



ANNUAL REPORT

2021

**Insuring Deposits
Protects Your Future Savings**



**HIS MAJESTY KING ABDULLAH II IBN AL HUSSEIN
KING OF THE HASHEMITE KINGDOM OF JORDAN**



**HIS ROYAL HIGHNESS
CROWN PRINCE AL HUSSEIN BIN ABDULLAH II**

TABLE OF CONTENTS

- Our Vision, Mission, Values And Objectives	7
- Chairman's Message	9
- Foreword	12
- JODIC's Main Achievements And Its Future Prospects	15
- Glossary	17
- Corporate Governance	20
- The Institutional Legislative Framework	20
- Board Of Directors	20
- Board Of Directors - Members	22
- Administrative And Functional Apparatus	23
- Committees (Internal Committees And Committees Emanating From The Board Of Directors)	24
- Organizational Structure	25
- Disclosure And Transparency	26
- Risk Management	26
- Information Security And Protection Policy	27
- Overview	29
- Mandates And Powers	30
- Main Features Of The Deposit Insurance System In Jordan	31
- Deposit Insurance Fund For Islamic Banks	32
- Development Of Deposits In The Banking System	35
- Banks Operating In The Kingdom As End Of 2021	44
- The Financial Performance Of The Corporation And The Deposit Insurance Fund For Islamic Banks	47
- Public Awareness & Regional And International Contributions	55
- The Corporation's Strategic Planning	59
- Financial Program -The Corporation's Strategic Plan	59
- JODIC's Financial Statements & Independent Auditor's Report For The Year Ended 31 December 2021	63
- Financial Statements And Independent Auditor's Report For The Deposit Insurance Fund For Islamic Banks For The Year Ended 31 December 2021	86

مؤسسة ضمان الودائع
Deposit Insurance Corporation



Insuring Deposits Protects Your Future Savings

OUR VISION:

To be a leading professional deposit insurance corporation at the regional and international levels.

OUR MISSION:

To protect depositors with banks, to encourage savings, as well as to strengthen confidence in the banking system, and contribute to maintaining banking and financial stability in the Kingdom.

OUR VALUES:

Loyalty : Sense of responsibility and honesty towards the Corporation, staff and stakeholders.

Integrity : Adherence to the highest ethical and professional standards.

Excellence : Striving to apply the best international practices, skills, knowledge and expertise to carry out our responsibilities efficiently and effectively.

Team Spirit : Consolidating relations among the staff and maintaining effective communication lines with related parties.

Continuous Education and Training : Improving our professional skills and capabilities to keep up with the best international practices.

OUR OBJECTIVES:

1. To provide full protection for the vast majority of depositors in the banking system.
2. To exhibit a high level of financial operational capacity and readiness, and to build up an appropriate level of reserves.
3. To manage the reimbursement and the liquidation processes efficiently and effectively.
4. To contribute to the resolution of banks that face problems with core effect on its financial position .
5. To contribute in increasing awareness of risk management in banking sector.
6. To promote public awareness of deposit insurance system in the Kingdom.



Chairman's Message

Chairman's Message



Dr. Adel Al Sharkas

I am pleased to present, on behalf of the Board of Directors, the Jordan Deposit Insurance Corporation's sixteenth annual report for the year 2021, which highlights the most prominent improvements in various aspects of the Corporation, and the developments in JODIC's main indicators and its portfolio. Also; it includes the independent auditor report on the Corporation's financial statements for the year-end 2021.

During 2021, the global economy demonstrated the beginning of the recovery from the repercussions of the COVID-19 pandemic, driven by two main factors; the significant expansion of vaccination against the virus, and from another side; the impact of expansionary

fiscal and monetary policies adopted by most jurisdictions to curb the negative impacts of the pandemic. The global economy grew by (6.1%) compared with a contraction of (3.1%) at the year-end 2020.

Jordan's economy has embarked on a path of gradual economic recovery from the repercussions of the pandemic registering a growth rate of (2.2%) compared with a contraction of (1.6%) at the year-end 2020. The Central Bank of Jordan pursued with its approach adopting a flexible, fit, and adequately responsive monetary policy to the current phase's requirements, which maintains the monetary and banking stability in the Kingdom as well as provides an appropriate interest rate structure.

A standardized level of CBJ's gross foreign reserves registered \$(18) billion, covering (9) months of the Kingdom's imports of goods and services as of year-end 2021. According to the main indicators of the banking sector, the total deposits with the banks in the Kingdom hiked by JD (2.7) billion amounting to JD (39.5) billion, while the total assets of the licensed banks exceeded JD (61) billion, which increased by JD (4) billion compared with

Chairman's Message

the level registered as of year-end 2020. It's worth mentioning that the financial soundness indicators of the banking sector showed the prudence of the banks in the Kingdom, as the capital adequacy ratio registered (18%) which has exceeded the minimum rate imposed by the CBJ, and the minimum requirement set by Basel III. The (100%) is the minimum requirement set by the CBJ for the liquidity ratio which registered (141.5%) for the banks in Jordan. The non-performing loan is still too low for banks registering (5%), while the coverage ratio reached (79.9%).

In terms of institutional performance, the total eligible depositors in the banking system reached (3.7) million depositors, (97.7%) of them are fully insured with a coverage limit of JD (50,000). As for JODIC's financial performance, the Corporation continued to build its reserves with its adopted risk-free investment policy to maintain its capacity and readiness to compensate depositors and to face banks' resolution risks efficiently and effectively, the balance of JODIC's reserves exceeded one billion Dinar, covering (12.2%) of the insurance policy of JODIC's member banks.

In conclusion, I am inviting you to browse the 2021's achievements of the Jordan Deposit Insurance Corporation, which has become one of the main pillars of the financial safety net in the Kingdom, and the true foundation for instilling confidence among depositors in the banking system. I would like to extend my sincere gratitude and appreciation to all members of the board and employees at the Corporation for their dedication to achieving its clear vision and exerted efforts to attain its mission to develop its business.

I hope for more sustained efforts that maintain stability in the banking system and support the national economy. May God almighty extend our beloved Jordan with more progress and prosperity under the auspices of His Majesty King Abdullah II Ibn Al Hussein, may God protect him.

Foreword

Foreword



Mutaz I. Barbour

It gives me great pleasure to present you the JODIC's annual report for the year 2021, which summarizes its results and achievements. JODIC is going on to achieve its mission aiming to protect depositors in order to encourage savings, enhance confidence in the banking system and contribute to maintaining banking and financial stability in the Kingdom.

JODIC continued following up on its main indicators regarding deposits and depositors as well as reserve adequacy. The reserve ratio remains in excess of the level stipulated in the Law, reflecting a sufficient level of reserves which enabled JODIC to reduce the annual membership fees rate, for the fourth year in a

row, 2019, 2020, 2021, and 2022 from 2.5 per thousand to 1.75 per thousand.

As for JODIC's financial performance during the year 2021, the levying premium fees from member banks amounted to about JD 35.9 million during the year 2021, meanwhile the levying premium fees, from Islamic banks amounted to about JD 17.6 million. The net income generated from the returns on JODIC's investment portfolio amounted to JD 47.8 million. JODIC's reserves level increased to reach JD 1011.2 million at the end of 2021 registering a growth rate of 8.9% compared to a year earlier.

This reserve level reflects a comfortable level that aligns with the best international levels. The efficient and prudent investment policy adopted by JODIC maintained the book value of the JODIC portfolio to register JD 988.6 million at the end of 2021 compared to JD 915.3 million a year earlier, with an average return of (4.9%) and a growth rate of (8.0%).

In terms of the main indicators of deposits and depositors with JODIC's member banks, JODIC provides full protection to 97.4% of eligible

Foreword

depositors whose deposits represent 24.7% of total eligible deposits, within the coverage limit of JD 50,000 per depositor per member bank, which is approximately five times the average eligible deposit size.

In the media, and in light of the COVID-19 pandemic, JODIC continued its efforts to raise public awareness of the deposit insurance system by updating and disseminating information on the website, the e-government portal, and its page on the social networking site.

On the regional and international level, JODIC was keen to participate in attending the meetings of the International Association of Deposit Insurers (IADI) that were held through the audiovisual application (WEBEX), including the 20th Annual General Meeting, the meetings of the Executive Council, the Board Committees and the Regional Committee for the Middle East and North Africa (MENA), and the Strategic Plan Working Group (SPWG) meetings, where JODIC was elected to the membership of the SPWG-Fee Subgroup Committee.

Finally, I would like to extend my gratitude and appreciation to His Excellency the Chairman and the Members of the Board of Directors for their continued support for the Corporation stemming from their beliefs in JODIC's vision and its vital role in promoting financial stability in the Kingdom. Also, I would like to extend my gratitude to my colleagues for their dedicated efforts, commitment, and professionalism demonstrated in their work to ultimately achieve the Corporation's mission. May God guide us all to serve our precious and beloved Jordan under the auspices of His Majesty King Abdullah II Ibn Al Hussein; may God protect him.



JODIC's MAIN ACHIEVEMENTS AND ITS FUTURE PROSPECTS

JODIC's MAIN ACHIEVEMENTS AND ITS FUTURE PROSPECTS

The Corporation seeks to achieve its vision, as it plays an important role in deposit insurance system, to be an ideal model regionally and internationally, and to be a main pillar in the financial safety net formulating an integrated partnership aiming at enhancing confidence in the banking system to maintain banking and financial stability in the kingdom, through implementing the JODIC's legal requirements, mainly providing protection to the vast majority of depositors at the banks through insuring their deposits efficiently and effectively.

The development of deposits and depositors in 2021 showed that JODIC providing full protection to 97.2% of total eligible depositors at the member banks, while JODIC's reserves level registered JD 1011.2 million, which covering 4.66% of eligible deposits, then the Board of Directors decided for the following Third year to reduce annual premium fee for member banks in the Corporation from 2.5 per thousand to 1.75 per thousand of eligible deposits.





GLOSSARY

GLOSSARY

Deposit Insurance System:

Refers to the deposit insurer and its relationships with the financial safety-net participants that support deposit insurance mandates through providing protection for depositors at the banks by insuring their deposits. DIS carried out other main mandates: Banks' Liquidation and Banks' Resolution.

Coverage Limit:

The maximum amount which an eligible depositor can be reimbursed by JODIC when a member bank is liquidated. The coverage limit is up to JD 50,000 (fifty thousand) per depositor per bank.

Eligible Deposits:

Deposits that fall within the scope of coverage according to JODIC's Law, i.e. deposits denominated in Jordanian Dinar held by member banks, except for Government deposits, interbank deposits, and cash collaterals within the limits of the value of extended facilities guaranteed by the said collaterals.

Deposit Insurance Fund for Islamic Banks:

A fund enjoys a legal entity status. The relationship between the Fund and the Corporation is on a paid agency basis (Wakalah bi al ujr), the fund is based on the principle of solidarity and cooperation (Takaful and Ta'awun), and the contributions from all parties are considered donations (Tabarru').

Member Banks at Jordan Deposit Insurance Corporation:

All Jordanian commercial banks and locally incorporated foreign commercial banks, except for branches of Jordanian commercial banks operating outside the Kingdom.

Member Banks at Deposit Insurance Fund for Islamic Banks:

All Jordanian Islamic banks and locally incorporated foreign Islamic banks, except for branches of Jordanian Islamic banks operating outside the Kingdom.

Fully Insured Deposits:

Eligible deposits that do not exceed the maximum coverage limit of JD (50,000) fifty thousand.

Partially Insured Deposits:

Eligible deposits that exceed the coverage limit of JD (50,000) fifty thousand.

Estimated Reimbursement Amount (Insurance Policy):

Deposits subject to the provisions of the Corporation's Law, not exceeding the limit of JD 50,000 (fifty thousand) per depositor per bank that is due to the entire depositors in case of liquidation.

GLOSSARY

Liquidation:

The Winding-Down of the business affairs and operations of any bank that the Central Bank decides to liquidate. The Corporation is the liquidator and the sole legal representative of any bank whose liquidation has been decided.

Payout:

The process of payoffs the insurance sums due to the eligible depositors at any bank that the Central Bank decides to liquidate. The Corporation shall pay the insurance sum due to an insured deposit holder within 30 days from the date of the liquidation decision.

Banks' Resolution:

A disposition plan and process for a non-viable bank, the resolution may include one action or more if the Corporation finds that such action is less costly than liquidation.

The Revised Core Principles for Effective Deposit Insurance Systems:

An international set of (16) Principles for effective deposit insurance systems issued by the International Association of Deposit Insurers (IADI), and finally revised by a Joint Working Group including representatives from the Basel Committee for Banking Supervision (BCBS), the European Forum of Deposit Insurers (EFDI). The European Commission (EC), the Financial Stability Board (FSB), the International Monetary Fund (IMF), and the World Bank (WB).

International Association of Deposit Insurers (IADI):

IADI is a forum for deposit insurers from around the world constituted under Swiss Law in May 2002 and domiciled at the Bank for International Settlements (BIS) in Basel, Switzerland. IADI's objectives are to enhance the effectiveness of deposit insurance systems by promoting guidance and international cooperation, as well as exchanging expertise in the deposit insurance field; it provides training and educational programs and produces research and guidance on matters related to deposit insurance. Currently, IADI has (91) Member organizations, (9) Associates, and (17) Partners.



CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

For the sake of developing and improving the institutional and legislative structure as well as consolidating the financial safety-net in the Kingdom, JODIC was established in the year 2000 pursuing its endeavors to strengthen its institutional infrastructure. JODIC aims at realizing its mission represented in protecting depositors by insuring their deposits held with member banks in accordance with JODIC's Law, and benchmarked with **Principle (3) (Governance)** of the Revised Core Principles for Effective Deposit Insurance Systems that stipulates the following: The deposit insurer should be operationally independent, well-governed, transparent, accountable and insulated from external interference.

Principle 3 (Governance) of the Core Principles for Effective Deposit Insurance Systems stipulates: The deposit insurer should be operationally independent, well-governed, transparent, accountable, and insulated from external interference.

The Institutional Legislative Framework:

The salient features of the deposit insurance system have been clearly stated within a comprehensive legal framework. JODIC's Law provisions stipulate the objectives, roles, responsibilities and procedures that JODIC has to adhere to in order to realize its mission and to carry out its functions efficiently and independently. Furthermore, JODIC's Law stipulates the rights of depositors, the relationship with the Central Bank of Jordan (CBJ) as well as the institutional framework with the related parties.

Board of Directors:

JODIC is managed and supervised by a Board of Directors chaired by the Governor of the Central Bank of Jordan and comprises four members from the public sector, including the Director General of JODIC, in addition to two members from the private sector appointed by the Cabinet. The two members must not be executives of any bank during the period of their membership on the Board and for the two years following the termination of their membership. Also, the Board's members are appointed, including the Director General, according to specific criteria.

JODIC's Law stipulates the Board's functions and authorities such as drawing the Corporation's general policy, approving the general policy for the investment of the Corporation's fund in accordance with the provisions of the Law, formulating the administrative organizational structure of JODIC and approving estimated annual budget. Moreover, the Board exercises the authorities of the board of directors of a public shareholding company stipulated in the Companies Law to the extent that they do not conflict with the provisions of the JODIC's Law. The Board meets upon the invitation of its Chairman once every two months or whenever the need arises. Additionally, the Board's decisions are taken unanimously or by the majority of its members. In the event of a tie vote, the side with which the meeting's Chairman voted prevails.

Besides, the Corporation's Law stipulates the duties and authorities carried out by the Director General to manage the Corporation's affairs including the implementation of the policies and the decisions made by the Board, as well as the supervision of JODIC's administrative system.



