

(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:

	2021	2020
Balance as at 1 January	(105,193)	176,833
Change in fair value of financial assets through other comprehensive income	367,962	(275,307)
Gains (losses) realized from sale of financial assets through other comprehensive income	18,013	(6,719)
Balance as at 31 December	280,782	(105,193)

(27) SOCIAL SECURITY CORPORATION 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 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:

	2021	2020
Balance as at 1 January	174,725	256,611
Net cash transferred during the year to the Corporation to Unemployment Fund	-	(91,183)
Unemployment fund's share of Investment Fund's returns for the year	8,739	9,297
Balance as at 31 December	183,464	174,725

(IN THOUSANDS OF JORDANIAN DINARS)

(28) MATERIAL PARTIALLY OWNED SUBSIDIARIES

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

Company name	Country	Nature of activity	Percentage of non-controlling interest 2021	Percentage of non-controlling interest 2020
Kingdom Electricity for Energy Investments*	Jordan	Energy	30%	30%
Jordan Press Foundation / AL-Rai	Jordan	Press and publishing	45.07%	45.07%
Jordanian Duty Free Shops	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. This information is based on amounts before the elimination of intercompany transactions.

	2021	2020
Accumulated balance for non-controlling interests		
Kingdom Electricity for Energy Investments	17,181	13,043
Jordan Press Foundation / AL-Rai	240	2,245
Jordanian Duty Free Shops	19,947	20,843
Al Daman for Investment	3,933	3,884

	2021	2020
Material gains (losses) attributable to non-controlling interests		
Kingdom Electricity for Energy Investments	5,917	3,747
Jordan Press Foundation / AL-Rai	(1,887)	(3,314)
Jordanian Duty Free Shops	69	92
Al Daman for Investment	49	(225)

	Kingdom Electricity for Energy Investments	
Condensed statement of financial position	2021	2020
Current assets	426,372	309,493
Non-current assets	523,702	522,557
Current liabilities	(494,095)	(394,214)
Non-current liabilities	(380,207)	(374,299)
Net equity	75,772	63,537
Share of non-controlling interests in equity	17,181	13,043

(IN THOUSANDS OF JORDANIAN DINARS)

	Kingdom Electricity for Energy Investments	
	2021	2020
Condensed statement of comprehensive income		
Operating revenues	563,277	566,575
Operating expenses	(464,925)	(471,112)
Administrative expenses	(15,163)	(35,744)
Late interest charges	(22,490)	(17,664)
Finance cost	(8,550)	(9,151)
Other expenses, net	(37,548)	(17,760)
Income for the year before income tax	14,601	15,144
Income tax	(5,321)	(3,419)
Income for the year	9,280	11,725
Other comprehensive income items	4,734	(5,830)
Total comprehensive income for the year	14,014	5,895
Attributable to the Company’s shareholders	11,567	3,069
Attributable to non-controlling interests	2,447	2,826
Non-controlling interests’ share of operating results	5,917	3,747
Condensed statement of cash flows:		
Operating activities	41,032	51,899
Investing activities	(32,085)	(36,239)
Financing activities	(19,703)	(16,549)
Net decrease in cash and cash equivalents	(10,756)	(889)

(IN THOUSANDS OF JORDANIAN DINARS)

	Jordan Press Foundation / AL-Rai	
Condensed statement of financial position	2021	2020
Current assets	3,151	2,498
Non-current assets	24,820	26,914
Current liabilities	(21,003)	(22,053)
Non-current liabilities	(6,436)	(2,380)
Net equity	532	4,979
Share of non-controlling interests in equity	240	2,245
Condensed statement of comprehensive income		
Revenue	5,271	4,928
Cost of revenues	(6,184)	(7,797)
Administrative expenses	(2,207)	(3,053)
Selling and distribution expenses	(174)	(245)
Other expenses, net	(893)	(1,185)
Loss for the year	(4,187)	(7,352)
Other comprehensive income items	-	-
Total comprehensive income for the year	(4,187)	(7,352)
Non-controlling interests' share of operating results	(1,887)	(3,314)
Condensed statement of cash flows		
Operating activities	915	(117)
Investing activities	(6)	(10)
Financing activities	(265)	(37)
Net increase (decrease) in cash and cash equivalents	644	(164)

