Deposit Insurance Corporation
Legal entity with financial and administrative independence
Amman-The Hashemite Kingdom of Jordan

Financial Statements and
Independent Auditor's Report
for the year ended December 31, 2018

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INDEX

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Independent auditor's report

To Messrs. Board of Directors
Deposit Insurance Corporation
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Opinion

We have audited the financial statements of **Deposit Insurance Corporation (Legal entity with financial and administrative independence)**, which comprise the statement of financial position as at December 31, 2018, and the statements of revenues and expenses, changes in equity and cash flows for the year then ended, and notes to the financial statements comprising significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects of the financial position of the Corporation as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements, 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, 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 financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 International Standards on Auditing 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 International Standards on Auditing, 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 Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Corporation 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 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 Corporation has proper accounting records which are, in all material respects, consistent with the accompanying financial statements, accordingly, we recommend to approve these financial statements by the board of directors.

Talal Abu-Ghazaleh & Co. International

Mohammad Alazraq
License # (1000)
Amman, March 31, 2019

Deposit Insurance Corporation
Legal entity with financial and administrative independence
Amman-The Hashemite Kingdom of Jordan

Statement of financial position as at December 31, 2018

	Notes	2018	2017
		JD	JD
ASSETS			
Current Assets			
Current account at Central Bank of Jordan		729,649	23,481,236
Accrued and uncollected interests of financial assets at amortized cost		11,435,568	9,410,650
Other debit balances		6,892	6,950
Financial assets at amortized cost - short term	3	162,437,637	157,267,970
Total Current Assets		**174,609,746**	**190,166,806**
Non-current Assets			
Housing financing and loans granted to employees	4	1,114,510	1,051,107
Financial assets at amortized cost	3	598,409,863	499,270,109
Property and equipment	5	3,655,570	3,768,460
Total Non-Current Assets		**603,179,943**	**504,089,676**
TOTAL ASSETS		**777,789,689**	**694,256,482**
LIABILITIES AND EQUITY			
Liabilities			
Other credit balances	6	33,995	62,404
EQUITY			
Capital	7	3,300,000	3,300,000
Reserves	8	774,455,694	690,894,078
Total Equity		**777,755,694**	**694,194,078**
TOTAL LIABILITIES AND EQUITY		**777,789,689**	**694,256,482**

The accompanying notes form part of these financial statements

Deposit Insurance Corporation
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Statement of revenues and expenses for the year ended December 31, 2018

	Notes	2018	2017
Revenues		JD	JD
Membership fees	9	48,350,320	48,874,231
Intersets of financial assets at amortized cost		36,420,198	30,753,204
Housing financing revenues		15,728	14,975
Employee loans interests		4,782	4,695
Others		236	449
Total revenues		**84,791,264**	**79,647,554**
Administrative expenses	10	(1,229,648)	(1,172,046)
Surplus		**83,561,616**	**78,475,508**

Deposit Insurance Corporation
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Statement of changes in equity for the year ended December 31, 2018

	Capital	Reserves	Total
	JD	JD	JD
Balance as at January 1, 2017	3,300,000	612,418,570	**615,718,570**
Surplus	-	78,475,508	**78,475,508**
Balance as at December 31, 2017	**3,300,000**	**690,894,078**	**694,194,078**
Surplus	-	83,561,616	**83,561,616**
Balance as at December 31, 2018	**3,300,000**	**774,455,694**	**777,755,694**

The accompanying notes form part of these financial statements

Deposit Insurance Corporation
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Statement of cash flows for the year ended December 31, 2018

	2018	2017
Cash Flows From Operating Activities	JD	JD
Surplus	83,561,616	78,475,508
Adjustments for:		
Depreciation	118,358	116,017
Gain on sale of property and equipment	(236)	(449)
Interest revenues	(36,420,198)	(30,753,204)
Changes in operating assets and liabilities:		
Other debit balances	58	(106)
Other credit balances	(22,304)	(41,942)
Net cash from operating activities	**47,237,294**	**47,795,824**
Cash Flows From Investing Activities		
Financial assets at amortized cost	(104,309,421)	(63,449,708)
Housing financing and loans granted to employees	(63,403)	(120,309)
Interests received	34,395,280	28,745,541
Proceeds from sale of property and equipment	521	458
Purchase of property and equipment	(11,858)	(7,359)
Net cash from investing activities	**(69,988,881)**	**(34,831,377)**
Net change in cash and cash equivalents	**(22,751,587)**	**12,964,447**
Cash and cash equivalents - beginning of year	23,481,236	10,516,789
Cash and cash equivalents - end of year	**729,649**	**23,481,236**
Non-cash transaction		
Closing the remaining balance of the solar system - project under construction in the deposits account	6,105	-

