



ANNUAL REPORT

2022

**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**

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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 to increasing awareness of risk management in the banking sector.
6. To promote public awareness of the 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 seventeenth annual report for the year 2022, and the financial statements as of Dec 31, 2022.

In 2022, the Corporation pursued achieving its desired objectives successfully, committed to its main mission to protect depositors with banks, encourage savings, enhance confidence in the banking system, and contribute to maintaining banking and financial stability in the Kingdom.

The global economy was curbed, caused by global uncertainty and an unfavorable environment, resulting from many challenges,

mainly the hike in global inflationary pressures to the highest levels in four decades, in addition to the repercussions of geopolitical risk, and contractionary monetary policy to dampen those pressures.

The Jordanian economy has proved its resilience. Despite the global unfavorable environment, the national economy grew by (2.5%) in 2022, compared with (2.2%) in 2021, which led by the positive performance recorded by key economic indicators, mainly tourism income that hiked by (110.5%), besides national exports which increased positively registering a growth rate exceeding (33%), in addition to the recovery of foreign direct investment inflow levels to the Kingdom to reach JD 807 million, compared with JD 442 million in 2021.

The Central Bank continued with its mission of managing monetary policy to ensure maintaining the main objective of achieving monetary stability, in addition to containing inflationary pressures caused by the demand side at the local level. As a reflection, the Central Bank raised interest rates 7 times during 2022 by 400 basis points. The positive economic indicators improved, foreign reserves balance amounted to \$17.3 billion at the end of 2022, covering 7.5 months of the Kingdom's imports of goods and services.

Chairman's Message

The total deposits increased by JD 2.6 billion, registering JD 42.1 billion at the end of the year 2022. The banking system maintained solvent, as its assets exceeded JD 64.1 billion, which increased by JD 3 billion during the year 2022.

The financial soundness indicators of the banking sector showed the prudence of the banks in the Kingdom, as the capital adequacy ratio registered (17.4%), which exceeded the rate imposed by the Central Bank and the minimum requirement set by Basel III. The (100%) is the minimum requirement set by the CBJ for the liquidity ratio which registered (138%) for the banks in Jordan. The non-performing loan is still too low for banks registering (4.5%), while the coverage ratio reached (81.5%).

At the institutional level, JODIC has continued its pace with its mission of protecting depositors by insuring their deposits under the insurance umbrella, as the balance of eligible deposits at JODIC's member banks amounted to JD 23.4 billion, which belong to 2.3 million depositors, (97.4%) of them are fully insured with a coverage limit of JD 50,000.

Regarding the main indicators of deposits and depositors with the member banks at the Deposit Insurance Fund for Islamic Banks, the total eligible deposits balance amounted to JD

8.5 billion, which belong to more than 1.5 million depositors, (98.3%) of them are fully insured within the coverage limit.

In conclusion, I am inviting you to browse the achievements of the Jordan Deposit Insurance Corporation, which has become one of the main pillars of the financial safety net in the Kingdom, emphasizing the corporation's commitment and continuous pursuit of achieving its clear vision of insuring deposits, as a result of exerted efforts of all members of the board and the employees, I would like to express my appreciation to them for their dedication towards achieving the corporation's mission and development. I hope for more sustained efforts that maintain stability in the banking system and support Jordan's economy. May God extend our beloved Kingdom 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

The Deposit Insurance Corporation has become a fundamental cornerstone in the financial safety net in the kingdom, aiming to protect depositors with banks by insuring their deposits, in accordance with the provisions of JODIC's Law in order to encourage savings, enhance confidence in the banking system, and contribute to maintaining banking and financial stability in the kingdom. With over twenty-two years since its establishment, I am pleased to present to you the annual report of JODIC, which has become a model that aligns with the best international standards and practices in deposit insurance systems. This report highlights its most significant results and achievements during the year 2022.

