DEPOSIT INSURANCE CORPORATION

Legal entity with financial and administrative independence

FINANCIAL STATEMENTS

31 DECEMBER 2020

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INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Deposit Insurance Corporation
Legal Entity with Financial and Administrative Independence
Amman- Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Deposit Insurance Corporation, Legal Entity with Financial and Administrative Independence, (the Corporation), which comprise the statement of financial position as at 31 December 2020, the statement of revenues and expenses, statement of changes in equity and statement of cash flows for the year 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 Corporation as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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* (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.

Other Matter

The financial statements for the year ended 31 December 2019 were audited by another auditor and an unqualified opinion was issued on them on 18 June 2020.

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 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.

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 exist. 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.

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- 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 exist, we are required to draw attention in our auditor's 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 auditor's 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.

Amman – Jordan
16 May 2021

Ernst + Young

DEPOSIT INSURANCE CORPORATION
LEGAL ENTITY WITH FINANCIAL AND ADMINISTRATIVE INDEPENDENCE
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	31 December 2020	31 December 2019
		JD	JD
Assets			
Current Assets			
Current account at central Bank of Jordan		1,026,571	595,541
Accrued interests of financial assets at amortized cost		11,326,330	13,007,817
Other debit balances		7,082	6,891
Financing and housing loans granted to employees – short term	6	58,540	58,540
Financial assets at amortized cost – short term	7	73,744,008	120,351,570
Total current assets		86,162,531	134,020,359
Non - Current Assets			
Financing and housing loans granted to employees – long term	6	945,934	1,004,474
Financial assets at amortized cost – long term	7	841,531,213	714,434,494
Property and equipment	8	3,450,826	3,567,212
Total Non – current assets		845,927,973	719,006,180
Total Assets		932,090,504	853,026,539
Liabilities and Equity			
Liabilities			
Other credit balances		37,760	48,992
Total Liabilities		37,760	48,992
Equity			
Paid in capital	9	3,150,000	3,150,000
Reserves	10	928,902,744	849,827,547
Total Equity		932,052,744	852,977,547
Total Liabilities and Equity		932,090,504	853,026,539

The attached notes from 1 to 19 form part of these financial statements

DEPOSIT INSURANCE CORPORATION
LEGAL ENTITY WITH FINANCIAL AND ADMINISTRATIVE INDEPENDENCE
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020	2019
		JD	JD
Revenues			
Membership fees	11	35,019,191	33,772,422
Interest of financial assets at amortized cost		45,314,699	42,888,862
Housing, finance revenues and Interest revenue from housing loans		21,191	25,861
Gain from sale of financial assets at amortized cost		58,869	-
others		22,538	7,131
Total revenues		80,436,488	76,694,276
Administrative expenses	12	(1,361,291)	(1,322,423)
Excess in revenues over expenses		79,075,197	75,371,853

The attached notes from 1 to 19 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Paid in capital	Reserves	Total
	JD	JD	JD
2020 -			
Balance at 1 January 2020	3,150,000	849,827,547	852,977,547
Excess in revenues over expenses	-	79,075,197	79,075,197
Balance as at 31 December 2020	3,150,000	928,902,744	932,052,744
2019 -			
Balance at 1 January 2019	3,300,000	774,455,694	777,755,694
Decrease in capital*	(150,000)	-	(150,000)
Excess in revenues over expenses	-	75,371,853	75,371,853
Balance as at 31 December 2019	3,150,000	849,827,547	852,977,547