(IN THOUSANDS OF JORDANIAN DINARS)

	Jordanian Duty Free Shops	
	2021	2020
Condensed statement of financial position		
Current assets	27,185	29,741
Non-current assets	29,221	27,428
Current liabilities	(3,943)	(3,350)
Non-current liabilities	(5,977)	(5,245)
Net equity	46,486	48,574
Share of non-controlling interests in equity	19,947	20,843
Condensed statement of comprehensive income		
Sales	27,442	26,264
Cost of sales	(16,595)	(14,784)
Administrative expenses	(4,299)	(5,755)
Selling and distribution expenses	(3,647)	(4,712)
Other expenses, net	(2,499)	(412)
Profit for the year before tax	402	601
Income tax expense	(240)	(387)
Profit for the year	162	214
Other comprehensive income items	-	-
Total comprehensive income for the year	162	214
Non-controlling interests' share of operating results	69	92
Condensed statement of cash flows:		
Operating activities	14,439	(4,640)
Investing activities	(10,725)	19,240
Financing activities	(3,074)	(25,617)
Net increase (decrease) in cash and cash equivalents	640	(11,017)

(IN THOUSANDS OF JORDANIAN DINARS)

	Al Daman for Investment	
Condensed statement of financial position	2021	2020
Current assets	3,090	3,096
Non-current assets	8,681	8,696
Current liabilities	(1,582)	(1,730)
Net equity	10,189	10,062
Share of non-controlling interests in equity	3,933	3,884
Condensed statement of comprehensive income		
Operating revenues	456	464
Operating expenses	(280)	(424)
Administrative expenses	(155)	(155)
Share of associate's results	(60)	(327)
Other revenues and expenses, net	(10)	(88)
Loss for the year	(49)	(530)
Other comprehensive income items	175	(52)
Total comprehensive income for the year	126	(582)
Non-controlling interests' share of operating results	49	(225)
Condensed statement of cash flows:		
Operating activities	(11)	(14)
Investing activities	94	118
Financing activities	(103)	(97)
Net (decrease) increase in cash and cash equivalents	(20)	7

(IN THOUSANDS OF JORDANIAN DINARS)

(29) NET OPERATING REVENUES

2021-	Hotels sector	Press and publishing sector	Power sector	Commercial sector	Other sectors	Total sectors
Operating revenues	19,839	5,270	563,277	27,442	2,969	618,797
Operating expenses	(8,865)	(4,099)	(464,925)	(16,595)	(576)	(495,060)
Net operating revenues	10,974	1,171	98,352	10,847	2,393	123,737

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

(30) INTEREST INCOME

This item consists of the following:

	2021	2020
Interest on bonds and treasury bills*	408,110	383,814
Interest on balances and deposits at banks and financial institutions*	58,862	62,399
Interest on loans and granted debts	19,075	16,316
	486,047	462,529

* These items contain an amount of JD 8,766 thousand as of 31 December 2021 representing interest income for the unemployment fund (2020: JD 9,296 thousand).

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

This item consists of the following:

	2021	2020
Realized gains	88	3,556
Unrealized revaluation gains (losses)	40,897	(4,122)
Commissions on purchasing and selling of financial assets	(2)	(1)
	40,983	(567)

(IN THOUSANDS OF JORDANIAN DINARS)

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

This item consists of the following:

	2021	2020
Revenues:		
Leased properties revenue	3,254	4,011
Compensation received	-	68
Expenses:		
Management fees, evaluation and other fees	(510)	(476)
Change in fair value:		
Gains (losses) on investment properties valuation at fair value (note 14)	11,857	(5,362)
	14,601	(1,759)

(33) DIVIDENDS DISTRIBUTION

This item consists of the following:

	2021	2020
Dividends from financial assets through other comprehensive income	36,850	13,473
Dividends from financial assets through profit or loss	6,796	926
	43,646	14,399

(34) GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following:

	2021	2020
Salaries, wages and employees' benefits	50,177	50,653
End of service indemnity (note 22)	3,715	2,124
Vehicles and transportation expenses	2,911	2,434
Board of Director's remuneration and transportation	2,419	2,518
Governmental fees and licenses	1,805	1,656
Rent	1,264	1,003
Professional and consultancy fees	1,143	2,753
Spare parts and material	979	809
Insurance expense	958	1,205
Interest on lease contracts obligations	790	682
Depreciation on right of use asset	744	720
Electricity, water and fuel	729	776
Telephone and mail	695	619
Legal expenses	506	-
Stationery and printings	317	266
Hotels supervision and operating fees	208	149
Repair and maintenance	166	140
Training and courses expense	105	94
Others	6,543	4,914
	76,174	73,515

(IN THOUSANDS OF JORDANIAN DINARS)

(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 30,122 thousand as at 31 December 2021 (2020: JD 25,144 thousand).