In terms of the key indicators of the JODIC, the membership fees paid by member banks amounted to about JD 38.4 million during the year 2022, meanwhile the membership fees, paid by Islamic banks amounted to about JD 20.1 million. The net income generated from the returns on JODIC's investment portfolio amounted to JD 51.1 million. JODIC's reserves level increased to reach JD 1099.1 million at the end of 2022 registering a growth rate of (8.7%) compared to a year earlier. This reserve level reflects a sufficient level enabling it to fulfill its legal mandates. The efficient and prudent investment policy adopted by JODIC maintained the book value of the JODIC's portfolio to register JD 1074.9 million at the end of 2022 compared to JD 988.6 million a year earlier, with an average return of (4.98%) and a growth rate of (8.7%).

In terms of the main indicators of deposits and depositors within the banking sector, the percentage of fully insured depositors among all depositors was (97.4%), and their deposits represented (23.0%) of the total eligible deposits at member banks within the Corporation. The maximum coverage limit for each depositor at each member bank is 50,000 dinars. For Islamic banks, this percentage reached (98.3%)

Foreword

of depositors, and their deposits represented (42.4%) of the total deposits subject to eligible deposit at Islamic banks.

JODIC has continued its efforts to raise the public awareness level of JODIC by updating and disseminating information on the website, the e-government portal, and its page on the social networking site.

In terms of the Corporation's regional and international presence, 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 21th Annual General Meeting, the meetings of the Executive Council, the Board Committees and the Regional Committee for the Middle East and North Africa (MENA), the Core Principles Committee for Effective Deposit Insurance Systems and Research, the Membership and Communication Committee, and the Technical Committee for Islamic Deposit Insurance.

Finally, I would like to extend my gratitude and appreciation to 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 Almighty 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 is pursuing its efforts to achieve its vision and strategic objectives, which are reflected through the development of its key indicators. The year 2022 was remarkable, proven by the positive development of JODIC's figures related to deposit insurance. The Corporation provides full protection to (97.4%) of the total eligible depositors at JODIC's member banks. The Corporation has continued to build its reserves registering JD (1099.1) million, covering (13.11%) of the insurance policy.

In compliance with the principles of good governance, JODIC began to prepare the governance, risk, and compliance guidelines, to safeguard the integrity of the Corporation to proceed with its management in a sound manner.

JODIC continues to keep pace with the requirements of the development and modernization to automate the corporation's operational business by adopting electronic systems for all the departments and units of the Corporation. The Corporation is also preparing a strategic plan to implement the recommendations of the Financial Sector Assessment Program (FSAP) which is done jointly by the IMF and World Bank, mainly updating the Memorandum of Understanding with the Central Bank of Jordan and adopting a mechanism for depositors' reimbursement.

As part of JODIC's endeavors to implement the Right to Obtain Information Law in line with the "Government Data Classification and Management Policy" issued by the Ministry of Digital Economy and Entrepreneurship and the "Protocols for the Implementation of the Right to Obtain Information Law" issued by the Ministry of Culture, JODIC has undertaken several activities during the year 2022: A semi-annual report was submitted to the Ministry of Digital Economy and Entrepreneurship. The report included the current status of JODIC's efforts in data classification and management and future plans. The process involved conducting data inventory and classification by Data Supervisors, reviewing and approving the classification by the Program Leader and the Committee as well as JODIC's Management, and thereafter, uploading the classified data to the platforms of Government Data Classification and Open Government Data.

Further activities included distributing “Guiding Principles for Ensuring the Appropriateness of Information and Data Classification” and “Internal Procedures for Implementing Data Classification Policy” to JODIC’s organizational units, submitting an information status report to the Ministry of Culture / Information Council pointing out the adoption of "Procedures for obtaining Information for paper and electronic forms" as outlined in the "Protocol for the Implementation of the Right to Obtain Information Law", and the appointment of Information Coordinator, as well as the awareness plan that will be prepared including organizing workshops for JODIC’s employees.





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 (94) Member organizations, (11) Associates, and (17) Partners.



CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

Corporate Governance

As part of developing the institutional and legislative framework as well as enhancing the financial safety-net in the Kingdom, the Jordan Deposit Insurance Corporation (JODIC) was established in the year 2000. Since then, the Corporation has pursued the consolidation of its institutional structure to ensure realizing its mission in protecting depositors by insuring their deposits held with member banks in accordance with JODIC's Law, and benchmarked with the IADI Revised Core Principles for Effective Deposit Insurance Systems (Principle 3 / Governance) which stipulates the following: "The deposit insurer should be operationally independent, well-governed, transparent, accountable, and insulated from external interference".