* Based on the amended Law of the Deposit Insurance Corporation law No. 8 of 2019, it was decided to establish a deposit insurance fund for Islamic banks and that the Corporation will pay a total of 150,000 Jordanian dinars deducted from the government's contribution to the Corporation's capital.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
Operating Activities	JD	JD
Excess in revenues over expenses	79,075,197	75,371,853
Adjustments		
Depreciation	122,251	120,718
Gain from sale of property and equipment	(53)	(311)
Gain from sale of financial assets	(58,816)	-
Interest revenues	(45,314,699)	(42,888,862)
Working capital changes:		
Other debit balances	(191)	1
Other credit balances	(11,232)	14,997
Net cash flows from operating activities	33,812,457	32,618,396
Investing Activities		
Purchase of financial assets at amortized cost	(451,267,735)	(239,372,391)
Maturity of Financial assets at amortized cost	120,102,894	165,433,827
Proceed from sale financial assets at amortized cost	250,734,500	-
Proceed from sale of property and equipment	71	329
Financing and housing loans granted to employees	58,540	51,496
Interest received	46,996,186	41,316,613
Purchase of property and equipment	(5,883)	(32,378)
Net cash flows used in investing activities	(33,381,427)	(32,602,504)
Financing Activities		
Amount paid to deposit insurance fund for Islamic Banks from the government contribution to the corporation's capital	-	(150,000)
Net cash flows used in financing activities	-	(150,000)
Net increase (decrease) in cash and cash equivalents	431,030	(134,108)
Cash and cash equivalents, beginning of the year	595,541	729,649
Cash and cash equivalents, end of the year	1,026,571	595,541

- Board of Directors decision No. (2/2020) dated May 5, 2020 approves the sale of government securities amounted to JD 300,000,000.

(1) GENERAL

The Corporation was established on September 17 2000 as a legal entity with financial and administrative independence by virtue of law number 33 and its amendments.

The corporation aims to protect bank depositors by insuring their deposits under the provisions of this law, in order to encourage savings, promote confidence in the banking system and contribute to maintain banking and financial stability in the Kingdom. This is done by ensuring that depositors have access to their deposits in any bank to be liquidated within the limits set by the law, which aims in its entirety to compensate the depositors up to fifty thousand Jordanian Dinars. Moreover, to urge senior depositors to impose their own and additional supervision on banks alongside the ongoing monitoring carried out by the Central Bank of Jordan.

The following deposits are not subject to the provisions of 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 insures bank deposits in Jordanian Dinars with an amount not exceeding fifty thousand Jordanian Dinars per depositor per member bank. Member banks are represented in all Jordanian banks and the branches of foreign banks operation in the Kingdom, with expectation to the branches of Jordanian banks operating outside the Kingdome.

The Corporation shall as well insure bank deposits in any foreign currency that the Central Bank shall decide to make subject to the provisions of this law.

The Corporation sources of fund consist of the following:

- Annual membership fees paid by the banks to corporation.
- Return on investments of the Corporation’s funds.
- Any loans obtained by the corporation in accordance with the provisions of this law.
- Any financial grants shall be given to the corporation with the approval of the Central Bank’s Board of directors. In the event that these grants are provided by non - Jordanian parties, the approval of the Council of Ministers must be obtained.
- Any refunds received by the corporation from liquidation proceedings or as a result of any of the procedures stipulated in Article No. (38 bis) of this law.

(2) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standard Board.

The financial statements have been prepared on a historical cost basis.

The financial statements are presented in Jordanian Dinar, which represents the functional currency of the corporation.

(3) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2019 except for the adoption of new standards effective as of 1 January 2020 (If any):

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the corporation but may impact future periods should the corporation enter into any business combinations.

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

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

Amendments to IAS 1 and IAS 8: Definition of "Material"

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

These amendments had no impact on the financial statements of the Corporation.

Amendments to IFRS 7, IFRS 9 Interest Rate Benchmark Reform

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

These amendments have no impact on the financial statements of the Corporation.

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

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

The Corporation did not have any leases impacted by the amendment.

(4) SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances.

Offsetting
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to set off the recognized amounts and intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Property and equipment
Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated, property and equipment are depreciated when its ready to use on a straight-line basis over the estimated useful lives of the assets using the following depreciation rates.

	%
Bulding	3
Furniture and fixtures	10-15
Cars	15
Tools, office, equipment and software	10-25

When the recoverable amount of any property and equipment is less than its net book value, its value is reduced to its recoverable value and the impairment value is recorded in the statement of comprehensive income.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are commensurate with the expected economic benefits from property and equipment

Fair value

The Fund measures it investments in subsidiaries and investments in associates at fair value at each reporting date.

For investments and derivatives quoted in an active market, fair value is determined by reference to quoted market prices.

For financial instruments where there is no active market, fair value is normally based on one of the following methods:

- Comparison with the current market value of a highly similar financial instrument.
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics.
- Options pricing models.