The accompanying notes form part of these financial statements

Notes to the Financial Statements for the year ended December 31, 2018

1. Legal status and activities

- The Corporation was established on September 17, 2000 as legal entity with financial and administrative independence by virtue of law number 33 for the year 2000.
- The major purposes of the Corporation are to protect depositors with banks by insuring their deposits in accordance with the provision of the Corporation law in order to encourage savings and strengthen confidence in the Kingdom's banking system. Consequently, the Corporation promptly reimburses depositors of member banks within certain limits, when any banks has been decided to be liquidated, which aims at reimbursing all depositors alongside the continuous supervision by the Central Bank of Jordan.
- The following deposits are not subjected to the law:
  - Government deposits.
  - Interbank deposits.
  - Cash collaterals within the limits of the value of the extended facilities guaranteed by the said collaterals.
- The Corporation only insure deposits in Jordanian dinars that not exceeding fifty thousand Jordanian Dinars per depositor in each member bank, the member banks in the Corporation are all Jordanian banks and branches of foreign banks operating in the Kingdom, except:
  - Branches of Jordanian banks operating outside the Kingdom.
  - Islamic banks licensed to work in the Kingdom unless it decides to join the Corporation to insure its deposits.
- The Corporation insure deposits in any foreign currency subjected by the Central Bank to this law.
- The Corporation source of fund as follow:
  - The annual membership fees paid by banks to the corporation.
  - The returns on the investments of the corporation's funds.
  - Any loans obtained by the corporation in accordance with the provision of this law.
  - Any financial grants given to the corporation with the approval of the central bank's board of directors. The council of ministers approval must also be obtained if the grant is given by a non-Jordanian parties.
- The financial statements were approved by the Board of Directors in its session held on March 31, 2019.

2. Basis for preparation of financial statements and significant accountant policies

2-1 Basis for financial statement preparation

– **Financial statements preparation framework**

The financial statements have been prepared in accordance with International Financial Reporting Standards.

– **Measurement bases used in preparing the financial statements**

The financial statements have been prepared on the historical cost basis except for measurement of certain items at bases other than historical cost.

– **Functional and presentation currency**

The financial statements have been presented in Jordanian Dinar (JD) which is the functional currency of the entity.

2-2 Using of estimates

- When preparing of financial statements, management uses judgments, assessments and assumptions that affect applying the accounting policies and currying amounts of assets, liabilities, revenue and expenses. Actual result may differ from these estimates.
- Change in estimates are reviewed on a constant basis and shall be recognized in the period of the change, and future periods if the change affects them.
- For example, estimates may be required for expected credit losses, useful lives of depreciable assets, provisions, and any legal cases against the entity.

2-3 Application of new and modified International Financial Reporting Standards

New and modified standards adopted by the entity

- International Financial Reporting standers no. (9).

IFRS (9) replaced "incurred losses" model under IAS (39) with "Expected credit losses" impairment model.

The new impairment model require the entity to calculate the expected credit losses and the changes in expected credit losses at each reporting date, in other words, its no longer require a credit event to have occurred before credit losses are recognized.

IFES (9) require the entity to recognize expected credit losses on debts instruments measured at mortised cost or at fair value through other comprehensive income, but not for other debts instruments and equity investments which are subsequently measured at fair value through profit or loss.

- International Financial Reporting standards no. (15) "Revenues from contracts with customers"

International Financial Reporting Standard no. (15) Issued on May 2014, which establishes a comprehensive model for the use of accounting for revenues from customers, IFRS (15) replaces the guidance of current revenue recognition including IAS (18) "revenues" and IAS (11) "construction contracts" and the related interpretations as of January 1, 2018.