Principle 3 (Governance) of the IADI Revised Core Principles for Effective Deposit Insurance Systems (November 2014) stipulates: The deposit insurer should be operationally independent, well-governed, transparent, accountable, and insulated from external interference.

The Institutional and Legislative Framework:

The salient features of the deposit insurance system have been clearly stated within a comprehensive legal framework. The provisions of JODIC's Law 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, effectively, and independently. Furthermore, JODIC's Law stipulates the rights of depositors, the collaboration 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 and 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 - MEMBERS

BOARD OF DIRECTORS



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



Vice Chairman of the
Board of Directors
H.E. Mr. Ziad Asa'ad Ghanma
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 Kandah
Economist

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. Also, the department manages banks' resolution and 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. It also develops and manages reimbursement procedures for depositors according to the provisions of JODIC's Law and any regulations and decisions issued pursuant thereto.

- Administration Department:

The department is responsible for securing the Corporation's needs for qualified human resources, supplies, devices and equipment, and their maintenance. It oversees and ensures the necessary support services for JODIC's operations. The department is also responsible for calculating administrative expenses for the Corporation and its employees, and developing all documents related to JODIC's organizational matter.

- Finance and Investment Department:

The department is responsible for managing the investment of JODIC's funds, including deposits held with banks, and for managing JODIC's borrowing to meet any future obligations in accordance with JODIC's Law. The department is also responsible for executing the necessary procedures to cover administrative expenses, and to maintain central accounting records.

- International and Public Relations Unit:

The unit is responsible for managing JODIC's international and public relations and its membership in regional and international committees, and in the International Association of Deposit Insurers (IADI). Its responsibilities include also managing public awareness activities and communication lines with member banks, as well as organizing various activities and events.

- Governance, Risk Management and Compliance Unit:

The unit is responsible for developing the overall framework for risk management at the organizational level and within departments and units of JODIC. It formulates and reviews JODIC's risk management strategy, methodologies, and policies, and monitors compliance with laws, regulations and regulatory instructions by the Corporation.

Internal Audit Unit:

The unit is linked to the Audit Committee derived from the Board of Directors. It carries out the responsibilities of ensuring the

Administrative and Functional Apparatus

soundness of JODIC's various activities, and providing recommendations based on the examination, assessment and analysis results to different departments of JODIC to enhance their responsibilities efficiently and effectively.

Technical Support and Information

Technology Unit:

The unit's responsibilities include managing the computer systems, information technology and the computer network for JODIC, in addition to managing the maintenance tasks for computer devices, operating systems and software.

Additionally, the position of Director of Cybersecurity and Information Security has been created. This position is specialized in monitoring and implementing security procedures for JODIC's information, data and assets at all stages, and in developing the integrated framework to maintain the Corporation's readiness to respond and counter cybersecurity incidents, and to address information security and cybersecurity risks.

Permanent Specialized Committees in JODIC:

To enhance the principles of corporate governance within JODIC, several permanent specialized committees are formed within JODIC and are reflected in its organizational structure. These committees are either affiliated with the Board of Directors, such as the Audit Committee, or with the Director General or his assistant. Their recommendations are approved by a decision from the Director General. These

committees include:

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

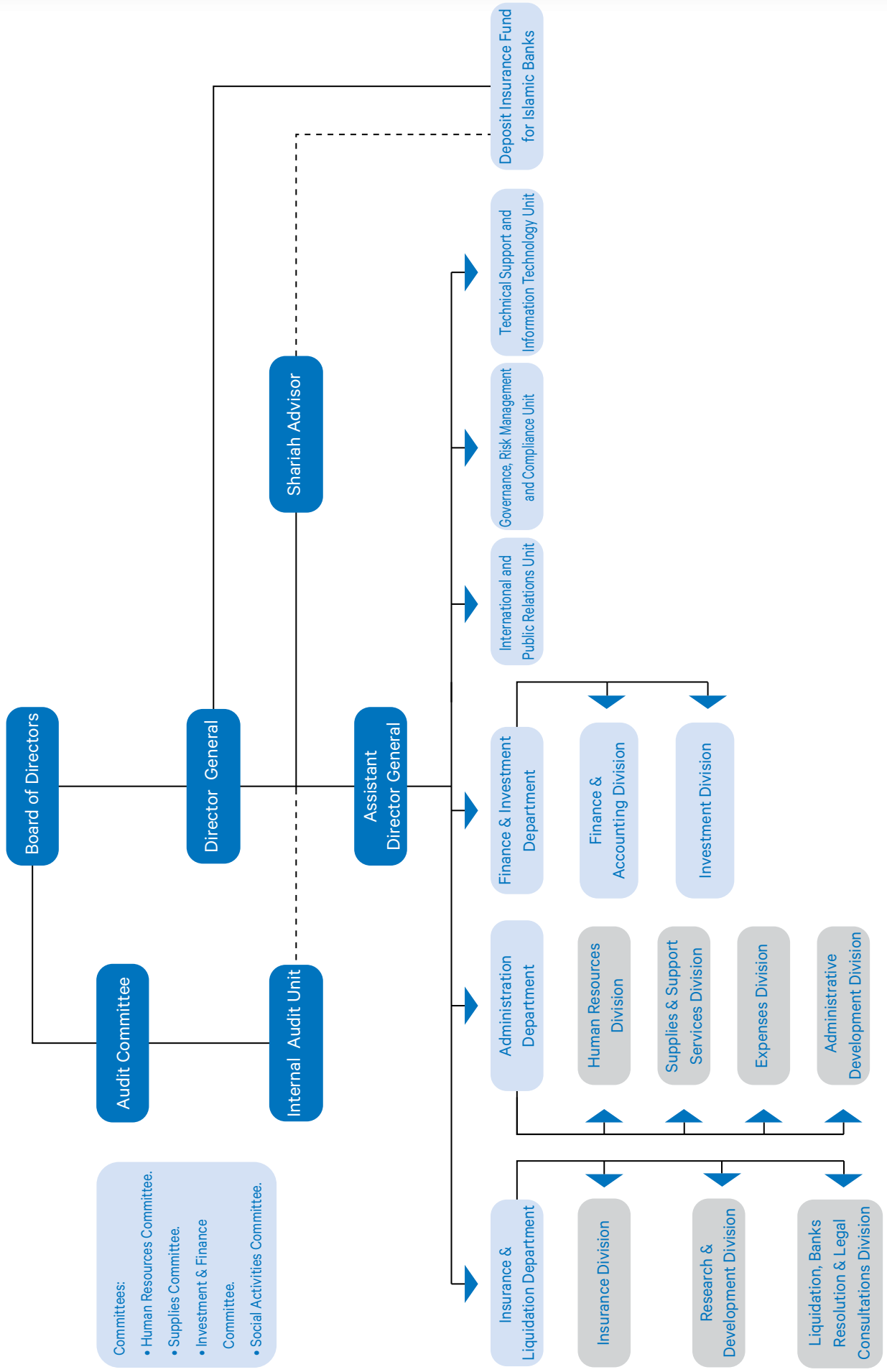
Additionally, the Director General has the authority to form permanent or temporary specialized committees to study any aspects of the Corporation's activities and management affairs, and provide recommendations accordingly.

Committees Emanating from the Board of Directors

Internal Audit Committee:

The Internal Audit Committee is formed by a decision of the Board of Directors. It consists of independent members who are not entrusted with the executive work within the Corporation. Among them, there must be at least one member with expertise in financial reports. The Internal Audit Committee assists the Board of Directors in fulfilling its responsibilities related to supervising the process of preparing and presenting financial reports and the internal control system. It also oversees the audit process and the organization's operations to ensure compliance with laws, regulations, and code of ethics. The internal audit is directly related to the Audit Committee.