(36) CASH AND CASH EQUIVALENTS

This item consists of the following:

	2021	2020
Cash on hand, current and on demand accounts (note 3)	12,076	11,766
Deposits maturing within three months or less (note 4)	348,626	354,314
	360,702	366,080

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

	2021	2020
Cash and cash equivalents	360,702	366,080
Due to banks (note 23)	(83,436)	(70,229)
	277,266	295,851

(37) RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent 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:

	2021				2020
Consolidated Statements of financial position items	Parent	Associates	Others	Total	Total
Assets and liabilities:					
Bank balances and deposits-					
Jordan Kuwait Bank (current account)	-	3	-	3	28
Jordan Kuwait Bank (deposits)	-	67,700	-	67,700	55,285
Due from related parties-					
Al-Zarqa Station for Electrical Power Generation Company	-	-	-	-	29
InterContinental Hotels Group	-	-	-	-	9
				-	38
Loans-					
Social Security Corporation	100,000	-	-	100,000	100,000
Jordan Kuwait Bank (Note 21)	-	18,717	-	18,717	18,716

(IN THOUSANDS OF JORDANIAN DINARS)

Consolidated statement of revenue and expenses items

Interest-					
Deposits at Jordan Kuwait Bank	-	1,487	-	1,487	1,639
Social Security Corporation	4,044	-	-	4,044	2,835
Executive management salaries and remunerations	-	-	2,419	2,419	2,518
Investment Board remunerations	-	-	119	119	122
Cash dividends-					
Jordan Petroleum Refinery Co.	-	1,019	-	1,019	3,468
The Jordan Worsted Mills Factory	-	421	-	421	541
Jordan Telecommunication Co.	-	5,415	-	5,415	4,332
Jordanian Electric Power Co.	-	924	-	924	1,341
Al Zanpaq Company	-	-	-	-	151
Zahrat Al Salam Company	-	-	-	-	136
Alward Aljoury Company	-	-	-	-	149
Jordan Solar one Company	-	-	-	-	236

(38) FAIR VALUE 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 it 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.

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.

(IN THOUSANDS OF JORDANIAN DINARS)

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:

2021-

Currency	Increase in interest rate	Impact on surplus of revenues over expenses for the year	Impact on owners' equity
	%		
JD	1	86,758	86,758
USD	1	3,815	3,815

2020-

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

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.

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:

2021-	Change in indicator	Effect on surplus of revenues over expenses for the year	Effect on Social Security Corporation equity
	%		
Indicator			
Amman Stock Exchange	5	6,258	71,664
Palestine Stock Exchange	5	529	529
London Stock Exchange	5	-	4,324
		6,787	76,517
2020-			
Indicator			
Amman Stock Exchange	5	4,407	51,172
Palestine Stock Exchange	5	351	351
London Stock Exchange	5	-	4,569
		4,758	56,092

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.

(IN THOUSANDS OF JORDANIAN DINARS)

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.

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:

2021-	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
Assets								
Cash and bank balances	12,076	-	-	-	-	-	-	12,076
Deposits at banks and financial institutions	474,651	296,038	606,808	245,592	-	-	-	1,623,089
Financial assets at fair value through profit or loss	-	-	-	-	-	-	135,724	135,724
Loans and granted debts	311	12,504	15,070	18,121	85,299	215,936	-	347,241
Financial asset at fair value through other comprehensive income	-	-	-	-	-	-	1,441,677	1,441,677
Investments in associates	-	-	-	-	-	-	482,480	482,480
Financial assets at amortized cost	-	14,999	277,916	155,880	1,052,507	5,573,659	-	7,074,961
Subscribers' contributions and rural fils assets	-	-	-	-	-	201,928	-	201,928
Projects in progress	-	-	-	-	-	-	109,982	109,982
Inventories	-	-	-	-	-	-	25,723	25,723
Property and equipment	-	-	-	-	-	-	376,592	376,592
Investment properties	-	-	-	-	-	-	797,814	797,814
Investments in joint operations	-	-	-	-	-	-	15	15
Due from related parties	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	55,630	55,630
Other assets	-	-	-	-	-	-	582,475	582,475
Total Asset	487,038	323,541	899,794	419,593	1,137,806	5,991,523	4,008,112	13,267,407
Liabilities and Equity								
Liabilities-								
Subscribers' contributions and rural fils liabilities	-	-	-	-	-	201,928	-	201,928
Electricity service subscribers' deposits	-	-	-	-	-	79,159	-	79,159
Advance payments from electricity subscribers	-	-	-	-	-	18,940	-	18,940
Due to National Electric Power Company	-	-	-	-	-	331,237	-	331,237
Bank loans	-	-	-	9,882	-	39,529	-	49,411
End of service indemnity provision	-	-	-	-	-	18,720	-	18,720
Due to banks	83,436	-	-	-	-	-	-	83,436
Income tax provision	-	-	6,038	-	-	-	-	6,038
Other liabilities	-	-	-	-	-	158,779	-	158,779
Total liabilities	83,436	-	6,038	9,882	-	848,292	-	947,648
Equity-								
Social Security Corporation Equity:								
Social Security Corporation current account	-	-	-	-	-	-	6,542,251	6,542,251
Social Security Corporation current account – Unemployment Fund	-	-	-	-	-	-	183,464	183,464
Property and equipment revaluation reserve	-	-	-	-	-	-	31,812	31,812
Fair value reserve	-	-	-	-	-	-	280,782	280,782
Cash flow hedges reserve	-	-	-	-	-	-	(3,764)	(3,764)
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	5,241,263	5,241,263
Total Social Security Corporation Equity	-	-	-	-	-	-	12,275,808	12,275,808
Non-controlling interests	-	-	-	-	-	-	43,951	43,951
Total liabilities and equity	83,436	-	6,038	9,882	-	848,292	12,319,759	13,267,407

(IN THOUSANDS OF JORDANIAN DINARS)

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	Without maturity	Total
Assets								
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 fils 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
Liabilities and Equity								
Liabilities-								
Subscribers' contributions and rural fils liabilities	-	-	-	-	-	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
Equity-								
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

(IN THOUSANDS OF JORDANIAN DINARS)

Sensitivity of interest prices were as follows:

2021-	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	12,076	-	-	-	-	-	-	12,076
Deposits at banks and financial institutions	474,651	296,038	606,808	245,592	-	-	-	1,623,089
Financial assets at fair value through profit or loss	-	-	-	-	-	-	135,724	135,724
Loans and granted debts	311	12,504	15,070	18,121	85,299	215,936	-	347,241
Financial asset at fair value through other comprehensive income	-	-	-	-	-	-	1,441,677	1,441,677
Investments in associates	-	-	-	-	-	-	482,480	482,480
Financial assets at amortized cost	-	14,999	277,916	155,880	1,052,507	5,573,659	-	7,074,961
Subscribers' contributions and rural fils assets	-	-	-	-	-	201,928	-	201,928
Projects in progress	-	-	-	-	-	-	109,982	109,982
Inventories	-	-	-	-	-	-	25,723	25,723
Property and equipment	-	-	-	-	-	-	376,592	376,592
Investment properties	-	-	-	-	-	-	797,814	797,814
Investments in joint operations	-	-	-	-	-	-	15	15
Due from related parties	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	55,630	55,630
Other assets	-	-	-	-	-	-	582,475	582,475
Total Asset	487,038	323,541	899,794	419,593	1,137,806	5,991,523	4,008,112	13,267,407
Liabilities and equity								
Liabilities-								
Subscribers' contributions and rural fils liabilities	-	-	-	-	-	201,928	-	201,928
Electricity service subscribers' deposits	-	-	-	-	-	79,159	-	79,159
Advance payment from electricity subscribers	-	-	-	-	-	18,940	-	18,940
Due to National Electric Power Company	-	-	-	-	-	331,237	-	331,237
Bank loans	-	-	-	9,882	-	39,529	-	49,411
End of service indemnity provision	-	-	-	-	-	18,720	-	18,720
Due to banks	83,436	-	-	-	-	-	-	83,436
Income tax provision	-	-	-	-	-	6,038	-	6,038
Other liabilities	-	-	-	-	-	158,779	-	158,779
Total Liabilities	83,436	-	-	9,882	-	854,330	-	947,648
Equity-								
Social Security Corporation Equity:								
Social Security Corporation current account	-	-	-	-	-	-	6,542,251	6,542,251
Social Security Corporation current account – Unemployment Fund	-	-	-	-	-	-	183,464	183,464
Property and equipment revaluation reserve	-	-	-	-	-	-	31,812	31,812
Fair value reserve	-	-	-	-	-	-	280,782	280,782
Cash flow hedges reserve	-	-	-	-	-	-	(3,764)	(3,764)
Surplus of revenues over accumulated expenses	-	-	-	-	-	-	5,241,263	5,241,263
Total Social Security Corporation Equity	-	-	-	-	-	-	12,275,808	12,275,808
Non-controlling interests	-	-	-	-	-	-	43,951	43,951
Total liabilities and equity	83,436	-	-	9,882	-	854,330	12,319,759	13,267,407
Sensitivity variance	403,602	323,541	899,794	409,711	1,137,806	5,137,193	(8,311,647)	-
Cumulative sensitivity variance	403,602	727,143	1,626,937	2,036,648	3,174,454	8,311,647	-	-