BOARD OF DIRECTORS

BOARD OF DIRECTORS



Chairman of the Board of Directors
H.E. Dr. Adel Ahmad Al-Sharkas¹
Governor of the Central Bank of Jordan



Vice Chairman of the Board of Directors
H.E. Mr. Ziad Asa'ad Ghanma²
Deputy Governor of the Central Bank of Jordan



H.E. Dr. Abdelhakim Al Shibli
Secretary General of the Ministry of Finance



H.E. Dr. Wael Ali Armouti
Companies General Controller -Ministry of Industry, Trade and Supply



H.E. Mr. Mu'taz Ibrahim Barbour
Director General of Jordan Deposit Insurance Corporation (JODIC)



H.E. Mrs. Hala Bsaisu Lattouf
Partner in AYA for Consultancy & Development



H.E. Dr. Adli Shehadeh Kandah³
Economist

1- By a royal decree, His Excellency Dr. Adel Ahmad Al-Sharkas was appointed as the Governor of the Central Bank of Jordan (CBJ) as of January 10, 2022, succeeding Dr. Ziad Fariz.

2- H.E. Mr. Ziad Asa'ad Ghanma was appointed as Vice Chairman of the Board of Directors as of February 9, 2022, succeeding Dr. Adel Al-Sharkas.

3- H.E. Dr. Adli Shehadeh Kandah was appointed as a member of the Board of Directors as of April 10, 2022, succeeding Dr. Jamal Salah

Administrative and Functional Apparatus

The administrative and functional apparatus consists of the following departments and units:

- Insurance and Liquidation Department

The department carries out the responsibilities of designing, implementing, and developing policies relevant to deposit insurance with the purpose of creating incentives for depositors to exercise market discipline and for banks to continuously improve their risk management. The department also manages Banks' resolution, in addition to carries out the liquidator's functions for any bank that the Central Bank of Jordan decides to liquidate according to the provisions of JODIC's Law and to other relevant regulations and decisions. Its responsibilities as a liquidator include the design and development of policies relevant to the liquidation process so that functions be performed efficiently and effectively, the responsibilities also include developing and managing depositors' reimbursement procedures according to the provisions of JODIC's Law and to other relevant regulations and decisions.

- Administration Department:

The department is responsible for securing the corporation's needs for qualified human resources and following up on all their related matters, securing all supplies, equipment, tools, and their maintenance, managing and securing the necessary support services for the work of JODIC, calculating all the self-and administrative expenses that belongs to JODIC and its employees, managing and developing all files on the matters of JODIC.

- Financing and Investment Department:

The department's carries out the responsibilities of investing JODIC's funds which includes deposits held with banks, as well as the management of JODIC's borrowing operations to meet any future obligation in accordance with JODIC's Law. The department is also responsible for covering administrative expenses, handling bookkeeping tasks, as well as maintaining the main accounts.

- International and Public Relations Unit:

The unit's responsibilities include managing JODIC's international relations and public awareness campaigns, maintaining communication lines with member banks, as well as organizing various relevant activities and events.

- Governance, Risk Management and Compliance Unit:

The unit is responsible for setting, developing the overall risk management framework in JODIC at the macro level and at the level of the organizational units. And it is also responsible for setting, developing and reviewing the strategy, methodology and policies of risk management. And following up compliance with laws, regulations and instructions in force.

Internal Audit Unit:

The unit reports directly to the Board of Directors. It carries out the responsibilities of ensuring the soundness for JODIC's various

Administrative and Functional Apparatus

activities and business processes, and makes recommendations that are based on the analysis and evaluation of JODIC departments' performance in order to carry out their responsibilities efficiently and effectively.

Technical Support and Information

Technology Unit:

The unit's responsibilities include managing the computer systems, the information technology and the computer network for JODIC, in addition to managing the maintenance of computer hardware operating systems and software. They also include the preparation and implementation of security measures and the protection of devices, software, and data. Managing the building's system and its extensions.

The position of Director of Cyber Security and Information Security has been created to follow up and implement security and protection procedures for information, data and assets of JODIC in all its stages. And the development of the integrated framework to maintain the corporation's readiness to respond to cyber security incidents and to address information security and cyber security risks.

Specialized Permanent Committees in

JODIC:

To enhance the principles of corporate governance in the corporation, there are a number of specialized permanent committees that appear on its organizational structure,

where there is a committee called (the Audit Committee) and there are permanent committees formed in JODIC that are linked to Director General or his assistant and take their recommendations by a decision of the Director General, and they are as follows:

1. Human Resources Committee.
2. Procurement Committee.
3. Investment and Finance Committee.
4. Social Activities Committee.

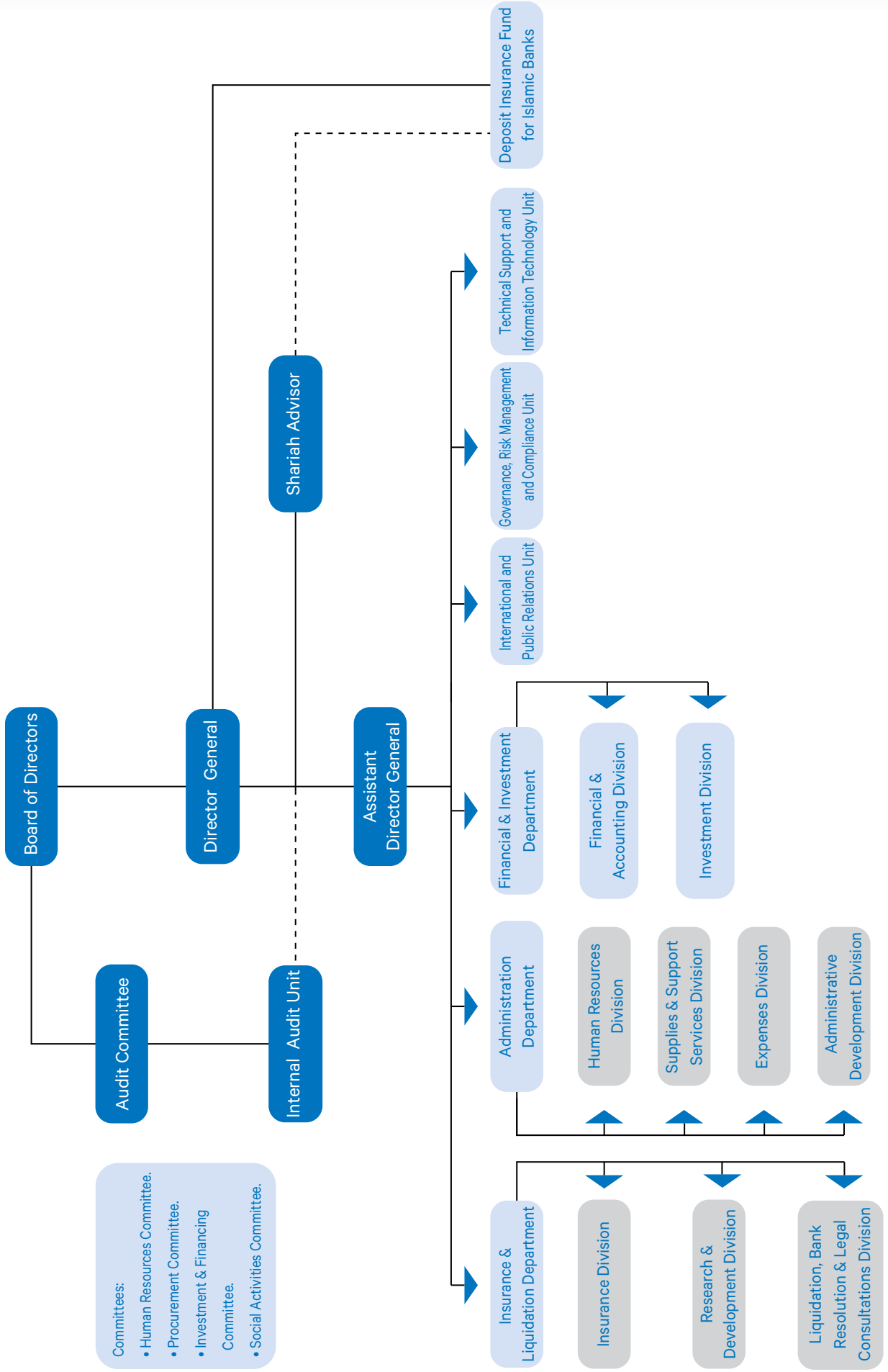
The Director General may also form permanent or temporary specialized committees to study any aspects of the Corporation's business and management affairs, and to make recommendations thereon.

Committees emanating from the Board of Directors

Internal Audit Committee:

The Internal Audit Committee is formed of members of the Board of Directors by a decision of the Board, and it consists of independent members who are not entrusted with executive work within the corporation, provided that at least one of them has an experience in financial reports. The Audit Committee's responsibility is to provide oversight of the financial reporting process, the audit process, the corporation system of internal controls and compliance with laws and regulations, code of ethics, and the internal audit reports directly to the audit committee.

Organizational Structure



Corporate Governance

Disclosure and transparency:

"Disclosure and transparency" is among the most important principles of governance, and it aims to ensure that stakeholders are aware of the essential information resulting from the corporation's operations and activities.

The Corporation is committed to disclose all required information in accordance with the standards and the regulatory authorities, the management emphasizes its responsibility to present the financial statements accurately and fairly, and it is concerned with disclosure by providing in its annual report all reliable financial and non-financial information of interest to stakeholders with a focus on information that clearly interests depositors. In a timely manner, in order to enable the assessment of the financial position of the corporation, its achievements, its activities, and its ability to achieve its strategic objectives, the annual report also reviews, within its contents, the corporate governance, the risk management structure and tasks, the corporation's organizational structure, the functions of the Board of Directors and its committees, and information about each member of the Board in terms of his qualifications, experience, date of appointment, and any memberships he holds in the boards of directors of other companies and institutions.

The Executive Management submits reports on the development of institutional performance indicators to the Board of Directors, and provides recommendations to enhance these indicators. It also provides reliable information about its activities to all relevant parties and the public in general on a regular basis on the corporation's website.

Risk Management:

JODIC's corporate governance practices enhance the Corporation's ability to manage, and mitigate risks, thus contributing to the achievement of JODIC's strategic and operational objectives.

The responsibilities of JODIC's Risk Management Committee include identifying risks, their sources and impacts on JODIC's performance and its financial position, as well as suggesting policies and procedures for managing risks and developing them on a continuous basis. Also, the Internal Audit Unit at JODIC contributes to the development of the risk management process through assisting in identifying and assessing risks.

Corporate Governance

Information security and Protection Policy

"The security and protection of information" is one of the most important concerns of the corporation, and accordingly, the corporation has worked on developing policies for the security and protection of information aimed at achieving the security, integrity, and availability of information that is circulated within the corporation and with others, and these policies are considered lines that define:

- 1-Basic Frameworks for work procedures.
- 2-General roles, responsibilities and duties.
- 3-Best practices and minimum commitment required to be observed and implemented by employees.

The security and information protection policies of the Deposit Insurance Corporation include the following:

- 1-Information sensitivity and classification policy.
- 2-Acceptable Use Policy.
- 3-Desktop computer policy.
- 4-Physical security policy.
- 5-Password policy.
- 6-Backup and Retrieval Policy.



OVERVIEW

OVERVIEW

JODIC was established as a financially and administratively independent Corporation, to enhance the banking safety net, in which all its parties perform the responsibility of maintaining financial stability in an integrated manner, with the aim of protecting depositors with member banks by insuring their deposits in order to encourage savings as well as to enhance confidence in the Jordanian banking system, and contribute to maintaining banking and financial stability in the Kingdom.

In accordance with the provisions of the Corporation's Law, JODIC carries out two primary mandates: deposit insurance and banks liquidation since JODIC is the sole insurer and the legal liquidator of any bank that has been decided to be liquidated by the Central Bank of Jordan. The Corporation enjoys a wide range of powers and authorities to perform its mandates efficiently and effectively. It also has supervisory powers and authorities granted by its Law through participating in a joint inspection team with the Central Bank of Jordan, besides examining banks closing financial statements and the results of their operations that are available at the CBJ. In addition the corporation enjoys powers to find solutions for banks that face problems with core effect on its financial positions, which have been granted to the Corporation according to the amending law of JODIC Law No (8/2019). The Corporation may, with the approval of the Central Bank, take any of the measures stipulated in its law to resolve any bank that faces problems with core effect on its financial position in order to avoid a bank's

liquidation which mitigate the negative effects of the liquidation process.

As per the Corporation's financial resources, JODIC is mainly funded through annual membership fees collected from member banks as well as the returns of its investments. Moreover, the Corporation may borrow directly, or it may issue debenture bonds that enable it to pay its obligations owed thereby according to the provisions of its Law.

JODIC is keen to enhance its infrastructure capacity building and to manage its human resources, in order to carry out its functions efficiently and effectively towards achieving its mission and objectives, particularly in protecting small depositors, preserving the rights of sophisticated depositors, as well as promoting public awareness about the Corporation's role in protecting their savings with banks; aspiring to realize its vision.

JODIC continuously seeks to face its challenges. Therefore, it follows the strategic planning approach for its functions and mandates in order to achieve its vision to be a leading professional deposit insurance corporation and contribute to reducing banks' risks and protecting depositors to achieve its objectives of enhancing confidence in the banking system and contributing to the maintenance of banking and financial stability in the Kingdom. JODIC also seeks to be a leader in deposit insurance at the regional and international levels.

OVERVIEW

JODIC is the sole insurer and the legal liquidator of any bank that the Central of Jordan (CBJ) decides to liquidate.

Mandates and Powers:

Deposit Insurance:

JODIC is legally responsible for reimbursing insured depositors with any member bank that the Central Bank of Jordan decides to liquidate. Therefore, JODIC shall be obliged to pay the insurance sum from its own financial resources instead of being undertaken by the Treasury and taxpayers.

The insurance sum shall become payable under JODIC's Law if the CBJ decides to liquidate a bank. JODIC shall pay the insurance sum due to an insured depositor within 30 days from the date of the liquidation.

Liquidation:

According to JODIC's Law no. (33) of the year 2000 and its amendments, JODIC is the sole liquidator and the sole legal representative of any bank whose liquidation has been decided by the Central Bank of Jordan. JODIC enjoys a wide range of powers and authorities to perform its responsibilities as a liquidator within two years from the date of the issuance of the liquidation decision. The JODIC is authorized to set-off the deposits against all obligations and liabilities owed by depositors when determining the sum of deposits subject to reimbursement. The Board of Directors approved regulations related to the reimbursement and liquidation processes in line with JODIC's mandates. The

regulations provide the general framework for the process of deposits reimbursement and assets disposition (liquidation).

The responsibilities of JODIC, as a liquidator, are not limited to the prompt reimbursement of the insured depositors within the deposit insurance coverage limit stipulated in its Law, it is also responsible for managing claims of remaining depositors, creditors, and shareholders in light of the residuals resulted from conducting a set-off between debts and obligations owed by the bank under liquidation, disposing of its assets as well as recovering the bank's rights.

Reserves' Management:

Given the mandatory requirements that shall be met by JODIC in an efficient and effective manner to provide protection to depositors with member banks, JODIC must act to form reserves consisting of the membership fees (annual premiums) that are collected from member banks and the investments' income, in addition to any other surplus net of all expenses. It's worth mentioning that the Corporation adopted an integrated financial plan that had been approved by the Board of Directors, aiming at reaching the target reserve ratio within a reasonable timeframe. In accordance with the article (19/b) of JODIC's Law, and as the Corporation's reserves level exceeded the target reserve ratio stipulated in the Law, the Board of Directors issued resolution no. (11/2021) in Dec. 27, 2021 for the following forth year, which states to reduce the annual membership fee from (2.5) per thousand to (1.75) per thousand for the member banks in the Corporation.

OVERVIEW

The Corporation shall invest its funds in Government Securities or deposits with the Central Bank by a decision of its board of directors according to the article (24/a) of the Corporation's Law.