Organizational Structure



Corporate Governance

Disclosure and Transparency:

Disclosure and Transparency are among the most important principles of governance that aim to ensure that stakeholders are aware of the essential information resulting from the Corporation's operations and activities.

The Corporation is committed to disclosure requirements in accordance with the standards and requirements of the regulatory authorities, and the management emphasizes its responsibility to present the financial statements accurately and fairly, and to disclose reliable information in its annual report and official website to relevant parties, with a focus on information of interest to depositors to be provided clearly and in a timely manner; in order to enable them to evaluate the Corporation's financial position, achievements, activities, and its ability to achieve its strategic objectives.

The annual report also highlights the Corporation's organizational structure, the structure and responsibilities of risk management, and the Board of Directors and its committees. The Executive Management submits reports to the Board of Directors on the development of performance indicators, and provide recommendations to enhance these indicators.

The Right to Obtain Information:

In accordance with the requirements of "institutionalization of procedures for the right to obtain information" and Law No. (47) of 2007 of the right to obtain information, the Corporation is implementing the Protocols of "Institutionalization Procedures" and "Government Data Classification and Management Policy" approved by the Council of Ministers in line with the Corporation's business nature

Risk Management and Compliance:

Corporate governance practices enhance the Corporation's ability to manage risks and comply with laws and regulations that contribute to achieving JODIC's objectives.

JODIC adopts an integrated approach in the risk management by identifying the potential risks, developing risk management strategies, mitigating negative impact, and increasing awareness of risks at the enterprise level. Applying GRC (Governance, Risk Management and Compliance approach) maintains the positive image of the Corporation and contributes to achieving the common objectives of GRC represented in enhancing JODIC's performance, mitigating risks, ensuring compliance with laws and regulations, and monitoring performance on an ongoing basis.

Corporate Governance

Information security and Protection Policy:

The Corporation realizes that the management of information security and cybersecurity has become an essential and important part of wise management, which effectively contributes to the achievement of institutional goals. Therefore, the Corporation has worked to develop information security and protection policies aimed at achieving the security, safety and availability of information that is circulated within the Corporation and with others, and these policies Lines are defined:

1. Basic frameworks for work procedures.
2. General roles, responsibilities and duties.
3. Best practices and the minimum commitment required to be observed and acted upon by employees.

The information security and 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 recovery policy.

These policies are also applied taking into account the laws and legislations in force in the Kingdom, which are stipulated in the most important provisions of Jordanian law:

- Protection of State Secrets Law No. 50 of 1971
- Guaranteeing the right to access information Law No. 47 of 2007
- Electronic Transactions Law No. 85 of 2001
- Employing Information Technology Resources in Government Institutions Law No. 81 of 2003



OVERVIEW

OVERVIEW

JODIC's law was issued in 2000 to insure the deposits at member banks according to its provisions. It included compulsory membership for commercial banks and non-compulsory membership for Islamic banks. Then, the amended law was issued in 2019 and it includes the compulsory membership of Islamic banks under the deposit insurance umbrella by establishing the deposit insurance fund for Islamic banks, consequently, all banks operating in the Kingdom are covered under the insurance umbrella.

JODIC was established by the issuance of its law in 2000 as a financially and administratively independent Corporation, aiming at protecting depositors with banks by insuring their deposits in accordance with the provisions of its law, 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 2019, the amended law of the Corporation was issued to include Islamic banks under the deposit insurance umbrella in the Kingdom through the establishment of a deposit insurance fund for Islamic banks managed by the Corporation on a paid agency basis (Wakalah bi al ujr).

In accordance with the provision of the Corporation's law, JODIC carries out two primary mandates: deposit insurance and bank liquidation. JODIC is the sole insurer and legal liquidator of any bank that has been decided to be liquidated in the Kingdom. JODIC enjoys a wide range of 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 bank that face problems with core effect on its financial position, 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.

JODIC is keen to enhance its infrastructure capacity building and to manage its human resources, 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 the savings with banks, to aspire to realize its vision.

The JODIC is the sole insurer and the legal liquidator of any bank whose liquidation has been decided by the CBJ

Main Features of the Deposit Insurance System in Jordan:

The insurance umbrella includes the member banks at JODIC and the member banks at Deposit Insurance Fund for Islamic Banks.