The fair value revaluation methods reflect market expectations and take into consideration the market factors and any risks or accepted benefits when investments are estimated. In case the fair value of an investment cannot be reliably measured, it is stated at cost less impairment in the value, if any.

A. FINANCIAL ASSETS AT AMORTIZED COST

Financial assets at amortized cost must be measured if the following conditions are met:

- Financial assets are measured at amortized cost only if these assets are held within a business model whose objective is to hold the assets to collect their contractual cash flows.

Assets at amortized cost is recorded at cost upon purchase plus acquisition expenses, the premium/ discount (if any) is amortized by using the effective interest rate method records on the interest or for its account. Any provisions resulted from impairment in its value is deducted and any impairment in its value is recorded in the statement of income.

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

Financial reclassification from / to this item may be carried out in the case of an International Financial Reporting Provider (and in my case a Financial Reporting Provider) before the due date of registration as a result of the sale in the revenue and expenses statement in a separate item and disclosed in accordance with International Financial Reporting Standards in particular).

B. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

- Equity investments that are not held for sale in the near future.

- These financial assets are initially measured at their fair value plus transaction costs. Subsequently, they are measured 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 other comprehensive income in the statement of changes in equity. The gain or loss on disposal of these asset are reclassified from fair value reserve to retained earnings and not through income statement.

These financial assets are not subject to impairment testing.

Dividend income is recognized in the statement of income.

Accounts payable

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

Revenue recognition

The annual subscription fees from banks are recognized in the ratio of 1.75 per thousand of the total deposits which subject to the provision of law.

Rental income is recognized using the straight-line method over the term of the lease.

Other income is recognized according to the accrual basis.

Expenses are recognized according to the accrual basis.

Interest income is calculated on the accrual basis, based on the time periods due, the principal amounts and the interest earned rate.

Impairment of non-financial assets

The Corporation assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Corporation makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Housing loans

The loan / housing finance is granted to build or buy housing inside the Kingdom at an interest rate 5% annually, and the loan and its interest must be paid within a period not exceeding thirty years from the date of granting it, provided that the employee's age does not exceed seventy years at the end of this period.

(5) SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Corporation's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(6) FINANCING AND HOUSING LOANS GRANTED TO EMPLOYEES

Movement on financing and housing loans provided to employees during the year is as follows:

	31 December 2020	31 December 2019
	JD	JD
Financing and loans balance at the beginning of the year	1,063,014	1,114,510
The amount of financing and loans provided during the year	-	5,350
Interest added on loan balances during the year	16,380	21,050
Finance revenues	4,811	4,811
The amount of financing and loan proceeds during the year	(79,731)	(82,707)
Financing and loans balances at the end of year	1,004,474	1,063,014
Housing financing and loans granted – current	58,540	58,540
Housing financing and loan granted – non - current	945,934	1,004,474
Financing and loans balances at the end of year	1,004,474	1,063,014

This item represents the value of the remaining balance of housing financing and loans granted to eighteen employees of the Corporation as in December 31, 2020 and December 31, 2019, loans were granted to employees with a first-class insurance mortgage guarantee for the Deposit Insurance Corporation in accordance with the provisions of Article 116-Paragraph (b) of administrative instructions for personnel affairs and amendments

(7) FINANCIAL ASSETS AT AMORTIZED COST

	31 December 2020		
	Short Term	Long term	Total
	JD	JD	JD
Treasury bonds	61,497,483	787,531,213	849,028,696
Treasury bills	12,246,525	-	12,246,525
Water Authority Bonds	-	30,000,000	30,000,000
National Electricity Corporation Bonds	-	24,000,000	24,000,000
	73,744,008	841,531,213	915,275,221

	31 December 2019		
	Short Term	Long term	Total
	JD	JD	JD
Treasury bonds	96,800,000	657,434,494	754,234,494
Treasury bills	23,551,570	-	23,551,570
Water Authority Bonds	-	33,000,000	33,000,000
National Electricity Corporation Bonds	-	24,000,000	24,000,000
	120,351,570	714,434,494	834,786,064

- The average interest rates on bonds ranging between 2,983%-7,999% per year for 2020 (between 3,47%-7,999% for 2019).