Banks' Resolution:

JODIC is the sole deposit insurer, it's a main participant in the financial safety net, contribute to maintaining banking and financial stability in the Kingdom, in addition to its role in mitigating the negative effects of liquidation and reducing its cost, the amending law of JODIC Law No. (8/2019) granted it with the approval of the Central Bank powers to resolve banks that face problems with core effect on its financial position. The Corporation may take one or more of the following measures, if it finds that such measure is less costly than liquidation:

1. Bear the financial cost of the bank's merger bank with another, or transfer all or some of its assets, rights, liabilities and obligations to a third person.
2. Subscribe to any new shares issued to increase the bank's capital.
3. Request a bridge bank license to which all or some of the bank's assets, rights, liabilities and obligations are transferred.

The corporation may, with the approval of the Central Bank, join in any committees it forms to study the conditions of that bank to enable it to take correct and least cost measures.

Monitoring Operating Banks in the Kingdom:

To enable JODIC to perform its mandates as deposit insurer, liquidator and other powers and

to ensure its readiness to manage the processes of reimbursement and liquidation efficiently and effectively, JODIC in collaboration with the Central Bank of Jordan (CBJ) monitors the financial positions of member banks.

According to the Article (29) of its Law, JODIC may examine banks' closing financial statements and the results of their operations that are available at the CBJ, and according to the Article (30) of its Law, a joint inspection team comprising employees of JODIC and CBJ may be formed to review or examine the operations, records, and statements of any bank, based on JODIC's request and CBJ's approval. The team will prepare a joint report containing the results of a bank's activities and recommendations, after which it should be submitted to both the CBJ and the JODIC.

Main Features of the Deposit Insurance System in Jordan:

Membership:

Membership is mandatory for all Jordanian banks and branches of foreign banks operating in the Kingdom except the branches of Jordanian banks operating abroad.

19 banks are subject to the provisions of JODIC's Law at the year-end 2021, 13 of which are Jordanian banks.

Coverage Limit:

The maximum coverage limit is JD 50,000 (fifty thousand Jordanian Dinar) per depositor per member bank.

OVERVIEW

Scope Of Coverage:

Insured Deposits:

The Corporation insures all types of deposits at member banks in the Corporation denominated in **Jordanian Dinar** for individuals, corporate, residents and non-residents, including but not limited to:

- Current and demand deposits.
- Saving deposits.
- Term and subject to notice deposits.
- Certificates of deposits issued by member banks.

Uninsured Deposits:

- Government Deposits.
- Interbank Deposits.
- Cash collaterals within the limits of the value of extended facilities guaranteed by the said collaterals.

Insured Currency:

JODIC insures deposits in the local currency, which is the Jordanian Dinar. Also, the JODIC may insure any foreign currency that the CBJ decides to subject to the provisions of JODIC's Law.

The deposit insurance coverage limit is JD 50,000 (fifty thousand) which equals 6 folds of the average deposits amount held at the banking system.

Annual Premiums (Membership Fees):

The member bank in the Corporation shall pay an annual membership fee to the Corporation at the rate of 1.75 per thousand of eligible deposits. It's worth mentioning that the annual membership fee may be amended, and the rules for calculating same may be changed by a

decision of the council of ministers based on the Board of Directors' recommendation after the banks have been rated according to the rating system applied by the Central Bank of Jordan.

Deposit Insurance Fund for Islamic Banks

The Deposit Insurance Fund for Islamic Banks was established at the Corporation by the virtue of the amending law of JODIC's Law No. (8/2019) as a fund has a corporate entity status that the Corporation manages. The Fund aims to "protect depositors with Islamic banks by insuring their deposits in accordance with the provisions of the law, in order to encourage savings and strengthen confidence in these banks". The relationship between the Corporation and the Fund is based on a paid agency basis (Wakalah Bi Alujr).

The provisions of the Corporation law shall apply to the Fund to the extent not contrary to the provisions related to the Fund in the same law. The Fund is based on the principle of solidarity and cooperation (Takaful and Ta'awun). Also, Sharia Advisor shall be appointed to the Fund by a decision of the Corporation's Board of Directors based on the recommendation of the Iftaa Board from among those with practical experience and specialization in the jurisprudence of transactions.

The Government has contributed to the Fund's capital in an amount of one hundred fifty thousand dinars. Also the Fund mainly funded through annual membership fees collected from Islamic member banks as well as the returns of its investments. Moreover; the Fund may borrow in the form of good loans (Qard hasan) from the

OVERVIEW

Corporation or from any other party that enable it to pay its obligations owed thereby according to the provisions of Law.

Shariah Fatwa No. (13/2012) was issued stating that it is permissible to establish a deposits insurance fund for Islamic banks.

Main Features Of The Deposit Insurance Fund For Islamic Bank:

Membership:

Membership is mandatory for all Jordanian Islamic banks and branches of foreign Islamic banks operating in the Kingdom.

4 Islamic banks are subject to the provisions of JODIC's Law at the year-end 2021, 3 of which are Jordanian Islamic banks.

Coverage Limit:

The maximum coverage limit is JD 50,000 (fifty thousand Jordanian Dinar) per depositor per Islamic member bank.

Scope Of Coverage:

Insured Deposits:

The Fund insures credit accounts and mutual investment accounts at Islamic member banks denominated in **Jordanian Dinar** for individuals, corporate, residents and non-residents.

Uninsured Deposits:

- Government Deposits.
- Interbank Deposits.
- Cash collaterals within the limits of the value of extended facilities guaranteed by the said collaterals.
- Specified Investment Accounts.

Insured Currency:

The Fund insures deposits in the local currency, which is the Jordanian Dinar. Also, the Fund may insure any foreign currency that the CBJ decides to subject to the provisions of JODIC's Law.

Annual Premiums (Membership Fees):

The Islamic bank shall pay an annual membership fee of 2.5 per thousand of the following balances to be calculated and collected on the basis of the total of such accounts at the end of each year:

1. On the balance of credit accounts or the like.
2. On the balance of mutual investment accounts or the like.

It's worth mentioning that the annual membership fee may be amended, and the rules for calculating same may be changed by a decision of the Council of Ministers based on the Board of Directors' recommendation after the Islamic banks have been rated according to the rating system applied by the Central Bank of Jordan.

Fund's Investment:

The Fund sources shall be invested in Government securities that are compliant with the principles of Shariah, in accordance with the provisions of Article 35 bis of the Corporation's Law.

When the Fund is liquidated, its fund will transfer to the Zakat Fund in the Kingdom after covering all the expenses and losses incurred by it.

The Fund is the sole insurer of any Islamic banks in the Jordanian Banking System in accordance with the provisions of JODIC's Law and compliant with Shariah principles.



Development of Deposits in the Banking System

Development of Deposits in the Banking System

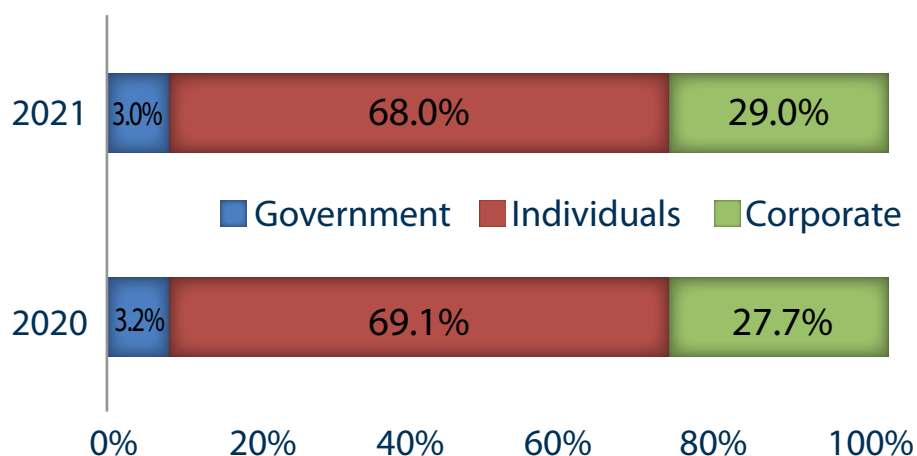
Total deposits denominated in Jordanian Dinar and Foreign Currencies in the Jordanian banking system reached JD 39522.3 million at the year-end 2021, compared to JD 36789.2 million a year earlier, increased by JD 2733.1 million (7.4%). It's worth mentioning that the compound annual growth rate of deposits for the last ten years is (4.9%).

DEPOSITS DENOMINATED IN JORDANIAN DINAR:

Total deposits denominated in Jordanian Dinar in the banking system reached JD 30684.6 million at the year-end 2021 compared to JD 28233.9 million a year earlier, increased by JD 2450.7 million (8.7%). The distribution of these deposits in the banking system shows that individuals' deposits amounted to JD 20863.0 million representing 68.0% of total deposits denominated in Jordanian Dinar in the banking system, corporate deposits amounted to JD 8896.3 million representing 29.0%, and Government deposits amounted to JD 925.2 million representing 3.0%.

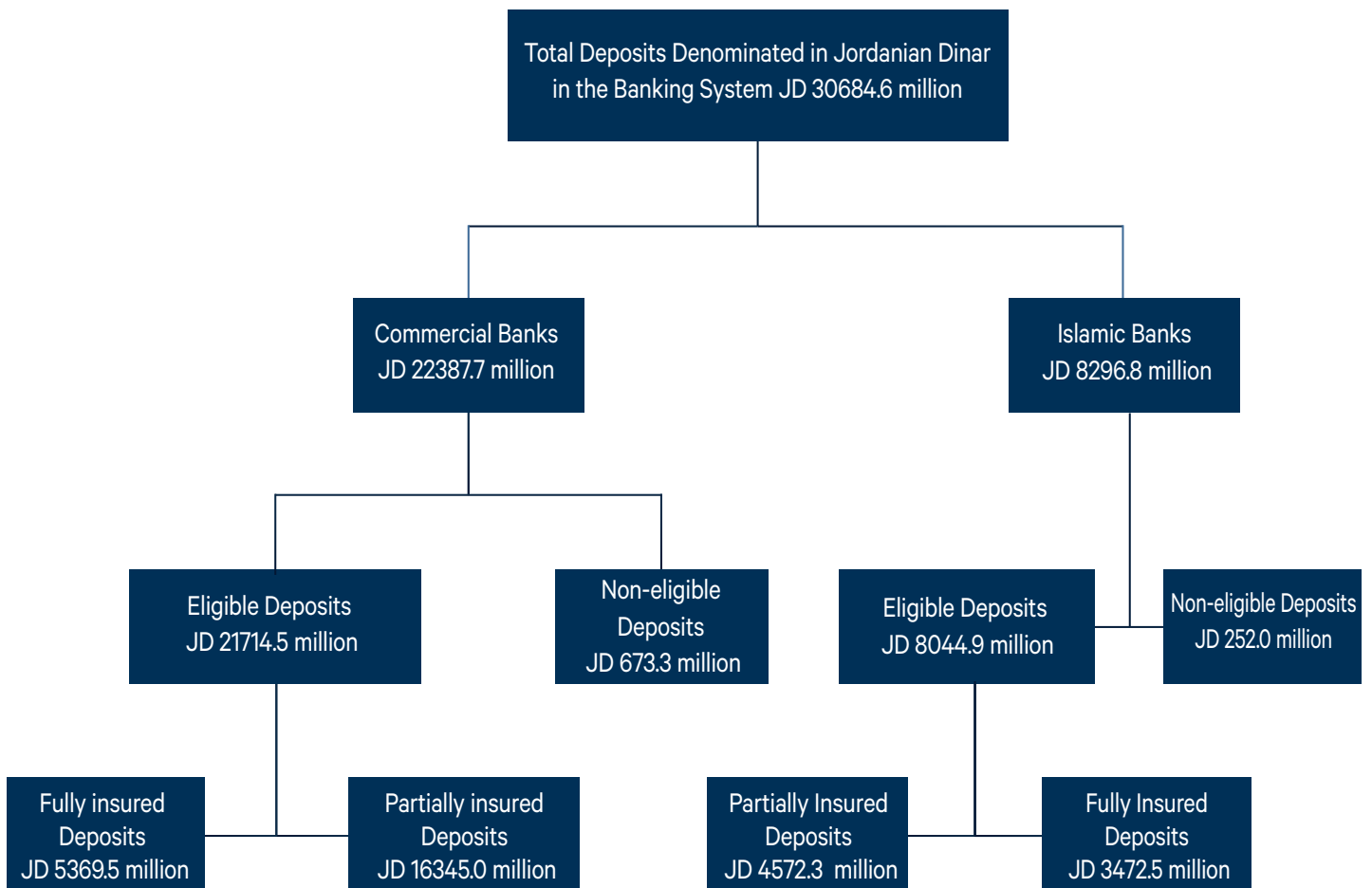
Total Deposits Denominated in Jordanian Dinar in the Banking System						
Sector	Individuals		Corporate		Government	
Item	Deposits Amount (JD million)	Average Deposit (JD)	Deposits Amount (JD million)	Average Deposit (JD)	Deposits Amount (JD Million)	Average Deposit (JD)
2020	19516.9	5913.0	7822.2	74848.0	894.8	229389.0
2021	20863.0	5855.0	8896.3	82070.0	925.2	230098.0
Growth Rate	6.9%	-1.0%	13.7%	9.6%	3.4%	0.3%

Distribution of Deposits Denominated in Jordanian Dinar Across Various Sectors

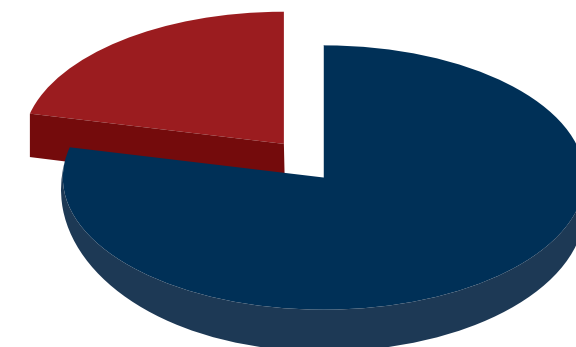


Development of Deposits in the Banking System

Individuals' deposits represented 68.0% of total deposits denominated in Jordanian Dinar in the banking system at the year-end 2021.



Distribution of Jordanian Dinar Deposits in the Banking System

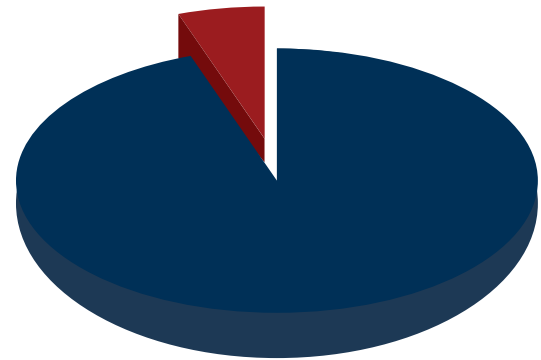


■ Commercial Banks; % 73.0
 ■ Deposits at Islamic Banks ; % 27.0

Development of Deposits in the Banking System

ELIGIBLE DEPOSITS AT JODIC's MEMBER BANKS

The balance of eligible deposits at JODIC's member banks JD 21714.5 million at the year-end 2021 compared to JD 20266.4 million at the year-end 2020 rose by 7.1%. These deposits represented 97.0% of total deposits denominated in Jordanian Dinar held by commercial banks which belong to 2211.7 thousand depositors with an average deposit value of JD 9818.0 at the year-end 2021, compared to 2057.5 thousand depositors with an average deposit value of JD 9850.0 a year earlier.



- Eligible Deposits; 97.0%
- Non-eligible; 3.0%

Eligible deposits represented 97.0% of total deposits denominated in Jordanian currency held by JODIC's member banks at the year-end 2021.