(IN THOUSANDS OF JORDANIAN DINARS)

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	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 fils 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
Liabilities and equity								
Liabilities-								
Subscribers' contributions and rural fils liabilities	-	-	-	-	-	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
Equity-								
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
	99,467	240,736	809,011	771,463	1,165,663	4,488,857	(7,575,197)	-
Sensitivity variance								
Cumulative sensitivity variance	99,467	340,203	1,149,214	1,920,677	3,086,340	7,575,197	-	-

(IN THOUSANDS OF JORDANIAN DINARS)

(40) SEGMENT INFORMATION

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

	31 December 2021		31 December 2020	
	Assets	Liabilities	Assets	Liabilities
Geographical region				
Inside Jordan	13,170,351	947,648	11,940,436	831,420
Arab countries (note 5)	10,572	-	7,027	-
Europe (note 7)	86,484	-	91,373	-
	13,267,407	947,648	12,038,836	831,420

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

	31 December 2021		31 December 2020	
	Assets	Liabilities	Assets	Liabilities
Economic sector				
Investment	11,991,049	9,050	10,895,949	8,518
Hotels	117,736	5,345	104,479	5,010
Press and publishing	27,971	27,439	29,413	24,433
Energy	948,758	850,244	826,695	740,416
Trading	56,406	9,920	57,169	8,595
Other	125,487	45,650	125,131	44,448
	13,267,407	947,648	12,038,836	831,420

(41) CONTINGENT LIABILITIES

The contingent liabilities of the Group as of 31 December 2021 consist of the following:

A. As at 31 December 2021, the outstanding letters of credit and letters of guarantee were JD 14,174 thousand (2020: JD 10,293 thousand).

B. The expected remaining obligations to complete projects in progress for subsidiaries and Hotels owned by the Fund as at 31 December 2021 amounted to JD 263,421 thousand (2020: JD 268,590 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 in a row 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.

(IN THOUSANDS OF JORDANIAN DINARS)

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

	31 December	
	2021	2020
Less than 1 year	103	91
1 to 5 years	513	512
Over 5 years	29,419	30,419
	30,035	31,022

(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 Level (1) input that is significant to the fair value measurement is directly (such as prices) or indirectly observable (any derivative of prices).
- Level (3): Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	Level (1)	Level (2)	Level (3)	Total
2021 -				
Financial assets:				
Financial assets through profit or loss	135,724	-	-	135,724
Financial assets through other comprehensive income	1,394,602	-	47,075	1,441,677
	1,530,326	-	47,075	1,577,401
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
	1,121,841	-	46,985	1,168,826

(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 2021 (31 December 2020: JD 1,004 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 lawsuits within the ordinary course of business amounting to JD 5,470 thousand as at 31 December 2021 (31 December 2020: JD 5,141 thousand). Management and legal counsel believe that no obligations shall arise from these lawsuits.