- The average interest rate on treasury bills ranging between 2,212%-4,441% for 2020 (between 3,571%-4,441% for 2019).

- The details of total financial assets in the extinguished cost by credit rating categories are as follows:

	31 December 2020			
	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost	915,275,221	-	-	915,275,221

(8) PROPERTY AND EQUIPMENT

	Land	Buildings	Furniture and decorations	Computers and telecommunication	Vehicles	Projects in progress	Total
2020-	JD	JD	JD	JD	JD	JD	JD
Cost-							
As at 1 January 2020	1,157,050	3,796,769	183,440	118,865	57,657	18,000	5,331,781
Additions	-	-	300	1,583	-	4,000	5,883
Disposals	-	-	(131)	(15,393)	-	-	(15,524)
As at 31 December 2020	1,157,050	3,796,769	183,609	105,055	57,657	22,000	5,322,140
Accumulated Depreciation -							
As at 1 January 2020	-	1,436,043	181,267	89,604	57,655	-	1,764,569
Deprecation charge for the year	-	113,903	325	8,023	-	-	122,251
Disposals	-	-	(131)	(15,375)	-	-	(15,506)
As at 31 December 2020	-	1,549,946	181,461	82,252	57,655	-	1,871,314
Net book value -							
As at 31 December 2020	1,157,050	2,246,823	2,148	22,803	2	22,000	3,450,826
2019-							
As at 1 January 2019	1,157,050	3,796,769	185,922	120,416	57,657	-	5,317,814
Additions	-	-	399	13,979	-	18,000	32,378
Disposals	-	-	(2,881)	(15,530)	-	-	(18,411)
As at 31 December 2019	1,157,050	3,796,769	183,440	118,865	57,657	18,000	5,331,781
Accumulated Depreciation -							
As at 1 January 2019	-	1,322,140	183,856	98,593	57,655	-	1,662,244
Deprecation charge for the year	-	113,903	291	6,524	-	-	120,718
Disposals	-	-	(2,880)	(15,513)	-	-	(18,393)
As at 31 December 2019	-	1,436,043	181,267	89,604	57,655	-	1,764,569
Net book value -							
As at 31 December 2019	1,157,050	2,360,726	2,173	29,261	2	18,000	3,567,212

(9) CAPITAL

This account represents non-refunds of JD 100,000 from each bank member of the Corporation. In addition to a payment from the Jordanian government of 1,000,000 dinars. It was subsequently decided on the basis of the amended Law of the Deposit Insurance Corporation No. 8 of 2019 to establish a deposit Insurance fund for Islamic banks, and it was decided that the Corporation would pay 150,000 dinars paid by the Corporation and deduct it out of the government's contribution to the Corporation's capital to 850,000 dinars.

(10) RESERVES

According to the requirements of the articles 18 and 19 of the Deposit Insurance Corporation law No, 33 for the year 2000 and its amendments, the corporation must:

- Act to from reserves for itself amounting to 3% of the total deposits subject to the provisions of this law, The Council of ministry may, based on the recommendation of the corporation’s Board of Directors, decide to increase the set-limit for the corporation’s reserves, If the corporation’s reserves do not reach the set-limit within the period of ten years from the enforcement of this law, or if the corporation’s reserves fall short of the set limit after having reached it, or if bank is to be liquidated before the corporation’s reserve reach the set limit, the corporation’s Board of Directors may increase the bank’s annual membership fee for banks stipulated by the law.

If the corporation reserves exceed the limit prescribed by law, corporation’s Board of Directors may lower the annual membership fee or exempt banks from paying the fee for one year or more as the circumstances require.

(11) MEMBERSHIP FEES

During the year, the corporation collected annual subscription fees from the banks at a rate of 1.75 per thousand of the total deposits subject to the provisions of the law, with the exception to the following deposits,

- 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 (15/2019) on November 27, 2019, the annual subscription fees paid by the banks to the corporation under the provision of paragraph (A) of article no, (12) of Deposit Insurance Corporation law have been continued to be collected by (1,75) per thousand of the total deposits subject to the provisions of the law.