Development of Deposits in the Banking System

FULLY INSURED DEPOSITS:

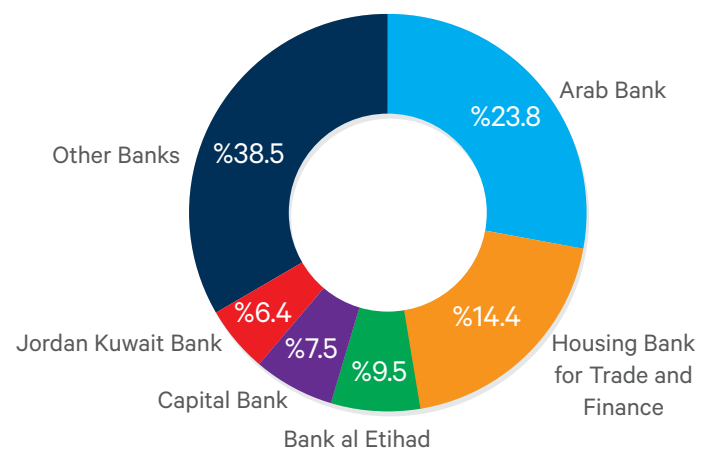
Fully insured deposits, equal to or less than JD Fifty thousand (50,000), amounted to JD 5369.5 million (24.7% of eligible deposits) at the year-end 2021, belong to 2153.4 thousand depositors with an average deposit value of JD 2494.0 compared to JD 5131.0 million belong to 1998.8 thousand depositors with an average deposit value of JD 2567.0 at the year-end 2020. The ratio of fully insured depositors to total eligible depositors reached 97.4% at the year-end 2021.

PARTIALLY INSURED DEPOSITS:

Partially insured deposits, in excess of JD 50,000, amounted to JD 16345.0 million (75.3% of eligible deposits) belong to 58.4 thousand depositors (2.6% of total eligible depositors), with an average deposit value of JD 280048.0 at the year-end of 2021, compared to JD 15135.4 million, belong to 58.7 thousand depositors with an average deposit value of JD 257862.0 a year earlier.

THE MARKET SHARE OF ELIGIBLE DEPOSITS:

The market share of eligible deposits at the largest five-member banks: Arab Bank, Housing Bank for Trade and Finance, Bank al Etihad, Capital Bank, and Jordan Kuwait Bank represented 23.8%, 14.4%, 9.5%, 7.5%, and 6.4% respectively at the year-end 2021.



JODIC'S RESERVES:

The balance of JODIC's reserves reached JD 1011.2 million at the year-end 2021, which grew year over year by JD 82.3 million (8.9%). These reserves cover (4.66%) of total eligible deposits and (12.2%) of the insurance policy (reimbursement amount).

Main Indicators of Depositors and Deposits Denominated in Jordanian Dinar at

JODIC's Member Banks

Item	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Growth Rate
Total deposits at member banks (JD million)	14,304.4	16,982.1	19,307.8	20,676.0	20,213.2	19,816.9	19,794.4	20,547.1	20,976.9	22,387.7	6.7%
Total depositors at member banks (in thousand)	1687.0	1733.8	1692.1	1726.3	1821.2	1883.8	1935.7	2000.3	2061.0	2215.4	7.5%
Average deposit value for total depositors at member banks (JD)	84.79	9795	11411	11977	11094	10520	10226	10272	10178	10106	-0.7%
Eligible deposits (JD million)	13730.0	16,324.7	18,018.1	19,489.8	19,312.8	19,094.2	19,067.1	19,835.4	20,266.4	21,714.5	7.1%
Insurance policy (Estimated reimbursement amount) (JD million)	5567.1	6161.2	6543.9	6896.9	7299.4	7464.3	7328.4	7769.6	8065.8	8287.7	2.8%
Estimated reimbursement amount to total deposits at member banks	38.9%	36.3%	33.9%	33.4%	36.1%	37.7%	37.0%	37.8%	38.5%	37.0%	-3.7%
Estimated reimbursement amount to total eligible deposits	40.5%	37.7%	36.3%	35.4%	37.8%	39.1%	38.4%	39.2%	39.8%	38.2%	-4.1%
Number of eligible depositors (in thousand)	1684.3	1730.9	1689.5	1722.9	1817.6	1880.0	1931.8	1996.2	2057.5	2211.7	7.5%
Average deposit value for eligible depositors (JD)	8152	9431	10665	11312	10625	10156	9870	9937	9850	9818	-0.3%
Fully insured deposits (JD million)	3791.2	4,075.9	4,283.5	4,461.4	4,703.3	4,878.9	4,808.6	4,939.8	5131.0	5369.5	4.6%
Number of fully insured depositors (in thousand)	1648.8	1689.2	1644.3	1674.2	1765.7	1828.3	1881.4	1939.6	1998.8	2153.4	7.7%
Average deposit value for fully insured depositors (JD)	2299	2413	2605	2665	2664	2669	2556	2547	2567	2494	-2.9%
Partially insured deposits (JD million)	9,938.9	12,248.8	13,734.5	15,028.4	14,609.4	14,215.2	14,258.5	14,895.6	15,135.4	16,345.0	8.0%
Number of partially insured depositors (in thousand)	35.5	41.7	45.2	48.7	51.9	51.7	50.4	56.6	58.7	58.4	-0.6%
Average deposit value for partially insured depositors (JD)	279827	293693	303,807	308,521	281,378	274,919	282,929	263,192	257,862	280,048	8.6%
Insurance Policy (Estimated reimbursement amount for partially insured deposits) (JD million)	1775.9	2085.3	2260.4	2435.6	2596.1	2585.4	2519.8	2829.8	2934.8	2918.3	-0.6%
Fully insured deposits to total eligible deposits	27.6%	25.0%	23.8%	22.9%	24.4%	25.6%	25.2%	24.9%	25.3%	24.7%	-2.3%
Partially insured deposits to total eligible deposits	72.4%	75.0%	76.2%	77.1%	75.6%	74.4%	74.8%	75.1%	74.7%	75.3%	0.8%
Estimated reimbursement amount for partially insured deposits to total partially insured deposits	17.9%	17.0%	16.5%	16.2%	17.8%	18.2%	17.7%	19.0%	19.4%	17.9%	-7.9%
Fully insured deposits to total deposits at member banks	26.5%	24.0%	22.2%	21.6%	23.3%	24.6%	24.3%	24.0%	24.5%	24.0%	-1.9%
Partially insured deposits to total deposits at member banks	69.5%	72.1%	71.1%	72.7%	72.3%	71.1%	72.0%	72.5%	72.2%	73.0%	1.2%
Number of fully insured depositors to total depositors at member banks	97.7%	97.4%	97.2%	97.0%	97.0%	97.1%	97.2%	97.0%	97.0%	97.2%	0.2%
Number of partially insured depositors to total depositors at member banks	2.1%	2.4%	2.7%	2.8%	2.9%	2.7%	2.6%	2.8%	2.8%	2.6%	-7.5%
Number of fully insured depositors to total eligible depositors	97.9%	97.6%	97.3%	97.2%	97.1%	97.2%	97.4%	97.2%	97.1%	97.4%	0.2%
Number of partially insured depositors to total eligible depositors	2.1%	2.4%	2.7%	2.8%	2.9%	2.8%	2.6%	2.8%	2.9%	2.6%	-7.5%
The market share of eligible deposits held by member banks (the largest share)	23.5%	23.1%	21.8%	21.5%	22.1%	20.3%	20.3%	20.7%	22.9%	23.8%	3.7%
The market share of eligible deposits held by member banks (the largest two shares)	43.7%	42.7%	41.8%	41.7%	42.0%	40.4%	39.9%	39.3%	39.2%	38.2%	-2.5%
The market share of eligible deposits held by member banks (the largest five shares)	62.8%	61.6%	61.9%	63.2%	62.3%	60.7%	60.8%	61.4%	60.7%	61.5%	1.3%
Corporations' reserves (JD million)	334.2	393.6	463.1	537.2	612.4	690.9	774.5	849.8	928.9	1,011.2	8.9%
Corporation's reserves to eligible deposits	2.4%	2.4%	2.6%	2.8%	3.1%	3.62%	4.06%	4.28%	4.58%	4.66%	1.6%
Corporation's reserves to insurance policy (estimated reimbursement amount)	6.0%	6.4%	7.1%	7.8%	8.4%	9.3%	10.6%	10.9%	11.52%	12.20%	5.9%

Development of Deposits in the Banking System

Deposit Insurance Fund for Islamic Banks

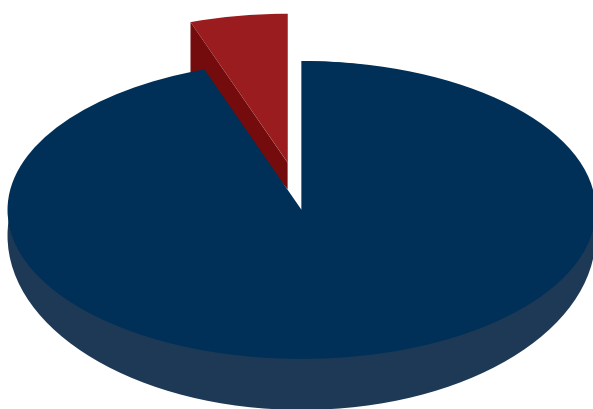
Development of Deposits at the Islamic Banks

Total deposits at the Islamic Banks reached JD 8296.8 million at the year-end 2021 compared to JD 7257.0 million a year earlier, which increased by JD 1039.8 million (14.3%). These deposits belong to 1460.3 thousand depositors at the year-end 2021 compared with 1347.9 thousand depositors a year earlier.

ELIGIBLE DEPOSITS AT ISLAMIC BANKS:

Total eligible deposits at Islamic Banks amounted to JD 8044.9 million (27.0% of total eligible deposits in the banking system), belong to 1460.0 thousand depositors (39.8% of the total eligible depositors in the banking system) at the year-end 2021.

Eligible Deposits at Islamic Banks



■ Eligible Deposits, 97.0%

■ Non-eligible Deposits, 3.0%

FULLY INSURED DEPOSITS:

Fully insured deposits, equal or less than JD 50,000, reached JD 3472.5 million (43.2% of total eligible deposits) at the year-end 2021, they belong to 1434.8 thousand depositors (98.3% of total eligible depositors), with an average deposit value of JD 2420.0, compared to JD 3186.4 million belong to 1325.2 thousand depositors with an average deposit value of JD 2404.0 a year earlier.

PARTIALLY INSURED DEPOSITS:

Partially insured deposits, in excess of JD 50,000, reached JD 4572.3 million (56.8% of total eligible deposits) at the year-end 2021, they belong to 25.1 thousand depositors (1.7% of total eligible depositors) with an average deposit value of JD 182092.0, compared to JD 3886.2 million belong to 22.4 thousand depositors with an average deposit value of JD 173803.0 a year earlier.

Development of Deposits in the Banking System

THE FUND'S RESERVES:

The reserves of the Deposit Insurance Fund for Islamic Banks amounted to JD 43.4 million at the year-end 2021. These reserves cover 0.54% of total eligible deposits and 0.92% of the Insurance policy.

the year-end 2021, compared to 258.2 thousand depositors a year earlier. The average deposit value of foreign currency deposits decreased to JD 32965.0 at the year-end 2021 compared to JD 33138.0 a year earlier.

DEPOSITS DENOMINATED IN FOREIGN CURRENCIES⁵:

Deposits denominated in foreign currencies in the banking system reached JD 8837.7 million at the year-end 2021 compared to JD 8555.3 million a year earlier, increased by 3.3%. These deposits belong to 268.1 thousand depositors at

Total individuals' deposits represented 70.3% of total foreign currencies deposits in the banking system at the year-end 2021.

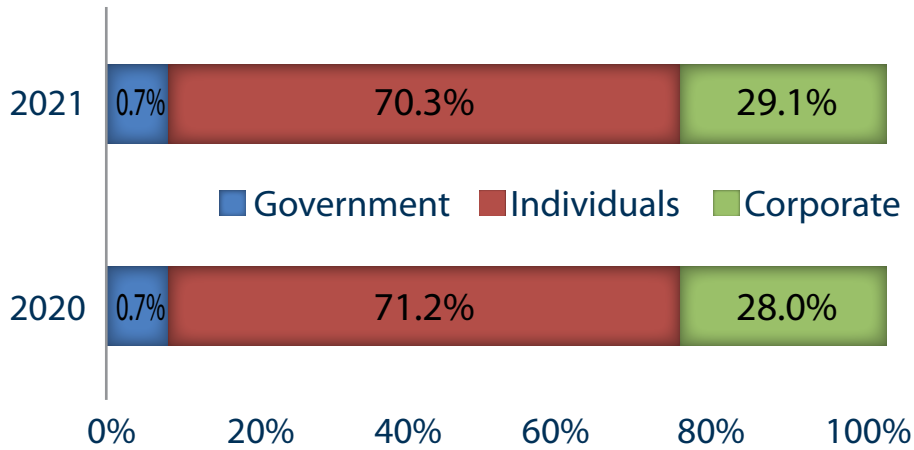
Total Deposits Denominated in Foreign Currencies in the Jordanian Banking System

Sector	Individuals		Corporate		Government	
	Deposits Amount (JD Million)	Average Deposit (JD)	Deposits Amount (JD Million)	Average Deposit (JD)	Deposits amount (JD Million)	Average Deposit (JD)
2020	6094.6	26379.0	2399.6	88656.0	61.1	899000.0
2021	6209.7	25749.0	2567.4	95552.0	60.6	962523.0
Growth Rate	1.9%	-2.4%	7.0%	7.8%	-0.8%	7.1%

⁵ Deposits denominated in foreign currencies are not insured by the Corporation. However, in accordance with the Article (32 /a) of JODIC's Law, these deposits may be insured upon the decision of the Central Bank of Jordan (CBJ).

Development of Deposits in the Banking System

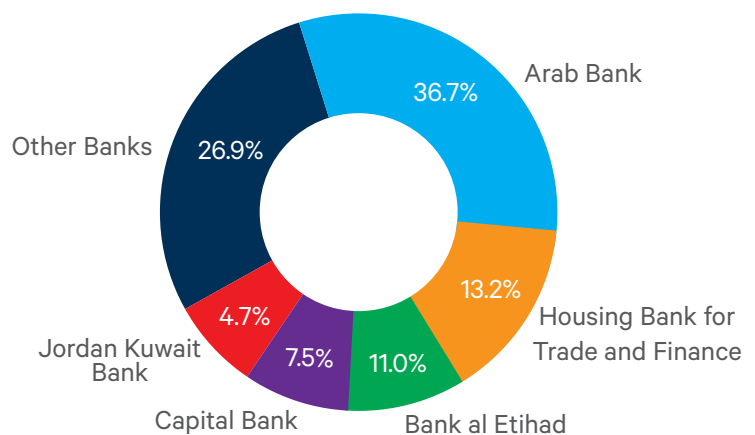
Distribution of Deposits denominated in Foreign Currencies Across Various Sectors



Deposits denominated in foreign currencies held at JODIC’s member banks reached JD 7927.4 million (89.7% of total foreign currency deposits in the banking system) at the year-end 2021, compared to JD 7708.9 million a year earlier, which increased by 2.8%. These deposits belong to 228.4 thousand depositors at the year-end 2021 with an average deposit value of JD 34707.0 compared to 219.3 thousand depositors with an average deposit value of JD 35146.0 a year earlier.

The market share of deposits denominated in foreign currencies at the largest five JODIC’s member banks: Arab Bank, Housing Bank for Trade and Finance, Bank al Etihad, Capital Bank, and Jordan Kuwait Bank represented 36.7%, 13.2%, 11.0%, 7.5%, 4.7% respectively at the year-end 2021.

Deposits Market Share at the largest Five Member Banks



Total deposits denominated in foreign currencies at Islamic Banks reached JD 910.3 million (10.3% of total foreign currency deposits in the banking system) at the year-end 2021, compared to JD 846.4 million a year earlier, which increased by 7.6%. These deposits belong to 39.7 thousand depositors with an average deposit value of JD 22939.0 compared to 38.8 thousand depositors with an average deposit value JD 21794.0 a year earlier.