The core principle of IFRS (15) is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard present a five-step model to recognize revenue:

Step 1: Identify the contract (s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

According to IFRS (15) the entity recognizes revenues when (or as) it satisfies a performance obligation by transferring "control" of the promised goods or services based on the specific performance obligation to the customer. More mandatory requirements have been added to the standard to deal with different cases, and also the standard requires comprehensive disclosures.

- According to management estimates, there is no material impact from the application of IFRS (9) and IFRS (15) on the financial statements.

Standards and Interpretations issued but not yet effective

Standard or Interpretation No.	Description	Effective date
IFRS (16) – New	Leases – all leases are being recognized in the statement of financial position, without distinctions between operating and finance leases.	Jan 1, 2019 or after
IFRS (17) - New	Insurance contracts.	Jan 1, 2021 or after
IFRIC No. (23)	Uncertainty over income tax treatments.	Jan 1, 2019 or after

2-4 Summary of significant accounting policies

– **Financial instruments**

Financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

–**Financial assets**

– A financial asset is any asset that is:
  (a) Cash;
  (b) An equity instrument of another entity;
  (c) A contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.
  (d) A contract that will or may be settled in the entity's own equity instruments.

– Financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset, but for financial assets at fair value through profit or loss, transaction costs are recognized in profit or loss.

– Financial assets are classified to three categories as follows:
  –Amortized cost.
  –Fair value through other comprehensive income.
  –Fair value through profit or loss.

– A financial asset is measured at amortized cost if both of the following conditions are met:
  (a) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
  (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent measurement of financial assets

Subsequently financial assets are measured as follows:

Financial assets	Subsequent measurement
Financial asserts at amortized cost	Are subsequently measured at amortized cost using effective interests method. –Amortized cost is reduced by impairment losses. –Interests income, gain and loss of foreign exchange and impairment loss are recognized in profit or loss. –Gain and loss from disposal are recognized in profit or loss.

Derecognition of financial assets

Derecognition of financial assets (or a part of a group of similar financial assets) when:

- The contractual rights to the cash flow from the financial assets expire, or
- It transfers the contractual rights to receive the cash flows of the financial assets or assume a contractual obligation to pay the cash flows entirely to a third party.

- **Financial liabilities**

  - A financial liability is any liability that is:
    (a) A contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
    (b) A contract that will or may be settled in the entity's own equity instruments.
  - Financial liabilities are initially recognized at fair value less transaction costs, directly attributable to the acquisition or issue of those liabilities, except for the financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.
  - After initial recognition, the entity measures all financial liabilities at amortized cost using the effective interest method, except for financial liabilities at fair value through profit or loss which are measured at fair value and other determined financial liabilities which are not measured under amortized cost method.
  - Financial liabilities at fair value through profit or loss are stated at fair value, with any resulting gain or loss from change in fair value is recognized through profit or loss.

Trade payables and accruals

Trade payables and accruals are liabilities to pay for goods or services that have been received or supplied and have been either invoiced or formally agreed with the suppliers or not.

- **Offsetting financial instruments**

A financial asset and a financial liability are offset and the net amount presented in the statement of financial position when, and only when, an entity currently has a legally enforceable right to set off amounts and intends either to settle in a net basis, or through realize the asset and settle the liability simultaneously.

- **Cash and cash equivalents**

Cash comprises cash on hand, current accounts and short term deposits at banks with a maturity date of three months or less, which are subject to an insignificant risk of changes in value.

Loans

- Housing loans/ financing are given for the following purposes:
  - To build a house within the kingdom on land owned wholly or in a roof owned for this purpose
  - Buy a house or an apartment in the Kingdom.
  - Buy land and build a house in the Kingdom.
  - Buy partner shares on land or property in order to full ownership except buying shares of husband of wife.
  - Maintenance owned house or make improvement on it.
  - Pay banking loans or loans of any public parties provided that loan has been given for above purposes.
- Loan and its interests should be repaid during a period not exceeding 30 years from the date of granting, provided that employee age should not exceed seventy years old at end of the this period.