OVERVIEW

MAIN FEATURES OF JODIC

MEMBERSHIP

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

17 banks are subject to the provisions of JODIC's Law at the year-end 2022, 12 of which are Jordanian banks.

Coverage Limit:

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

Scope Of Coverage:

Eligible Deposits:

The Corporation insures all types of deposits at JODIC's member banks denominated in Jordanian dinar for individuals, corporate, residents, and non-residents, including but not limited to:

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

Non-Eligible Deposits:

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

Insured Currency:

JODIC currently insures the amounts of deposits in the Jordanian dinar currency only and may insure deposits in any foreign currency upon the Central Bank's decision.

The JD (50,000) deposit insurance coverage limit composes 17 times of per capita GDP

Funding Sources:

1- Annual Membership Fee:

The member bank shall pay an annual membership fee to the Corporation at the rate of 2.5 per thousand of the total eligible deposits. Since the Corporation has exceeded the targeted reserves ratio, three percent of total eligible deposits, the Board of Directors decided to reduce the membership fees on the member banks from 2.5 to 1.75 per thousand for four consecutive years in accordance with the provisions of Article (19/b) of JODIC's Law. Then, the Board issued a decision to reduce the annual membership fee paid by member banks from 1.75 per thousand to 1.0 per thousand of the total eligible deposits for one year starting from Jan 1, 2023. It is worth mentioning that the annual membership fee set out in the law may be amended, and the rules for calculating the same may be changed by a decision of the Council of Ministers based on the Board's recommendation after the banks have been rated.

OVERVIEW

2- The returns on the investments of the Corporation's funds

The Corporation invests its funds in government securities and its returns are considered one of the main sources of its reserves.

3- Any loans obtained by the Corporation in accordance with the provisions of this Law.

The corporation may borrow directly or may issue debenture bonds to enable it to pay the obligations owed thereby according to the provisions of its Law.

4- Any financial grants given to the Corporation with the approval of the Central Bank's board of directors. The Council of Ministers' approval must also be obtained if the grant is given by a non-Jordanian agency.

5- Any refunds received by the Corporation from liquidation processes or as a result of any of the procedures stipulated in Article (38 bis) of JODIC's Law.

MANDATES AND POWERS:

- Deposit Insurance:

JODIC is legally responsible for protecting depositors by insuring their deposits with the banks and 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 reserves and financial resources instead

of being undertaken by the Treasury and taxpayers. For reimbursing insured depositors, the Corporation conducts a set-off between a customer's deposits therewith and the debts and obligations which he owes, this process enable the Corporation as a deposit insurer in determining the amount of the insurance policy of the depositor.

The insurance sum shall become payable 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 decision.

- Liquidation:

According to JODIC's Law no. (33) of the year 2000 and its amendments, JODIC is the 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 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 deposit reimbursement and asset disposition (liquidation).

The responsibilities of JODIC, as a liquidator, are not limited to the prompt reimbursement of the insured depositors within the deposit

OVERVIEW

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 resulting 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 efficiently and effectively to protect 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' returns. 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 article (24/a) of the Corporation's Law.

Banks' Resolution:

JODIC as the sole deposit insurer, is one of the main pillars of the financial safety net, and contributes to maintaining banking and financial stability in the Kingdom, in addition to its role in mitigating the negative impact of liquidation and reducing its cost, the amending law of JODIC's Law No. (8/2019) granted it with the approval of the Central Bank powers to resolve bank 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 with another bank, 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. Apply for 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 Banks Operating in the Kingdom:

To enable JODIC to perform its mandates as a 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 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 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

OVERVIEW

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.

Deposit Insurance Fund for Islamic Banks

The Deposit Insurance Fund for Islamic Banks was established at the Corporation by virtue of the amending law of JODIC's Law No. (8/2019), the 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, 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 al ujr).

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, a Shariah 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.

Shariah Fatwa No. (13/2012) was issued stating that it is permissible to establish a Deposit Insurance Fund for Islamic Banks.