**BANKS OPERATING IN THE
KINGDOM AS END OF 2021**

BANKS OPERATING IN THE KINGDOM AS END OF 2021

Member Banks at the Deposit Insurance Corporation	Year of Establishment	Number of Branches Inside the Kingdom	Total Assets (JD Million)	Eligible Deposits (JD Million)
Jordanian Banks				
Arab Bank PLC	1930	76	12335.4	5165.8
The Housing Bank for Trade & Finance	1974	115	7469.0	3120.0
Jordan Kuwait Bank	1977	67	2988.1	1385.0
Jordan Ahli Bank	1956	49	2683.1	1357.8
Bank of Jordan	1960	88	2428.2	1109.7
Cairo Amman Bank	1960	98	2738.2	1254.6
Bank al Etihad	1991	58	4087.7	2053.4
Capital Bank of Jordan	1996	23	3843.7	1623.4
Jordan Commercial Bank	1978	34	1541.7	768.8
Arab Banking Corporation - Jordan	1989	24	1279.7	549.9
Invest Bank	1989	12	1110.1	608.7
Arab Jordan Investment Bank	1978	36	2284.5	810.0
Societe Generale de Banque - Jordanie	1993	19	1845.1	941.7
Branches of Foreign Banks Operating in the Kingdom				
BLOM Bank S.A.L	2004	18	615.9	293.9
Egyptian Arab Land Bank	1951	16	553.0	316.6
Standard Chartered Bank	1969	2	425.9	168.5
Citibank N.A	1974	2	314.5	149.5
National Bank of Kuwait	2004	1	133.0	36.7
Rafidain Bank	1957	2	190.8	0.8

BANKS OPERATING IN THE KINGDOM AS END OF 2021

Member Banks at the Deposit Insurance Fund for Islamic Banks	Year of Establishment	Number of Branches Inside the Kingdom	Total Assets (JD Million)	Eligible Deposits (JD Million)
Jordanian Banks				
Jordan Islamic Bank	1979	109	5414.4	3999.1
Islamic International Arab Bank	1997	45	2905.1	2091.8
Safwa Islamic Bank	2010	40	2530.7	1590.5
Branches of Foreign Islamic Banks Operating in the Kingdom				
Al Rajhi Bank	2011	10	710.7	363.4

**THE FINANCIAL PERFORMANCE
OF THE CORPORATION AND THE
DEPOSIT INSURANCE FUND FOR
ISLAMIC BANKS**

THE FINANCIAL PERFORMANCE OF THE CORPORATION AND THE DEPOSIT INSURANCE FUND FOR ISLAMIC BANKS

JODIC continued throughout the year 2021 to boost its reserves' level to ultimately achieve its mandatory requirements efficiently and effectively as deposit insurer and liquidator, and in protecting depositors by insuring their deposits, encouraging savings, as well as enhancing confidence in the Jordanian banking system.

JODIC's financial resources consist mainly of the annual membership fees contributed by member banks (annual flat fee of 2.5 per thousand of total eligible deposits), in addition to the returns on its investments, and any obtained loans or financial grants given to the Corporation in accordance with the provisions of JODIC's Law. The percentage of annual membership fees that will be collected during the year 2021 has continued modified to 1.75 per thousand Accordance with the provisions of Article (12/c) of JODIC's Law and its amendments.

JODIC invests its funds in securities issued or guaranteed by the Government in accordance with the provisions of Article 24 (a) of JODIC's Law. It utilizes the best investment opportunities available in the primary market taking into account their term, yield-to-maturity (YTM) and JODIC's share of each issuance, along with the maturity structure of JODIC's portfolio for the purpose of managing

the prospective opportunities as well as the reinvestment risk.

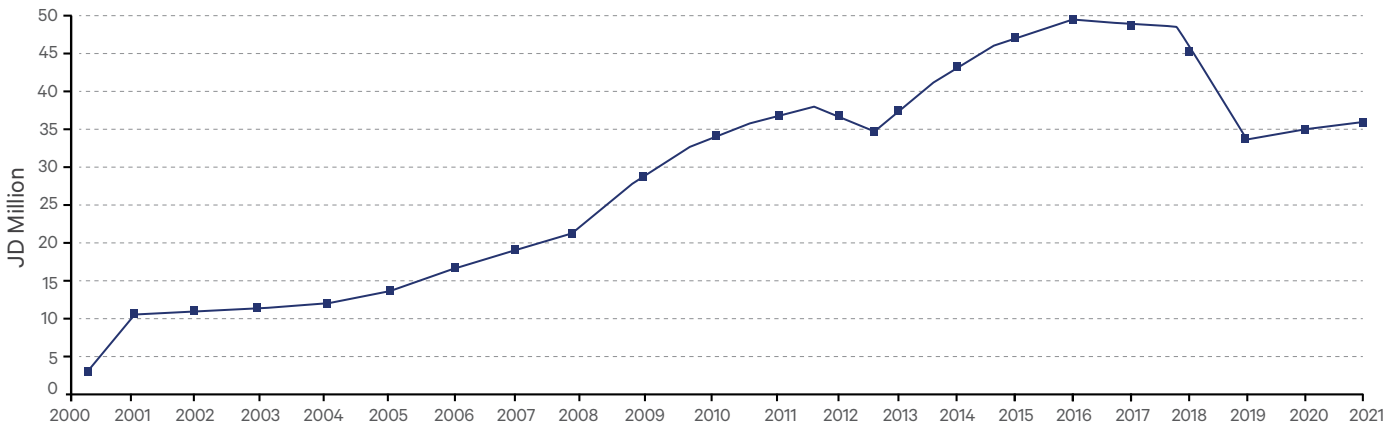
The interest rate structure in the market is closely monitored when diversifying portfolio investments in order to achieve the best possible returns in both the medium and long terms.

The Financial Performance

Total owners' equity increased to reach JD 1014 million by the end of 2021 compared with JD 932 million by the end of 2020. JODIC's capital amounted to JD 3.15 million of which JD (0.85) million was paid by the Government and JD 2.3 million was paid by member banks (JD 100,000 as a non-refundable initiation fee paid by each member bank).The accumulated reserves by the end of 2021, generated from the annual surplus and premiums (annual membership fees), formed the bulk of total owners' equity and reached JD 1011 million with an increase of JD 82.2 million from the previous year. Annual membership fees collected from member banks amounted to JD 35.8 million during the year 2021, compared with JD 35 million collected a year earlier and reflected 2.3% increase rate, while the net investments income amounted to JD 46.4 million during 2021, compared with JD 44 million during 2020 with an increase of 5.5%.

THE FINANCIAL PERFORMANCE OF THE CORPORATION AND THE DEPOSIT INSURANCE FUND FOR ISLAMIC BANKS

The Annual Membership Fees (2000-2021)



To further manage its overhead expenses and enhance the reserves buildup, JODIC adopts a medium term financial program with the assumption of decreasing the ratio of total overhead expenses to investments income, this ratio reached to 3.05% by the end of 2021. Furthermore, JODIC’s revenues and expenses are monitored and evaluated on an ongoing basis to ensure the effective implementation of the annual budget that has been approved by the Board of Directors (BOD) in accordance with the Provisions of Article 7 (a/5) of JODIC’s Law, as well as to ensure compliance with the performance indicators adopted in its medium term financial program.

Investment’s Portfolio and Investment’s Income

The outstanding value of JODIC’s Held-to-Maturity bonds portfolio increased to reach JD 988.6 million by the end of 2021 compared with JD 915.3 million a year earlier, with an increase of JD 73.3 million and a growth rate of 8%.

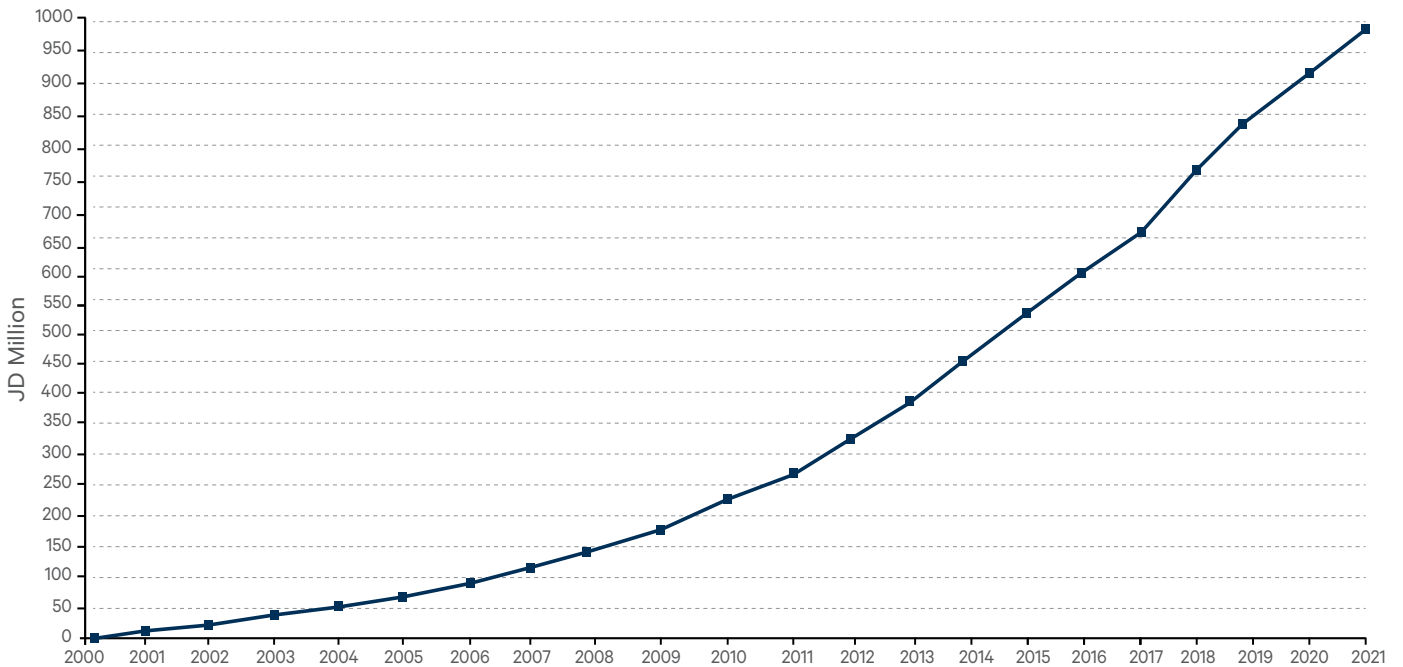
The portfolio consists of:

1. Treasury bonds with a value of JD 934.6 million; representing 94.5 of total value of the portfolio.
2. Public entities bonds with a value of JD 54 million; representing 5.5% of total value of the portfolio.

Outstanding balance of public debt instruments portfolio amounted to JD 988.6 million representing 97.5% of the Corporation’s total assets by the end of 2021.

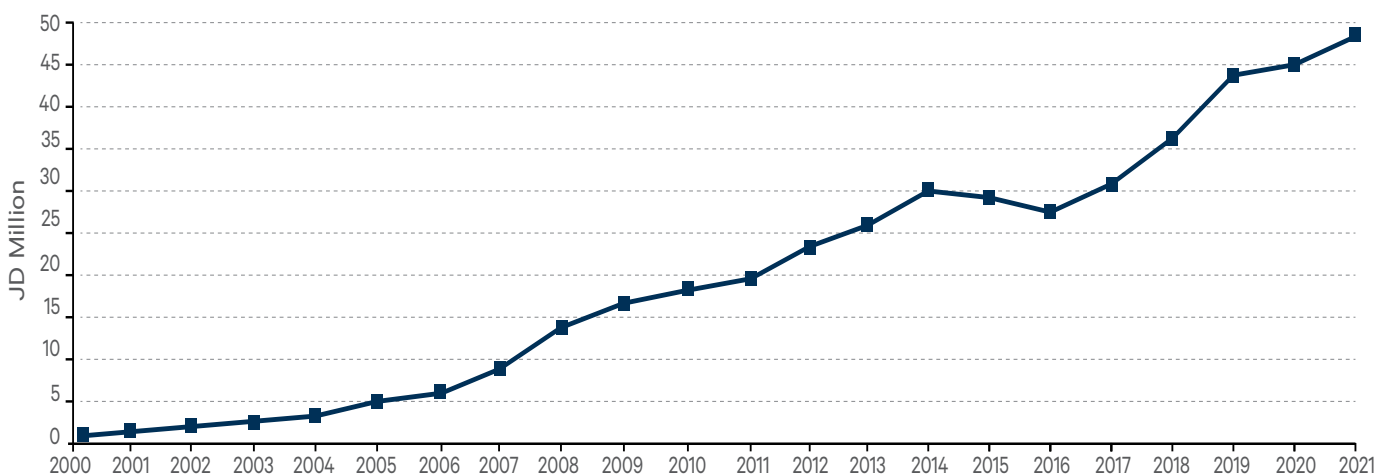
THE FINANCIAL PERFORMANCE OF THE CORPORATION AND THE DEPOSIT INSURANCE FUND FOR ISLAMIC BANKS

JODIC's Investments Portfolio (2000-2021)



JODIC's total investments portfolio income amounted to approximately JD 47.8 million during the year 2021 compared with JD 45.3 million during the year 2020, with an increase of 5.5%.

JODIC's Total Investments Portfolio Income (2000-2021)



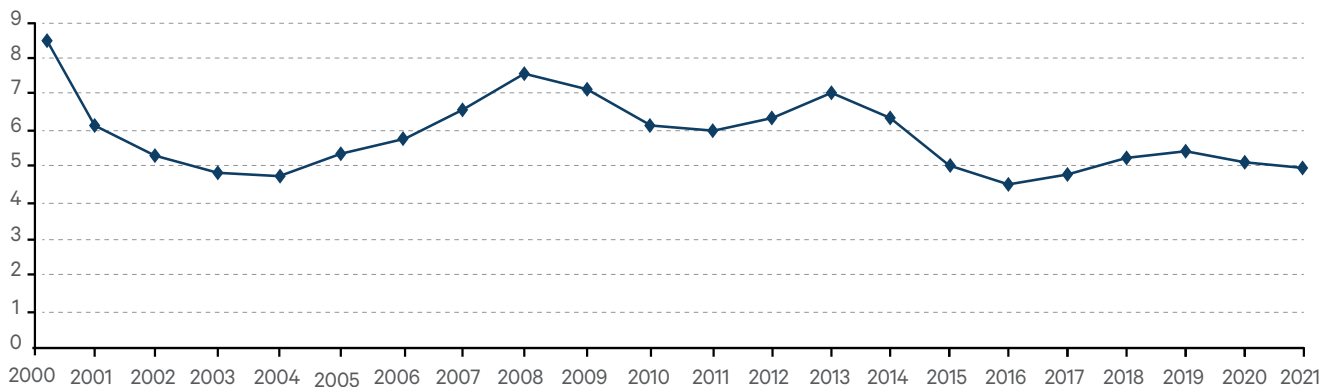
JODIC's investments income from public debt instruments amounted to approximately JD 47.8 million during the year 2021.

THE FINANCIAL PERFORMANCE OF THE CORPORATION AND THE DEPOSIT INSURANCE FUND FOR ISLAMIC BANKS

Portfolio's Yield- to- Maturity and Modified Duration:

The Yield-to-Maturity (YTM) of the portfolio decrease by 0.188% to reach 4.923% by the end of 2021 compared with 5.111% a year earlier, and the modified duration decreased to reach 3.651 year by the end of 2021 compared with 4.234 year from the previous year.