- **Impairment of financial assets**
  - At each reporting date, the Corporation assesses whether financial assets carried at amortized cost and debt securities at FVTOCI are credit - impaired. A financial assets is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.
  - The entity recognizers loss allowance for expected credit loss (ECL) on:
    - Financial assets measured at amortized cost.
    - Debt investments measured at FVOCI.
    - Contract assets.
  - The entity measures loss allowances at an amount equal to lifetime ECLs.
  - Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.
  - When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Entity considers reasonable and supportable information that is relevant and available without undue cost or effort based in the entitys historical experience and forward looking information.
  - The entity considers a financial asset to be in default when:
    - The client is unlikely to pay its credit obligations to the entity in full, without recourse by the entity to actions such as realizing security (if any); or
    - The financial asset is more than 360 days past due.
  - Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.
  - A financial assets is written of when there is no reasonable expectation of recovering the contractual cash flows. The entity write of the gross carrying amount of the financial asset is in case of, liquidation, bankruptcy or issuance of a court ruling to reject the claim for financial asset.

- **Property and equipment**
  - Property and equipment are initially recognized at their cost being their purchase price plus any other costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.
  - After initial recognition, the property and equipment are carried, in the statement of financial position, at their cost less any accumulated depreciation and any accumulated impairment. Land is not depreciated.
  - The depreciation charge for each period is an expense. Depreciation is calculated on a straight line basis, which reflects the pattern in which the asset's future economic benefits are expected to be consumed over the estimated useful life of the assets using the following rates :

Category	Depreciation rate
	%
Building	3
Computers and telecommunication	10-25
Furniture and decorations	10-15
Vehicles	15

  - The estimated useful lives are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.
  - The carrying values of property and equipment are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairments losses are calculated in accordance with impairment of assets policy.
  - On the subsequent derecognition (sale or retirement) of the property and equipment, the resulting gain or loss, being the difference between the net disposal proceed, if any, and the carrying amount, is included in profit or loss.

- Amounts paid to construct a property and equipment item are first charged to projects in progress account. When projects become ready to use, it is transferred to the related property and equipment caption.

- **Impairment of non-financial assets**
  - At each statement of financial position date, management reviews the carrying amounts of its non-financial assets (property, plant and equipment and investment property) to determine whether there is any indication that those assets have been impaired.
  - If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, being the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and the value in use. The asset's fair value is the amount for which that asset could be exchanged between knowledgeable, willing parties in arm's length transaction. The value in use is the present value of the future cash flows expected to be derived from the asset.
  - For the purpose of impairment valuation, assets are grouped at the lower level that have cash flow independently (cash generating unit), previous impairment for non-financial assets (excluding goodwill) is reviewed for the possibility of reversal at the date of the financial statements.
  - An impairment loss is recognized immediately as loss.
  - Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognized in prior years. A reversal of an impairment loss is recognized immediately as income.

- **Revenue recognition**
  - The entity recognize revenue from sale of good and rendering of service when control is transferred to the customer.
  - Revenues are recognized based on consideration specified in contract with customer that expected to be received excluding amounts collected on behalf of third parties.

- **Subscription fees**

  Annual subscription fees from banks are recognized in the rate of two and a half in a thousand of the total deposits at the banks over time.

- **Interest revenue**

  Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

3. Financial assets at amortized cost

– The maturity of treasury bills and bonds extends as follows:

	Short term	Long term												Total	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2032	2033	Total	2018	2017
	JD	JD		JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Treasury bonds	128,600,437	96,798,655	124,499,871	74,898,624	78,399,461	22,500,000	41,287,204	20,000,000	17,999,317	42,026,731	8,000,000	15,000,000	541,409,863	670,010,300	587,570,109
Treasury bills	33,837,200	-	-	-	-	-	-	-	-	-	-	-	-	33,837,200	9,867,970
Public institutions bonds	-	-	3,000,000	20,000,000	-	10,000,000	-	-	-	-	-	-	33,000,000	33,000,000	35,100,000
National Electric Power Company	-	-	-	24,000,000	-	-	-	-	-	-	-	-	24,000,000	24,000,000	24,000,000
Total	162,437,637	96,798,655	127,499,871	118,898,624	78,399,461	32,500,000	41,287,204	20,000,000	17,999,317	42,026,731	8,000,000	15,000,000	598,409,863	760,847,500	656,538,079

- The average interest rates on bonds ranges between 3,162% - 7,٩٩٩% per year for 2018 (between 2,787% and 7,999% for 2017).
- The average interest rate on treasury bills ranges between 4,121% - 4,450% for 2018 (between 2,897% and 3,277% for 2017).
- Pursuant to the instructions issued by the Central Bank of Jordan No. (13/2018) concerning the application of International Financial Reporting Standard (9), which states that "Debt instruments issued by the Government of Jordan or its guarantee shall be excluded, as provided for in the measurement of the probability of default paragraph).