Jordanian Duty Free Shops – Subsidiary

a. There are labor lawsuits raised against Jordanian Duty Free Shops Company with an amount of JD 17 thousand (31 December 2020: JD 27 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 455 thousand (31 December 2020: JD 20 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 15 thousand as at 31 December 2021 related to claims by lessees (31 December 2020: JD 66 thousand).

Kingdom Electricity Company for Energy Investments – Subsidiary

There are lawsuits against the Group related to its activities with a total amount of JD 1,624 thousand as at 31 December 2021 (31 December 2020: JD 2,184 thousand). Management and legal counsel believe that the current lawsuit provision recognized by the Group is sufficient and there is no need to recognize additional provision.

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.

Crowne Plaza Resort – Dead Sea – Fully Owned Hotel

There are lawsuits raised against the resort amounting to JD 8 thousand as at 31 December 2021 (31 December 2020: JD 6 thousand). Management and legal counsel believe that the provision is sufficient to face any obligations from these lawsuits.

Intercontinental Resort – Aqaba - Fully Owned Hotel

There are lawsuits raised against the resort amounting to JD 158 thousand as at 31 December 2021 (31 December 2020: JD 88 thousand) related to the resort activities. Risks related to these lawsuits and their probability of occurrence were analyzed. Management and legal counsel believe that lawsuit provision recognized by the resort is sufficient to face any obligations from these lawsuits.

(IN THOUSANDS OF JORDANIAN DINARS)

Holiday Inn Resort - Dead Sea – Fully Owned Hotel

There are no lawsuits raised against the resort as at 31 December 2021 (31 December 2020: JD 7 thousand).

Crowne Plaza Hotel – Amman – Fully Owned Hotel

There are lawsuits raised against the hotel amounting to JD 65 thousand as at 31 December 2021 (31 December 2020: JD 49 Thousand). Management and legal counsel believe that there is no need to recognize a provision for them.

Crowne Plaza Hotel Petra and its Rest House - Fully Owned Hotel

There are labor lawsuits raised against the hotel amounting to JD 48 thousand as at 31 December 2021 (31 December 2020: JD 43 thousand). Management and legal counsel believe that the provision is sufficient.

(44) INCOME TAX PROVISION

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

	2021	2020
Balance as at 1 January	5,466	3,356
Income tax expense for the year	7,002	5,457
Recovered from prior years' income tax	-	(275)
Income tax deposits	(3)	-
Income tax paid	(6,427)	(3,072)
Balance as at 31 December	6,038	5,466

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

	2021	2020
Income tax expense for the year	7,002	5,457
Change in deferred tax assets	(449)	(201)
Recovered from prior years' income tax	-	(275)
	6,553	4,981

Tax Position of the Group

Social Security Investment Fund

The income tax provision for the year ended 31 December 2021 and 2020 has been calculated in accordance with income tax law No. (34) of 2014 and its amendments. Management believes that the provision amounting to JD 272 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 excluding net income from rentals and dividends from foreign investments.

The Fund submitted its tax declarations for the years 2020 and 2019 within the legal period. The Income Tax Department did not review the Fund's accounting records until the date of these consolidated financial statements.

The Fund submitted its tax declarations for the years 2015 to 2018. The Income Tax Department estimated tax differences in a total of 433 thousand dinars for those years. The Fund objected to the claimed amounts and filed a lawsuit against the Department at the Income Tax Court of First Instance. The case is still pending with the court until 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 Tax Department up to the year 2019. The Fund submitted its tax declarations for the year 2020. The Income and Sales Tax Department did not review the Fund's accounting records until the date of these consolidated financial statements.

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 Company submitted its tax declarations for the years 2020 to 2019. The Income and Sales Tax Department did not review the Company's accounting records 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 up to the year 2019. The Company submitted its tax declarations for the year 2020 within the legal period. 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 – subsidiary of Kingdom Electricity Company for Energy Investments

The Company has obtained a final clearance up to the year 2017 and the Company has submitted the tax deceleration for the years 2020, 2019 and 2018. The Income and Sales Tax Department did not review the Company's accounting records until the date of these consolidated financial statements.