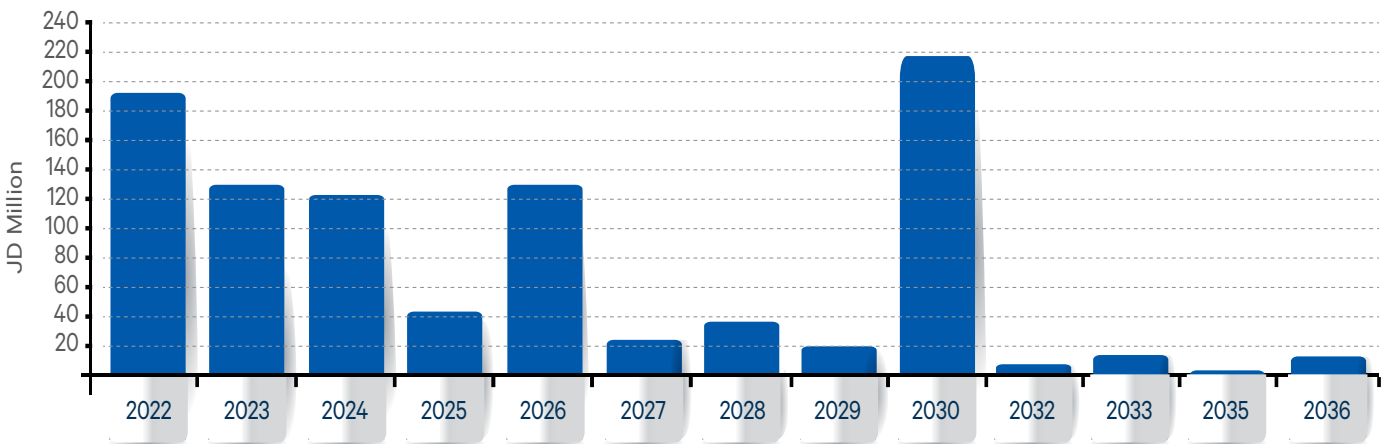
Yield- To- Maturity of the Corporation's Portfolio (2000-2021)



Maturities of Financial Instruments:

By the end of 2021, the value of the redeemed bonds and bills amounted to approximately JD 81.6 million. However, short term investments in JODIC's portfolio amounted to JD 195.5 million by the end of 2021.

Corporation's Portfolio Redemption Schedule by the End of 2021



THE FINANCIAL PERFORMANCE OF THE CORPORATION AND THE DEPOSIT INSURANCE FUND FOR ISLAMIC BANKS

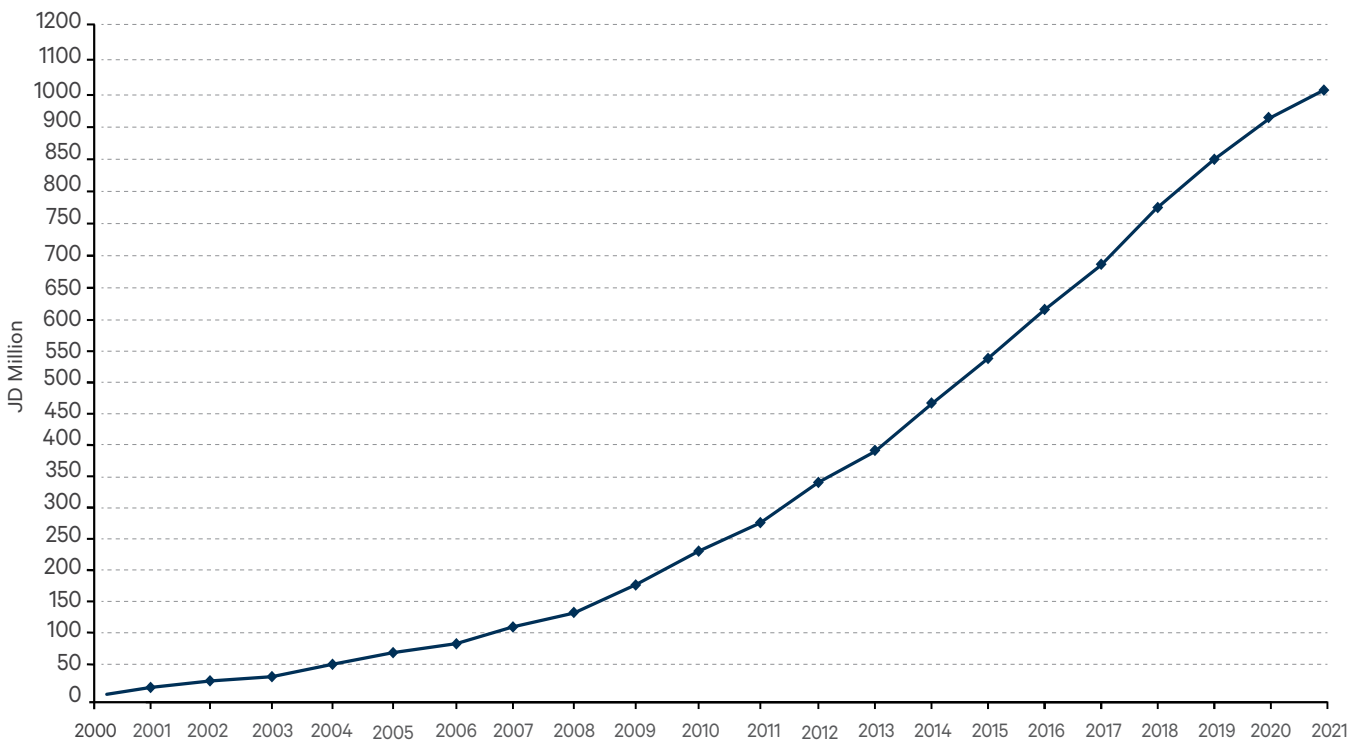
Cash Account:

JODIC's cash balances not invested in public debt instruments is deposited at the Central Bank of Jordan (CBJ) in accordance with the Provisions of Article 24(b) of JODIC's Law. The balance of this account amounted to JD 9.5 million by the end of 2021.

Total Reserves

The premiums contributed by member banks and investments income resulted in raising JODIC's total reserves from JD 929 million by the end of 2020 to JD 1011 million by the end of 2021 With an increase of JD 82 million, or by 8.8%. This level of reserves formed 4.66% of total eligible deposits amounting to JD 21714.5 million by the end of 2021, and 12.2% of estimated reimbursement amount being JD 8287.7 million.

JODIC's Reserves During (2000-2021)



THE FINANCIAL PERFORMANCE OF THE CORPORATION AND THE DEPOSIT INSURANCE FUND FOR ISLAMIC BANKS

The financial performance of the deposit insurance fund for Islamic banks

The Deposit Insurance Fund for Islamic Banks was established at the Jordan Deposit Insurance Corporation by the virtue of the amending law of JODIC's Law No. (8/2019) issued on Apr 1st, 2019. The Fund enjoys a legal entity status managed by the Corporation, as the Fund is based on the principle of Solidarity and Cooperation "Takaful and Ta'awun". The provisions of JODIC's Law shall apply to the Fund to the extent not contrary to the specific provisions of the Fund in the Law. Two separate portfolios are established in the Fund as follows:

1. Takaful Portfolio of Credit Accounts: The annual membership fees paid by Islamic banks for credit accounts or the like, and the portion of Unrestricted Investment Accounts "Mutual Fund Accounts" not sharing in profits, shall be credited to the portfolio.

2. Takaful Portfolio of Unrestricted Investment Accounts "Mutual Fund Accounts": The annual membership fees paid by Islamic banks shall be credited to the portfolio on behalf of Unrestricted Investment Accounts "Mutual Fund Accounts" holders or the like.

Deposit insurance fund for Islamic banks financial resources consist mainly of the annual membership fees contributed by member banks (annual flat fee of 2.5 per thousand on the balance of credit accounts and the balance of Unrestricted Investment Accounts "Mutual Fund Accounts" or the like to be calculated and levied on the basis of the balances of the total of such accounts at the end of each year, accordance with the provisions of Article (33 bis/b), in addition to the Returns on the investments of the Fund, and Any non-interest loan "Qard Hasan" received by the Fund in accordance with the provisions of JODIC's Law.

The Corporation shall invest the financial sources of the Fund in Government securities complying with Shariah principles and rulings according to Article (35 bis) of JODIC's law.

The fund's financial performance

Total owners' equity increased to reach JD 43.9 million by the end of 2021 compared with JD 26.3 million by the end of 2020. Deposit insurance fund for Islamic banks capital amounted to JD (0.550) million of which JD (0.150) million was paid by the Government out of its contribution to the JODIC's capital

THE FINANCIAL PERFORMANCE OF THE CORPORATION AND THE DEPOSIT INSURANCE FUND FOR ISLAMIC BANKS

in the fund, and JD (0.400) million was paid by member Islamic banks (JD 100,000 as a non-refundable initiation fee paid by each Islamic member bank). The accumulated reserves by the end of 2021, generated from the annual surplus and premiums (annual membership fees), formed the bulk of total owners' equity and reached JD 43.4 million with an increase of JD 17.6 million from the previous year. Annual membership fees collected from member Islamic banks amounted to JD 17.6 million during the year 2021, compared with JD 15.9 million collected a year earlier and reflected 10.7% increase rate.

Investment's Fund Portfolio

The outstanding value of the fund's portfolio of government securities that complying with Shariah principles and rulings amounted to about JD 17.6 million by the end of 2021, distributed as follows:

1. Takaful Portfolio of Credit Accounts with a value of JD 8.2 million; representing 46.6% of total value of the fund's portfolio.
2. Takaful Portfolio of Unrestricted Investment Accounts "Mutual Fund Accounts" with a value of JD 9.4 million; representing 53.4% of total value of the fund's portfolio

Cash Account

Deposit Insurance Fund for Islamic Banks cash balances not invested in government securities complying with Shariah principles and rulings is deposited at the Central Bank of Jordan (CBJ) in accordance with the Provisions of Article 24(b) and Article 3(b) of JODIC's Law. The balance of this account amounted to JD 26.4 million by the end of 2021.

Total Reserves

The premiums contributed by member Islamic banks resulted in raising Deposit Insurance Fund for Islamic Banks total reserves from JD 25.8 million by the end of 2020 to JD 43.4 million by the end of 2021 with an increase of JD 17.6 million, or by 68.2%. This level of reserves formed 0.54% of total eligible deposits amounting to JD 8044.8 million by the end of 2021, and 0.92% of estimated reimbursement amount being JD 4728 million.

Public Awareness & Regional and International Contributions

Public Awareness & Regional and International Contributions

Within the framework of the Jordan Deposit Insurance Corporation JODIC's efforts to communicate with the depositors and to enhance cooperation with member banks and relevant parties to keep them informed of the developments in the field of deposit insurance, JODIC continued its awareness-raising efforts and diversified the means of communication during the year 2021, in which an interview with His Excellency the Director General highlighted the corporation's work and its role in maintaining financial stability in the Kingdom was published by Al-Anbat newspaper on the occasion of Independence Day of The Hashemite Kingdom.

Also, JODIC published its 2020 annual report, advertisements for the membership of banks, the financial statements of both the Corporation and the Deposit Insurance Fund for Islamic Banks.

In addition, it interacted with the public through its Facebook page and updated information on its website and a booklet of the amending law of its Law has also been prepared, printed and distributed to all relevant parties.

As part of the Kingdom's celebrations of the centenary of the founding of Jordan, JODIC published the Centennial logo on its website, designed a banner and placed it on its main entrance, and designed a booklet of historical development during the period (2000-2020), which highlights the most important

achievements of the Corporation during the Centenary and sent it to many relevant parties such as the Royal Hashemite Documentation Center as well as it has been published on its main Facebook page and its website. In addition to that, JODIC designed and prepared historical overview panel and placed it inside its building.

At the international and regional levels, JODIC participated in many virtual events through (WEBEX), which were organized by the International Association of Deposit Insurers, for example, the 20th Annual General Meeting and the 71st Executive Council Meeting (EXCO), in addition to the meetings of Middle East and North Africa Committee (MENA).

Also, JODIC participated in the Middle East and North Africa Regional Committee Webinar titled "IADI Core Principle 4: Coordination and cooperation between deposit insurers and other safety-net players in normal times and in crises" organized by the International Association of Deposit Insurers (IADI) and the Moroccan Deposit Insurance Corporation (MDIC) on January 21st, 2021.

JODIC participated in the seventh virtual meeting hosted by the Arab Monetary Fund (AMF) on "The Impacts of Covid-19 on Financial Stability, Banking Supervision and Credit Information in the Arab Region in March 2021, in addition to the joint webinar on the Core Principles for Effective Islamic Deposit Insurance Systems that was organized by the

Public Awareness & Regional and International Contributions

Arab Monetary Fund (AMF), the International Association of Deposit Insurers (IADI) and the Islamic Financial Services Board (IFSB) on June 2nd, 2021.

In line with endeavors of enhancing collaboration with the Deposit Insurance Organizations in the Middle East and North Africa region in order to exchange expertise and knowledge in the field of deposit insurance, JODIC hosted the delegation of the Iraqi Company for Deposit Insurance headed

by Chairman of the Board of Directors during October 2021. On that visit, memorandum of understanding was signed with the aim of enhancing joint cooperation in various fields of the deposit insurance system and exchanging experiences, in a way that contributes to achieving the stability of the banking and financial system in Jordan and Iraq. It's worth mentioning that it also renewed the signing of memorandums of understanding with the Korea Deposit Insurance Corporation and the Savings Deposit Insurance Fund (SDIF).



Public Awareness & Regional and International Contributions



لمحة تاريخية مؤسسة ضمان الودائع (2000 - 2020)



2020	2019	2018	2013	2012	2010	2009	2008	2006	2000
<p>تطوير المؤشرات ذات الصلة بقضايا الودائع:</p> <ul style="list-style-type: none"> تضم المؤسسة رقم (2019/8) والمختبر في عدد جريدة الرسمية رقم 5569 بتاريخ 2019/4/11 وتضمن أهم التعديلات التالية: المقتضية الإزالة للمواد الضمنية مع البنك المركزي الأردني في مديان إيجاد حلول البنوك التي تواجه مشاكل ذات أثر جوهري في مركزها المالي إعطاء شرط تقديم القوانين ال (4.59%) في نهاية العام. 	<p>صدر القانون المعدل لقانون المؤسسة رقم (2019/8) والمختبر في عدد جريدة الرسمية رقم 5569 بتاريخ 2019/4/11 وتضمن أهم التعديلات التالية: المقتضية الإزالة للمواد الضمنية مع البنك المركزي الأردني في مديان إيجاد حلول البنوك التي تواجه مشاكل ذات أثر جوهري في مركزها المالي إعطاء شرط تقديم القوانين ال (4.59%) في نهاية العام. </p>	<p>قرر مجلس إدارة المؤسسة تخصيص رسم التذكار السنوي للبنوك الأعضاء في المؤسسة من أجل وصف بؤلائك ال واحد وخمسة وستين بألاف من مجموع الودائع الخاصة بالبنوك الأعضاء في الأردن. </p>	<p>تمت الموافقة بإجراء تطبيق نظام ضمان الودائع في الأردن مع المجلس الوطني للقطعة المالية الأردنية <p>تمت الموافقة على خطة العمل الخاصة بالبنوك الأعضاء في الأردن مع المجلس الوطني للقطعة المالية الأردنية </p></p>	<p>قرّر مجلس الوزراء المؤتمر لمشروع القانون المعدل لقانون مؤسسة ضمان الودائع </p>	<p>الانتقال من الضمان الحكومي للمؤقت اكتمال الودائع الى ضمان الجزئي حساباً لكام 10,000 ضمان من مبلغ 30,000 دينار لتعويض ديون ال (2011/1) من 2011/1.</p>	<p>بتاريخ 2009/11/4 أعلن وزير المالية د. نوري الخوري عن تشكيل الحكومة الجديدة الودائع لدى البنوك الأردنية والبنوك الأجنبية العاملة في المملكة حتى نهاية عام 2010م.</p>	<p>أعلن دولة رئيس الوزراء بتاريخ 23 تشرين الأول 2008 عن ضمان الحكومة الكامل لجميع الودائع داخل المملكة حتى نهاية عام 2009م.</p>	<p>تمت الموافقة على مشروع القانون المعدل لقانون مؤسسة ضمان الودائع رقم (31) المنبثق من اللجنة التنفيذية والتي نشر في الجريدة الرسمية العدد رقم (4155) بتاريخ 2000/9/17</p>	<p>دخلت قانون مؤسسة ضمان الودائع رقم (31) لسنة 2000 حيز التنفيذ والتي نشر في الجريدة الرسمية العدد رقم (4155) بتاريخ 2000/9/17</p> <p>من أجل الضمان الضمني من قبل مصرفاً لها التي كان معمولاً بها قبل صدور القانون إلى آلية الضمان الصريح.</p>

The Corporation's Strategic Planning

The Corporation's Strategic Planning

Since its establishment, the Jordan Deposit Insurance Corporation continued its efforts to face its challenges, so JODIC put the strategic planning on its track for its functioning, executing its mandates efficiently and effectively, and achieving its vision "To be a leading professional deposit insurance corporation regionally and internationally". This consequently contributed to reducing the banks' risk resulting in enhancing confidence in the banking system, leading to financial stability in the Kingdom.