4. Financing and loans of employees housing fund

The movement in financing and housing loans granted to employees was as follows:

	2018	2017
	JD	JD
Financing and loans balance at beginning of year	1,051,107	930,798
The amount of financing and loans provided during the year	192,325	243,750
Interests added on loans balance during the year	4,782	4,695
Finance gains	15,728	14,976
The amount of financing and loans collected during the year	(149,432)	(143,112)
Financing and loans balance at end of year	**1,114,510**	**1,051,107**

This item represents the remaining balance of housing financing and loans granted to nineteen employees of Deposit Insurance Corporation, loans were granted to employees with a guarantee of real estate first-degree mortgage in favor of Deposit Insurance Corporation in accordance with the provision of the article 103 – paragraph (B) of personnel affairs administrative instructions.

5. Property and equipment

2018	Land	Building	Computers and telecommunication	Furniture and decorations	Vehicles	Project under construction - solar power	Total
	JD	JD	JD	JD	JD	JD	JD
Cost							
Balance - beginning of year	1,157,050	3,736,226	117,304	184,237	57,657	66,248	5,318,722
Additions	-	-	9,773	1,685	-	400	11,858
Transfers	-	60,543	-	-	-	(60,543)	-
Disposals	-	-	(6,661)	-	-	(6,105)	(12,766)
Balance - end of year	1,157,050	3,796,769	120,416	185,922	57,657	-	5,317,814
Accumulated depreciation							
Balance - beginning of year	-	1,208,540	100,613	183,454	57,655	-	1,550,262
Depreciation	-	113,600	4,356	402	-	-	118,358
Disposals	-	-	(6,376)	-	-	-	(6,376)
Balance - end of year	-	1,322,140	98,593	183,856	57,655	-	1,662,244
Net	1,157,050	2,474,629	21,823	2,066	2	-	3,655,570
2017							
Cost							
Balance - beginning of year	1,157,050	3,733,783	122,413	184,237	57,657	68,091	5,323,231
Additions	-	-	6,759	-	-	600	7,359
Transfers	-	2,443	-	-	-	(2,443)	-
Disposals	-	-	(11,868)	-	-	-	(11,868)
Balance - end of year	1,157,050	3,736,226	117,304	184,237	57,657	66,248	5,318,722
Accumulated depreciation							
Balance - beginning of year	-	1,096,453	108,864	183,132	57,655	-	1,446,104
Depreciation	-	112,087	3,608	322	-	-	116,017
Disposals	-	-	(11,859)	-	-	-	(11,859)
Balance - end of year	-	1,208,540	100,613	183,454	57,655	-	1,550,262
Net	1,157,050	2,527,686	16,691	783	2	66,248	3,768,460

6. Other credit balances

	2018	2017
	JD	JD
Accrued expenses	31,583	35,714
Deposits	2,412	26,690
Total	**33,995**	**62,404**

7. Capital

	2018	2017
	JD	JD
Non-refundable establishment fee (*)	2,300,000	2,300,000
Government contribution	1,000,000	1,000,000
Total	**3,300,000**	**3,300,000**

(*) Non–refundable establishment fee of JD 100,000 is taken from banks that joined the corporation.

8. Reserves

According to articles 18 and 19 of the Corporation's law number 33 for the year 2000, the Corporation must:

- Form reserves for itself amounting to 3% of total deposits that are subject to provision of this law the council of ministers based on the recommendation of the corporation's board of directors may increase limit of reserves, if corporations reserve don't reach the limit within ten years from the effectiveness of this law, or if reserves decrease below limits after it has been reached, or if a bank liquidation has been decided before corporation reserves reach limit, the Corporation's Board of Directors may increase the bank's annual membership fee to not more than double of the annual membership fee.
- If the Corporation's reserves exceed the established limit, the Corporation's Board of Directors may decrease the annual membership fee or exempt banks from paying the fee for one year or more as appropriate.
- Knowing that the ratio of the corporation reserves to the total deposits that are subject to the law as at December 31, 2018 reached 4.01%, which exceeded the legal limited percentage amounted to 3%.