Jordan Press Foundation / Al Rai – Subsidiary

Income tax provision was not calculated for the years ended 31 December 2021 and 31 December 2020 due to the excess of deductible expenses over taxable income in accordance with the Income Tax Law No. (34) Of 2014 and its amendments.

The Company submitted its tax declarations for the years up to 2020 and 2019. The Income and Sales Tax Department did not review the Company's accounting records until the date of these consolidated financial statements**.**

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

Jordanian Duty Free Shops Public Shareholding Company – Subsidiary

Income tax is calculated on interest income and other income for the years ended 31 December 2021 and 31 December 2020. 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 and its amendments.

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 269,689 was estimated as tax claim for the years 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 2021, the Court of Cassation called back to the case to the Court of First Instance to reopen the case.

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 2020 up to the date of these consolidated financial statements.

The Group has registered for sales tax with retroactive effect from 1 January 2014 It is committed to submitting returns within the legal deadlines and audited returns until the year 2019.

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 2017, 2018 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 2021 and 2020 due to the excess of taxable expenses over taxable income in accordance with the Income Tax Law No. (34) of 2014 and its amendments.

Al-Daman for Investments Public Shareholding Company – Subsidiary
Income tax for the years ended 31 December 2021 and 2019 was not calculated due to the Company having accumulated losses in accordance with Income Tax Law No. (34) of 2014 and its amendments and the Aqaba Special Economic Zone Law No. (32) of 2000 and its amendments. 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. (34) of 2014 and its amendments and the Aqaba Special Economic Zone Law No. (32) of 2000 and its amendments.

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 years 2019 and 2020 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 2017.

Tax declarations related to the Company's activities in Aqaba were submitted for the years 2020, 2019 and 2018 within the legal notice. 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 2021 and 2020 in accordance with Income Tax Law No. (34) of 2014 and its amendments. The income tax rates were adjusted starting 1 January 2019 to be 20% for income tax in addition to 1% national contribution.

The Company submitted its records for the year 2017 and 2020 and the Income and Sales Tax Department has accepted the Company's record within the sampling system. 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 Zones – Subsidiary
The Company has calculated its income tax provision for the years ended 31 December 2021 and 2020, in accordance with Income Tax Law No. (34) of 2014 and its amendments 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 in accordance with Income Tax Law No. (34) of 2014 and its amendments.

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 up to 2020, 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 year 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 years 2020 and 2019, the Income and Sales Tax Department did not review the Company's records up to that date, and it accepted the tax record submitted by the Company based on the samples system up to the year 2018.

Daman for Development Zones Company submitted its tax records up to the year 2020 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 2020 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 2021 and 2020 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 Income and Sales Tax Department had reviewed the Company's accounting records up to 2020 and the Company obtained final clearance up to 2020.

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

The global economy was affected by the outbreak of the Corona virus, which led to a fundamental disruption in the global economy and various business sectors, as the government of the Hashemite Kingdom of Jordan decided during the year 2020 to impose a curfew law and suspend all business activities in the Kingdom in order to limit the spread of the virus. Consequently, this was negatively reflected on the results of the Social Security Investment Fund and its subsidiaries, which were affected by the government measures taken during the year 2020 to combat the virus.

During 2021, amendments to the defense laws and other decisions were issued by various parties to help the Jordanian economy in continuity by allowing the sectors to return to practice their business again, which directly contributed to the rise in stock prices in the Amman Stock Exchange, and thus increased the fair value of the fund's listed investments, and an increase in dividends for the year 2021 compared to the year 2020.

The tourism and hotel sector was also affected by the amendments to defense laws and decisions issued during 2021, which had a positive impact on business results for the year 2021 compared to the year 2020 due to the easing of restrictions and tightening of travel procedures, the opening of vital sectors, the increase in the occupancy rate of rooms, the average room rate for the day and One-available-room revenue, which contributed to the improvement in the performance of the hotels owned by the Fund for the year 2021 compared to the previous year and the budget for 2020.

(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

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 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. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

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

In January 2021, 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 2024 and must be applied retrospectively.

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

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2021, 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 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. This standard is not applicable to the Group.

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.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

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

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.