JODIC opted for a wide participation approach with all its staff in the strategic planning process, as it relied on the findings of the JODIC's endogenous and exogenous factors analysis including the Corporation's most prominent Strengths, Opportunities, Weaknesses, and Threats.

Based on the JODIC's Mission, Vision, and Core Values, the Corporation's aspirations are clarified through dialogue, to accomplish them through a framework that is consistent with national, institutional, and JODIC strategic goals, which are translated to the action plans of the Corporation's units and departments. To ensure achieving the JODIC's strategic goals, operational goals are set to ensure their achievements. In addition, performance indicators are identified to measure the achievements of operational objectives, also; the Audits and evaluations of the level of achievement are conducted to address any deviations that may occur within the monitoring and evaluation methodology.

FINANCIAL PROGRAM - THE CORPORATION'S STRATEGIC PLAN

FINANCIAL PROGRAM:

With the aim of evaluating and monitoring its institutional performance, JODIC frequently updates its medium-term financial program, as part of its strategic plan, to ultimately achieve its national and strategic objectives stipulated in protecting the vast majority of depositors, encouraging savings, as well as enhancing confidence in the banking sector.

The financial program adopts both Guiding and Performance Indicators which operate through an integrated system that sets the relationship between the inputs and the outputs. Inputs are represented in relevant variables affecting

JODIC's performance and based on subjective and qualitative assumptions to project the program's financial indicators that estimate achieving JODIC's objectives within a balanced time frame, particularly those pertaining to JODIC's ability to build up sufficient reserves level and to provide full protection for the vast majority of depositors according to its mandates.

The financial program and relevant assumptions are reviewed annually in light of macroeconomic changes and JODIC's performance, to project the future values for relevant variables such as

The Corporation's Strategic Planning

the annual growth rate of deposits and annual fees collected from member banks, as well as the expected levels of interest rate on different debt instruments.

The financial program enables JODIC to manage its investments towards achieving its long - term strategic goals.

The financial program is based on two main sets of indicators to track the financial developments which are as follows:

- Guiding indicators that are non-controllable by JODIC but affect directly its ability to fulfill its mandates such as the growth rate of deposits subject to the provisions of JODIC's Law.
- Performance Indicators reflect the actual performance of JODIC and are based on variables that are controllable by the Corporation and affect as well its mandates' fulfillment such as the return on JODIC's investments.

The Performance Indicators include the following key indicators:

1-Reserves to total deposits subject to the provisions of JODIC's Law:

This ratio reached 4.66% by the end of 2021 compared to 4.58% by the end of 2020, it's expected to increase annually under the assumption that the long-term average annual growth rate of deposits denominated in Jordanian Dinar is approximately 5.0%.

2- Reserves to estimated reimbursement amount: This ratio reached 12.2% by the end of 2021 compared to 11.5% by the end of 2020. Moreover, this reserve ratio is expected to increase annually which is harmonized with achieving JODIC's objectives in providing protection for the vast majority of depositors, encouraging savings, enhancing confidence in the banking system, and thus contributing to the financial stability in the Kingdom.

3- Overhead expenses to the net and total investments income:

These two ratios were 3.1% and 3.1% by the end of 2021 compared to 3.1% and 3.0% respectively by the end of the year 2020.

4- Overhead expenses to cash flow from operations:

This ratio was 3.2% by the end of 2021 compared to 3.0% by the end of the year 2020, this ratio is expected to decrease annually as a result of the cost-cutting policy adopted by JODIC.

The desired Outcome

The financial program's desired outcome is represented in providing a mechanism for evaluating the Corporation's actual performance against the expected results of the financial program, to fulfill JODIC's mandates efficiently and effectively in accordance with its Law.

The financial program results, by 2021, indicate the possibility to increase reserves ratio annually.

Medium-Term Financial Program - Performance indicators:

Item	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Deposits subject to the provisions of JODIC's Law (JD million).	23042.8	24195.0	25404.7	26675.0	28008.7	29409.2	30879.6	32423.6	34044.8	35747.0
Estimated reimbursement amount (JD million).	9284.2	9960.8	10686.8	11465.6	12301.2	13197.7	14159.5	15191.4	16298.5	17486.3
JODIC's reserves (JD million).	1100.8	1182.1	1270.0	1364.9	1467.5	1578.1	1695.4	1819.4	1950.5	2088.7
JODIC's reserves to deposits subject to the provisions of the Law (%).	4.78	4.89	5.00	5.12	5.24	5.37	5.49	5.61	5.73	5.84
JODIC's reserves to estimated reimbursement amount (%).	11.86	11.87	11.88	11.90	11.93	11.96	11.97	11.98	11.97	11.94
Estimated reimbursement amount to deposits subject to the provisions of JODIC's Law (%).	40.29	41.17	42.07	42.98	43.92	44.88	45.85	46.85	47.87	48.92
Overhead expenses to total revenues from investments (%).	3.08	4.15	4.03	3.93	3.84	3.75	3.80	3.85	3.92	4.00
Overhead expenses to net investments income (%).	2.98	3.98	3.88	3.78	3.70	3.62	3.66	3.71	3.77	3.85
Overhead expenses to cash flow from operations (%).	3.32	3.87	4.16	4.05	3.96	3.87	3.88	3.93	4.00	4.07

**JODIC's Financial Statements &
Independent Auditor's Report for the
Year Ended 31 December 2021**

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2021

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

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 2021, 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 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 Financial Statements section of our report. We are independent of the Corporation in accordance with the International Ethics Standards Board for Accountants' 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.

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

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2021

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.
- 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.

For and behalf of Ernst & Young -Jordan

Osama Shakhathreh
License No. 1079
Amman – Jordan
4 April 2022

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2021

Statement of Financial Position as at 31 December 2021

	Notes	2021	2020
		JD	JD
Assets			
Current Assets			
Current account at central Bank of Jordan		9,499,661	1,026,571
Accrued interests of financial assets at amortized cost		11,659,253	11,326,330
Other debit balances		29,945	7,082
Financing and housing loans granted to employees – short term	6	60,483	58,540
Financial assets at amortized cost – short term	7	195,495,111	73,744,008
Total current assets		216,744,453	86,162,531
Non - Current Assets			
Financing and housing loans granted to employees – long term	6	921,481	945,934
Financial assets at amortized cost – long term	7	793,063,097	841,531,213
Property and equipment	8	3,654,353	3,450,826
Total Non – current assets		797,638,931	845,927,973
TOTAL ASSETS		1,014,383,384	932,090,504
LIABILITIES AND EQUITY			
Liabilities			
Other credit balances		62,687	37,760
Total Liabilities		62,687	37,760
Equity			
Paid in capital	9	3,150,000	3,150,000
Reserves	10	1,011,170,697	928,902,744
Total Equity		1,014,320,697	932,052,744
Total Liabilities and Equity		1,014,383,384	932,090,504

The attached notes from 1 to 18 form part of these financial statements

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2021

Statement of Revenues and Expenses for the Year Ended 31 December 2021

	Notes	2021	2020
		JD	JD
Revenues			
Membership fees	11	35,864,446	35,019,191
Interest of financial assets at amortized cost		47,833,262	45,314,699
Housing, finance revenues and Interest revenue from housing loans		22,169	21,191
Gain from sale of property and equipment		658	-
Gain from sale of financial assets at amortized cost		-	58,869
others		5,544	22,538
Total revenues		83,726,079	80,436,488
Administrative expenses	12	(1,458,126)	(1,361,291)
Excess in revenues over expenses		82,267,953	79,075,197

Statement of Changes in Equity for the Year Ended 31 December 2021

	Paid in Capital	Reserves	Total
	JD	JD	JD
2021			
Balance at 1 January 2021	3,150,000	928,902,744	932,052,744
Excess in revenues over expenses	-	82,267,953	82,267,953
Balance as at 31 December 2021	3,150,000	1,011,170,697	1,014,320,697
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

The attached notes from 1 to 18 form part of these financial statements

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2021

Statement of Cash Flows for the Year Ended 31 December 2021

	2021	2020
	JD	JD
Operating Activities		
Excess in revenues over expenses	82,267,953	79,075,197
Adjustments		
Depreciation	120,819	122,251
Gain from sale of property and equipment	(658)	(53)
Gain from sale of financial assets at amortized cost	-	(58,816)
Interest revenues	(47,833,262)	(45,314,699)
Working capital changes:		
Other debit balances	(22,863)	(191)
Other credit balances	24,927	(11,232)
Net cash flows from operating activities	34,556,916	33,812,457
Investing Activities		
Purchase of financial assets at amortized cost	(202,882,020)	(451,267,735)
Maturity of Financial assets at amortized cost	81,599,033	120,102,894
Proceed from sale financial assets at amortized cost	48,000,000	250,734,500
Proceed from sale of property and equipment	660	71
Financing and housing loans granted to employees	22,510	58,540
Interest received	47,500,339	46,996,186
Purchase of property and equipment	(324,348)	(5,883)
Net cash flows used in investing activities	(26,083,826)	(33,381,427)
Net increase in cash and cash equivalents	8,473,090	431,030
Cash and cash equivalents, beginning of the year	1,026,571	595,541
Cash and cash equivalents, end of the year	9,499,661	1,026,571

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

The attached notes from 1 to 18 form part of these financial statements

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021

(1) GENERAL

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

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

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2021

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 2020 except for the adoption of new standards effective as of 1 January 2021 (If any):

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 corporation's financial statements.

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

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2021

(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.

	%
Buildings	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 its 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 are measured at amortized cost only if these assets are held within a

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2021

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 revenues and expenses.

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 the statement of revenues and expenses.

- These financial assets are not subject to impairment testing.
- Dividend income is recognized in the statement of revenues and expenses.

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.

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2021

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.

End of service indemnity

The employees' end of service compensation expense is calculated as follows:

- One month's salary for each year of service for an employee whose service period in the corporation does not exceed five years.
- A salary of one and a half months for each year of service for an employee whose service period in the corporation exceeds

five years and does not exceed ten years.

- A salary of two months for each year of service for an employee whose service period in the corporation exceeds ten years.

The Corporation shall pay the amount calculated during the year to the End of Service Compensation Fund.

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.

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2021

(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 2021	31 December 2020
	JD	JD
Financing and loans balance at the beginning of the year	1,004,474	1,063,014
The amount of financing and loans provided during the year	105,000	-
Finance revenues	17,358	16,380
Interest added on loan balances during the year	4,811	4,811
The amount of financing and loan proceeds during the year	(149,679)	(79,731)
Financing and loans balances at the end of year	981,964	1,004,474
Housing financing and loans granted – current	60,483	58,540
Housing financing and loan granted – non - current	921,481	945,934
Financing and loans balances at the end of year	981,964	1,004,474

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, 2021 and December 31, 2020, 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.

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2021

(7) FINANCIAL ASSETS AT AMORTIZED COST

	31 December 2021		
	Short Term JD	Long term JD	Total JD
Treasury bonds	151,495,111	783,063,097	934,558,208
Water Authority Bonds	20,000,000	10,000,000	30,000,000
National Electricity Corporation Bonds	24,000,000	-	24,000,000
	195,495,111	793,063,097	988,558,208
	31 December 2020		
	Short Term JD	Long term JD	Total 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

- The average interest rates on bonds ranging between 2,918%-7,999% per year for 2021 (between 2,983%-7,999% for 2020).
- The details of total financial assets in the extinguished cost by credit rating categories are as follows:

	31 December 2021			
	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
Financial assets at amortized cost	988,558,208	-	-	988,558,208
	31 December 2020			
	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
Financial assets at amortized cost	915,275,221	-	-	915,275,221

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2021

(8) PROPERTY AND EQUIPMENT

2021	Land	Building	Furniture and decorations	Computers and telecommunication	Vehicles	Projects in progress*	Total
	JD	JD	JD	JD	JD	JD	JD
Cost							
As at 1 January 2021	1,157,050	3,796,769	183,609	105,055	57,657	22,000	5,322,140
Additions	-	-	-	10,338	-	314,010	324,348
Disposals	-	-	(1,212)	(855)	-	-	(2,067)
As at 31 December 2021	1,157,050	3,796,769	182,397	114,538	57,657	336,010	5,644,421
Accumulated Depreciation -							
As at 1 January 2021	-	1,549,946	181,461	82,252	57,655	-	1,871,314
Deprecation charge for the year	-	113,903	327	6,589	-	-	120,819
Disposals	-	-	(1,212)	(853)	-	-	(2,065)
As at 31 December 2021	-	1,663,849	180,576	87,988	57,655	-	1,990,068
Net book value							
As at 31 December 2021	1,157,050	2,132,920	1,821	26,550	2	336,010	3,654,353
2020-							
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

* Projects in progress represent the rehabilitation project of the second floor of the institution at an estimated total cost of JD 537,901, which was launched in 2019 and due to the spread of the Covid-19 in 2020, the project was temporarily suspended to be completed in 2021.

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2021

(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 (11/2021) on 27 December 2021, 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.

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2021

(12) ADMINISTRATIVE EXPENSES

	2021	2020
	JD	JD
Salaries and wages	675,181	639,012
End of service indemnity	192,256	175,259
Depreciation (note 8)	120,819	122,251
Social security contribution	76,972	73,187
Water and electricity	62,020	61,069
Health insurance	72,204	58,039
Corporation contribution in saving fund	53,403	50,576
Subscriptions	31,971	29,705
Security	21,528	21,618
Members and secretary Board of Director's remunerations	18,600	18,600
Professional fees	33,200	19,600
Cleaning	14,232	15,831
Training	1,138	800
Maintenance	30,155	16,954
Fuel	5,014	10,554
Insurance	12,864	12,341
Corporation's contribution on social activity committee	11,589	9,585
Travel and transportation	-	1,699
Government fees and licenses	5,760	5,760
Advertisements	4,008	6,571
Hospitality	4,105	3,304
Stationary	4,920	4,402
Telephone, fax and internet	2,549	2,280
Other	3,638	2,294
Total	1,458,126	1,361,291

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2021

(13) CONTINGENT LIABILITIES

Credits and guarantees

The Corporation does not have potential obligations of credits and guarantees as of December 31, 2021 and December 31, 2020.

Law suits against the corporation:

There are no cases brought against the Corporation as of December 31, 2021 and December 31, 2020.

(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 its 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 2020 and 2021.

The corporation is not at risk of interest as all investments in the amortized cost and 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.

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2021

The table below summarizes the maturities of the corporation financial liabilities at 31 December 2021 and 2020, (undiscounted payments) based on contractual maturity and current interest rates.