(12) ADMINISTRATIVE EXPENSES

	2020	2019
	JD	JD
Salaries and wages	639,012	596,123
End of service indemnity	175,259	179,036
Depreciation (note 8)	122,251	120,718
Social security contribution	73,187	67,975
Water and electricity	61,069	65,914
Health insurance	58,039	59,629
Corporation contribution in saving fund	50,576	47,275
Subscriptions	29,705	25,302
Security	21,618	21,528
Members and secretary Board of Director's remunerations	18,600	18,600
Professional fees	19,600	16,000
Cleaning	15,831	14,411
Training	800	13,506
Maintenance	16,954	12,787
Fuel	10,554	12,549
Insurance	12,341	11,589
Corporation's contribution on social activity committee	9,585	11,344
Travel and transportation	1,699	5,911
Government fees and licenses	5,760	5,760
Advertisements	6,571	4,235
Hospitality	3,304	3,682
Stationary	4,402	3,325
Telephone, fax and internet	2,280	3,324
Other	2,294	1,900
	1,361,291	1,322,423

(13) CONTINGENT LIABILITIES

Credits and guarantees
The Corporation does not have potential obligations of credits and guarantees as of December 31, 2020 and December 31, 2019.

Law suits against the corporation:
There are no cases brought against the Corporation as of December 31, 2020 and December 31, 2019.

(14) INCOME TAX

In accordance with the Deposit Insurance Corporation Act No. (33) of 2000 and its amendments, the corporation has been exempted from income tax, in accordance with Article (27) of the Act.

(15) RISK MANAGEMENT

Interest rate risk
The Corporation is exposed to interest rate risk on it's assets interest bearing (e.g bank deposits).

The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the Corporation's profit for one year, based on the floating rate financial assets held at 31 December 2019 and 2020.

The corporation is not at risk of interest as all investments in the extinguished cost carry fixed interest rates.

Credit risk
This is the risk that other parties will fail to discharge their obligations to the corporation, the corporation is not exposed to credit risk as there are no customers' balances outstanding, the corporation holds its bank accounts with reputable banks.

Liquidity risk
The corporation limits its liquidity risk by ensuring bank facilities are available.

The table below summarizes the maturities of the corporation financial liabilities at 31 December 2020 and 2019, (undiscounted payments) based on contractual maturity and current interest rates.

	Less than 3 months	3 to 12 months	Total
	JD	JD	JD
Year ended 31 December 2020			
Other current liabilities	37,760	-	37,760
Total	37,760	-	37,760
Year ended 31 December 2019			
Other current liabilities	48,992	-	48,992
Total	48,992	-	48,992

(16) CAPITAL MANAGEMENT

The main objective of managing the corporation capital is to ensure that appropriate capital ratios are maintained in a way that supports the organization's activity and maximizes property rights.

The Corporation manages the capital structure and makes the necessary adjustments to it in light of changes in working conditions. The Corporation has not made any adjustments to the objectives, policies and procedures relating to capital structure during the current year and the previous year.

The items included in the capital structure are paid-up capital, reserves totaling JD 932,052,744 as of 31 December 2020 compared to JD 852,977,547 as of 31 December 2019.

The Corporation paid 150,000 dinars to the Deposit Insurance Fund for Islamic banks and was deducted from the government's contribution to the Corporation's capital to 850,000 dinars.

(17) 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 Corporation's financial statements are disclosed below, The Corporation 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.

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

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current, the amendments clarify:

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

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

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

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 Corporation.

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 Corporation.

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 Corporation 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 Corporation.

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 Corporation.

IBOR reform Phase 2

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

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

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

(18) COMPARATIVE FIGURES

Some of the 2019 financial statements numbers have been re-classed to match the 2020 financial statements, the re-class had no impact on reserves and equity for 2020.

(19) THE IMPACT OF THE CORONA PANDEMIC (COVID-19) ON THE CORPORATION

As a result of the continued impact of COVID-19 on the global economy and various business sectors and the accorporating restrictions and procedures imposed by the Jordanian government, neighboring countries and the rest of the world, the corporation's activities may be affected by global developments that currently affect various economic and geographical sectors.

The pandemic has not had a substantial impact on the corporation's activities, the established revenues are imposed by law, consisting of annual subscription fees paid by member banks to the corporation, as well as investment returns from bonds and fixed interest rates.