9. Membership fees

This item represents the amount of the bank annual membership fee paid to the Corporations at the rate of 2.5 per thousand of the total deposits that are subject to the provisions of the law. The following excluded from the deposits subject to the provisions of the law:

- Government deposits.
- Interbank deposits.
- Cash collaterals within the limits of the value of the extended facilities guaranteed by the said collaterals.
- Pursuant to the corporation's board of directors' decision number (7/2018) on November 16, 2018, the annual subscription fees paid by the banks to the corporation under the provisions of paragraph (A) of article no. (2) of Deposit Insurance Corporation law have been reduced from two and a half in a thousand to one seventy-five in a thousand of the total deposits subject to provisions of the law.

10. Administrative expenses

	2018	2017
	JD	JD
Salaries, wages and related benefits	542,822	504,381
End of service indemnity	157,870	124,166
Depreciation	118,358	116,017
Social security contribution	61,557	57,343
Electricity and water	59,335	79,242
Health insurance and medical treatments	51,170	55,303
Corporation's contribution on saving fund	42,808	39,845
Subscriptions	25,314	26,491
Security	21,516	21,514
Training	19,912	16,793
Maintenance	19,585	12,733
Board of directors remunerations	18,600	18,600
Professional fees	15,600	15,400
Cleaning	14,531	14,474
Insurance	10,363	9,872
Corporation's contribution on social activity committee	9,968	9,768
Fuel	9,499	7,709
Advertisements	6,303	15,722
Government fees and licenses	5,760	5,760
Travel and transportation	5,438	7,691
Hospitality	3,972	4,016
Miscellaneous	3,503	2,108
Communications	3,388	3,347
Stationery and printings	2,476	3,751
Total	**1,229,648**	**1,172,046**

11. Risk management

a) Capital risk (equity)

Reserves is managed properly to ensure continuing as a going concern while maximizing the return through the optimization of the center liabilities return.

b) Currency risk:

- Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- The risk arises on certain transactions denominated in foreign currencies, which imposes sort of risk due to fluctuations in exchange rates during the year.
- Certain procedures to manage the exchange rate risk exposure are maintained.
- The entity is not exposed to currency risk.

c) Interest rate risk:

- Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
- The risk arises on exposure to a fluctuation in market interest rates.
- The risk is managed by maintaining an appropriate mix between fixed and floating interest rates balances during the financial year.

d) Other price risk:

- Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.
- The risk arises from investing in equity investments. However, this risk is insignificant since no active trading on these investments is occurred.
- The entity is not exposed to other price risk.

e) Credit risk:

- Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Regularly, the credit ratings of debtors and the volume of transactions with those debtors during the year are monitored.
- Ongoing credit evaluation is performed on the financial condition of debtors.
- The carrying amount of financial assets recorded in the financial statements represents the maximum exposure to credit risk without taking into account the value of any collateral obtained.
- The entity is not exposed to other credit risk.

f) Liquidity risk:

- Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.
- Liquidity risk is managed through monitoring cash flows and matching with maturity dates of the financial assets and liabilities.

- The following table shows the maturity dates of financial assets and liabilities as of December 31:

	Less than one year		One year and more	
Description	2018	2017	2018	2017
Financial assets:	JD	JD	JD	JD
Current account at Central Bank of Jordan	729,649	23,481,236	-	-
Accrued and uncollected interests of financial assets at amortized cost	11,435,568	9,410,650	-	-
Other debit balances	865	865	-	-
Financial assets at amortized cost	162,437,637	157,267,970	598,409,863	499,270,109
Housing financing and loans granted to employees	-	-	1,114,510	1,051,107
Total	**174,603,719**	**190,160,721**	**599,524,373**	**500,321,216**
Financial liabilities:				
Other credit balances	33,995	62,404	-	-
Total	**33,995**	**62,404**	-	-

12. Reclassification

Certain 2017 balances were reclassified to conform with the classification used in 2018.