	Less than 3 months JD	3 to 12 months JD	Total JD
Year ended 31 December 2021			
Other current liabilities	62,687	-	62,687
Total	62,687	-	62,687

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

(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 1,014,320,697 as of 31 December 2021 compared to 932,052,744 as of 31 December 2020.

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.

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2021

(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.

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

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2021

beginning on or after 1 January 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 Corporation.

This standard does not apply to 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 2024 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.

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2021

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 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

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2021

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 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.

IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2022 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 Corporation.

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.

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2021

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 Corporation.

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 Corporation is currently assessing the impact of the amendments to determine the impact they will have on the Corporation's accounting policy disclosures.

(18) 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.

**Financial Statements and
Independent Auditor's Report for
the Deposit Insurance Fund for
Islamic Banks for the Year Ended 31
December 2021**

Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2021

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Deposit Insurance Fund for Islamic Banks

Legal Entity

Amman- Jordan

Opinion

We have audited the financial statements of Deposit Insurance Fund for Islamic Banks, (the Fund), which comprise the statement of financial position as at 31 December 2021, and the statement of revenues and expenses and 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 Fund as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with Islamic Financial Accounting Standards as issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

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 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.

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 Islamic Financial Accounting Standards as issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), 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 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's 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

Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2021

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.

- 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 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 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 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.

For and behalf of Ernst & Young -Jordan

Osama Shakhathreh
License No. 1079
Amman – Jordan
4 April 2022

Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2021

Statement of Financial Position as at 31 December 2021

	Notes	31 December 2021	31 December 2020
		JD	JD
Assets			
Current assets			
Current account at Central Bank of Jordan		26,386,080	26,342,068
Non Current Assets			
Financial assets at amortized cost	4	17,579,000	-
Total Assets		43,965,080	26,342,068
Liabilities and Equity			
Liabilities			
Accrued expenses		1,000	1,000
Total Liabilities		1,000	1,000
Equity			
Paid in Capital	5	550,000	550,000
Reserves	6	43,414,080	25,791,068
Total equity		43,964,080	26,341,068
Total liabilities and equity		43,965,080	26,342,068

The attached notes from 1 to 13 form part of these financial statements

Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2021

Statement of Revenues and expenses For the year ended 31 December 2021

	Notes	2021	2020
		JD	JD
Membership fees	7	17,635,409	15,953,571
Administrative expenses	8	(12,397)	(12,675)
Excess of revenues over expenses for the year		17,623,012	15,940,896

Statement of Changes in Equity for the Year Ended 31 December 2021

	Paid in Capital	Reserves	Total
	JD	JD	JD
For year ended 31 December 2021			
Balance at 1 January 2021	550,000	25,791,068	26,341,068
Excess of revenues over expenses	-	17,623,012	17,623,012
Balance as at 31 December 2021	550,000	43,414,080	43,964,080
For period ended 31 December 2020			
Balance at 1 January 2020	550,000	9,850,172	10,400,172
Excess of revenues over expenses	-	15,940,896	15,940,896
Balance as at 31 December 2020	550,000	25,791,068	26,341,068

* This account represents non-refunds of JD 100,000 from each Islamic bank member at the Fund, in addition to a payment of JD 150,000 from the government's contribution to deposit insurance corporation's capital.

The attached notes from 1 to 13 form part of these financial statements

Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2021

Statement of Cash flows For the year ended 31 December 2021

	2021	2020
	JD	JD
Excess of revenues over expenses	17,623,012	15,940,896
Investing activities		
Purchase of financial assets at amortized cost	(17,579,000)	-
Net cash used in investing activities	(17,579,000)	-
Net increase cash and cash equivalents	44,012	15,940,896
Cash and cash equivalents, beginning of the year	26,342,068	10,401,172
Cash and cash equivalents, end of the year	26,386,080	26,342,068

The attached notes from 1 to 13 form part of these financial statements

Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2021

Notes to the financial statements 31 December 2021

(1) GENERAL

The fund was established on 1 April 2019 as a legal entity by virtue of the amending law of the Deposit Insurance Corporation law number 8 for the year 2019, it will be managed by Deposit Insurance Corporation. The relationship between the fund and the corporation shall be on the basis of Wakalah bi al ajr "agency with fee", and all matters of this relationship shall be governed by a decision of the board. The fund's structure is compliant with the principles of Solidarity and cooperation Benefits (Takaful and Ta'awun). Therefore, the fund's financial resources that are paid by Islamic banks, deposit holders and the corporation shall be considered as donations (tabarru').

The corporation aims, through the Deposit Insurance Fund for Islamic Banks; to protect depositors at Islamic banks by insuring their deposits under the provision 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 Islamic bank to be liquidated within the limits set by the law, which aims in its entirety to compensate depositors up to fifty thousand Jordanian Dinars. Moreover, to urge senior depositors to impose their own

and additional supervision on Islamic banks alongside the ongoing monitoring carried out by the Central Bank of Jordan.

The financial resources of the Fund consist of the following:

- Annual membership fee paid by Islamic banks.
- Returns on the investments of the Fund.
- Any Qard Hasan received by the Fund.
- Any financial grants given to the Fund with the approval of the Central Bank's Board of Directors.

The Council of Ministers' approval must be also obtained if the grant is given by a non-Jordanian agency.

The fund of the Deposit Insurance Fund for Islamic Banks shall be transferred, in case of liquidation, to the Zakat Fund in the kingdom after covering all expenses and losses related to the Fund.

(2) BASIS of PREPARATION of FINANCIAL STATEMENT

The accompanying financial statements of the Fund have been prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and in the absence of Financial Accounting Standards issued by the Accounting and Auditing

Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2021

Organization for Islamic Financial Institutions relating to financial statements items, the International Financial Reporting Standards and related interpretations are applied in conformity with the Shari'a standards, pending the promulgation of Islamic Standards therefor.

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

The financial statements have been presented in Jordanian Dinars «JD», which is the functional currency of the Fund.

Changes In Accounting Policies

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Fund financial statements for the year ended 31 December 2020, except for the adoption of the following standards:

Islamic Financial Accounting Standard 32 (Ijarah)

Islamic Financial Accounting Standard No. (32) "Ijarah" replaces Financial Accounting Standard No. (8) "Ijarah and Ijarah Muntahia Bittamleek". The standard sets out the principles relating to the recognition, measurement, presentation and disclosure of various types of leases as lessors and lessees.

The Fund has applied the requirements of Islamic Financial Accounting Standard No. (32) and there is no effect from the application of this standard on the Fund's financial statements, as part of the standard has replaced International Financial Reporting Standard No. (16), which was previously applied from the date of 1 December 2019.

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents:

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and bank balances

Revenues and expenses recognition:

It is recognized that the annual membership fees collected from banks by law is two and a half per thousand of total deposits subject to the provisions of the law.

Other income is recognized according to the accrual basis.

Expenses are recognized according to the accrual basis.

Foreign Currencies:

Transactions in foreign currencies during the year are recorded at the exchange rates prevailing on the date of the transactions. The balances of financial assets and liabilities in foreign currencies are also transferred at the

Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2021

rates of exchange prevailing on the date of the statement of financial position.

Any gains or losses are recognized within the statement of revenues and expenses.

Provisions

Provisions are recognized when the fund has a present obligation (legal or constructive) at the date of the financial statements arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

Significant Accounting Policies (Continued)

Financial assets at amortized cost

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 which represent fixed or determinable payments for the capital and profits of these assets.

Assets at amortized cost is recorded at cost upon purchase plus acquisition expenses and re-evaluated at the end of the current period using the effective profit rate method. Any gains or losses resulting from the amortization process appear in the statement of revenues and expenses, and any impairment in its value is recorded in the statement of revenues and expenses.

The amount of impairment in the value of these assets represents the difference between the value recorded in the records and the present value of the expected cash flows discounted at the original effective profit rate, so that any provision for expected credit losses calculated from it is deducted from the value of these assets. No financial assets may be reclassified to/from this item.

In the event of selling any of these assets financed by the fund's own funds - before their maturity date, the result of the sale is recorded in the statement of comprehensive income in a separate item and that is disclosed.

Fair value

The closing prices (purchase of assets / sale of liabilities) on the date of the financial statements in active markets represent the fair value of the instruments that have market prices. In the

Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2021

absence of advertised prices, no active trading of some instruments, or inactivity of the market, their fair value is estimated in a number of ways, including:

- comparing it to the current market value of a financial instrument that is substantially similar to it.
- Analyzing future cash flows and discounting the expected cash flows with a percentage used in a similar financial instrument.
- Option pricing models.

Valuation methods aim to obtain a fair value that reflects market expectations and takes into account the market factors and any expected risks or benefits when assessing the value of financial instruments.

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 the Fund intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

(3) Use of ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as fair value changes reported in shareholders' equity and unrestricted account holders' equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ as a result of changes in conditions and circumstances of those estimates in the future.

Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2021

(4) FINANCIAL ASSETS AT AMORTIZED COST

	31 December 2021 JD	31 December 2020 JD
"Sukuk" National Electric Power Company (Credit)	8,150,497	-
"Sukuk" National Electric Power Company (Mutual)	9,428,503	-
Total	17,579,000	-

(5) CAPITAL

This account represents non-refunds of JD 100,000 from each Islamic bank member of the Fund. In addition to a payment of 150,000 dinars from the government's contribution to the capital of deposit Insurance Corporation.

(6) RESERVES

The amounts accumulated in this item represent the transfer of surplus revenues over expenditures during the years.

	31 December 2021 JD	31 December 2020 JD
"Takaful" portfolio of Mutual Fund Accounts	23,285,102	13,755,168
"Takaful" portfolio of Credit Accounts	20,128,978	12,035,900
Total	43,414,080	25,791,068

(7) MEMBERSHIP FEES

The Fund meets an annual subscription fee from Islamic banks of 2.5 per 1,000 of the total deposits subject to the provisions of Law No. (33) of 2000 and its amendments and the subscription fee consists as follows:

	31 December 2021 JD	31 December 2020 JD
Membership fees of "Takaful" portfolio of Mutual Fund Accounts	9,536,638	8,513,615
Membership fees of "Takaful" portfolio of Credit Accounts	8,098,771	7,439,956
Total	17,635,409	15,953,571

Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2021

(8) ADMINISTRATIVE EXPENSES

	31 December 2021 JD	31 December 2020 JD
Wakalah bi al ajr "agency with fee" for Deposit Insurance Corporation *	5,000	5,000
Professional fees	6,000	6,000
Advertisements and subscription to local newspapers	1,397	1,654
Stationery and printings	-	21
Total	12,397	12,675

* These amounts represent the expenses of a (wakalah bi al ajr) paid annually in the amount of JD 5,000 to the Deposit Insurance Corporation.

(9) INCOME TAX

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

(10) CONTINGENT LIABILITIES

Credits and guarantees

The Fund does not have potential liabilities for credits and guarantees as of December 31, 2021 and December 31, 2020.

Cases against the Fund:

There are no cases brought against the Fund as of December 31, 2021 and December 31, 2020.

(11) Risk MANAGEMENT

Interest rate risk

The Fund is not exposed to interest rate risks on its assets that includes interest such as bank deposits.

Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2021

The sensitivity of the comprehensive income list represents the impact of expected assumed interest rate changes on the Fund's one-year profit, calculated based on financial assets with a variable interest rate as at December 31, 2021 and 2020.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The fund is not exposed to credit risk as it maintains balances with leading banking institutions. (at the Central Bank of Jordan).

Liquidity risk

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

The table below summarises the maturities of the Fund's financial liabilities undiscounted as at 31 December 2021 and 2020 based on remaining contractual maturity and current market interest rates:

	Less than 3 months JD	Total
As at 31 December 2021		
Accrued expenses	1,000	1,000
Total	1,000	1,000

	Less than 3 months JD	Total
As at 31 December 2020		
Accrued expenses	1,000	1,000
Total	1,000	1,000

Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2021

(12) CAPITAL MANAGEMENT

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

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 totalling JD 43,964,080 as of December 31, 2021 compared to JD 26,341,068 as of December 31, 2020.

(13) STANDARDS ISSUED BUT NOT YET EFFECTIVE

Financial Accounting Standard 1 - Amended 2021 (Public Presentation and Disclosure in Financial Statements)

This Standard defines and improves the comprehensive presentation and disclosure requirements stipulated in line with international best practices and replaces the accounting standard Finance No.1.

The standard applies to all Islamic financial

institutions and other institutions that follow the financial accounting standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). Financial Accounting Standard No.1 - Amended 2021 is aligned with the amendments to the "Conceptual Framework for Financial Reporting of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)" (Amendment 2020) (Conceptual Framework). Amended Financial Accounting Standard No. 1 - 2021 will help prepare clear, transparent, and understandable financial statements, and in turn, will help users of financial statements to make better economic decisions.

This standard will be applied from 1 January 2023, with early application permitted.

Financial Accounting Standard No. 37 "Financial Reporting for Endowment Establishments"

This standard sets out the comprehensive accounting and financial reporting requirements for endowment institutions and similar institutions, including requirements for public presentation and disclosure and special presentation requirements such as yield requirements and basic accounting treatments related to some aspects of endowment institutions.

Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2021

The principles contained in this standard are consistent with the principles and provisions of Sharia, and this helps to reach a better understanding of the information contained in the general-purpose financial statements and enhances the confidence of stakeholders in endowment institutions.

This standard will be applied as of 1 January 2022, with early application permitted. The newly established endowment foundation must apply this standard since its establishment.

Financial Accounting Standard No. 38 “(Promise), (Option), (Hedging)”

This standard describes the accounting and reporting principles and requirements for (promise), (option), and (hedging) arrangements for Islamic financial institutions. Many products such as Murabaha and Ijara offered by institutions incorporate the implementation of a promise or option in one way or another. An additional promise or option, that aligns with this Standard, is a promise or option associated with a Shariah-compliant arrangement concerning its structure that does not generate any asset or liability unless it turns into an impaired contract or liability.

(13) STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Financial Accounting Standard No. 38 “(Promise), (Option), (Hedging)”(Continued)

On the other hand, a promise product or option is a stand-alone arrangement that is Shariah-compliant and is used either as a regular product or, sometimes, for hedging. It may take the form of a single transaction, series, or group of transactions and may transform into a future transaction or series of transactions, in line with Islamic Sharia principles and rules, such transactions emergence to an asset or liability for the parties, for the terms specified in this Standard.

This standard will be applied as of 1 January 2022 with early application permitted.

Financial Accounting Standard No. 39 “Financial Reporting on Zakat”

This standard improves and replaces the previously issued Financial Accounting Standard 9 “Zakat”.

Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2021

This standard aims to specify the accounting treatment of Zakat in the records of Islamic financial institutions, including presentation and disclosure in their financial statements.

The standard describes the applicable financial reporting principles based on the obligation of Islamic financial institutions to pay zakat. Additionally, if an Islamic financial institution is not required by law or its founding charter to pay zakat, it must still determine and disclose the amount of zakat due for the benefit of the various stakeholders.

This standard will be applied as of 1 January 2023, with early application permitted.

Financial Accounting Standard No. 40 "Financial Reporting for Islamic Finance Windows"

This standard improves and replaces FAS 18 "Islamic financial services provided by conventional financial institutions" and specifies financial reporting requirements applicable to conventional financial institutions that provide Islamic financial services.

This standard requires traditional financial institutions that provide Islamic financial services through Islamic financing windows to prepare and submit financial statements

for Islamic financing windows aligned with the requirements of this standard and other financial accounting standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). This standard provides principles of financial reporting including presentation and disclosure requirements applicable to Islamic finance windows.

This standard will be applied as of 1 January 2024, on the financial statements of Islamic financing windows for conventional financial institutions, allowing the early application, taking into account the simultaneous application of Financial Accounting Standard No. 1 "Public Presentation and Disclosure in Financial Statements".



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