MAIN FEATURES OF THE DEPOSIT INSURANCE FUND FOR ISLAMIC BANKS:

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 end of 2022, 3 of which are Jordanian Islamic banks.

Coverage Limit:

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

- Scope of Coverage:

Eligible 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.

Non-Eligible Deposits:

- Government Deposits.
- Interbank Deposits.
- Cash collaterals within the limits of the value of extended facilities guaranteed by the said collaterals.
- Restricted 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 upon the CBJ's decision.

Funding Sources

1- Annual Membership Fee

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.

2- Returns on the investments of the Fund:

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.

3- Any non-interest loan "Qard Hasan" received by the Fund.

4- 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.

Fund reserve management

The funds shall be invested in government securities in accordance with the principles and provisions of the Islamic Shariah.

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

When the Fund is liquidated, its fund will be transferred to the Zakat Fund in the Kingdom after covering all the expenses and losses related to the Fund.



Development of Deposits in the Banking System

Development of Deposits in the Banking System

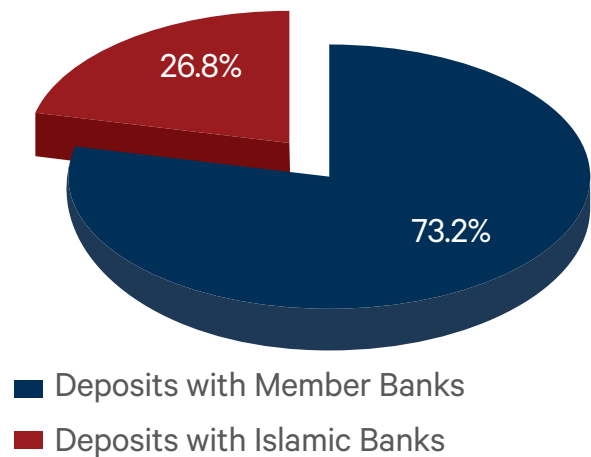
The Jordanian banking system maintained its position during the year 2022, as the total deposits in Jordanian dinar and foreign currencies exceeded JD 42106.7 million, compared to JD 39522.3 million at the end of 2021, increased by JD 2584.4 million, or (6.5%).

DEPOSITS DENOMINATED IN JORDANIAN DINAR:

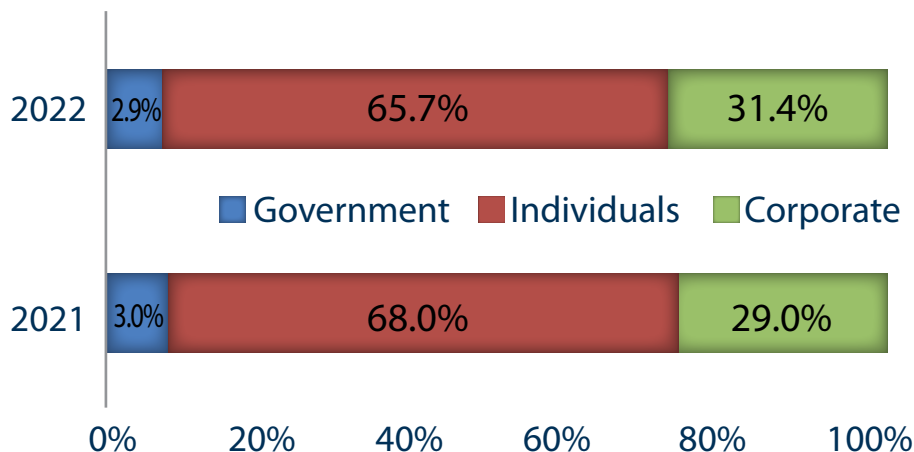
Total deposits denominated in Jordanian Dinar in the banking system reached JD 32841.5 million at the year-end 2022 compared to JD 30684.6 million a year earlier, increased by JD 2156.9 million (7.0%). The total deposits held by commercial banks amounted to JD 24045.0 million, while the total deposits held by Islamic banks amounted to JD 8,796.5 million.

The distribution of these deposits in the banking system shows that individuals' deposits amounted to JD 21575.1 million representing (65.7%) of total deposits denominated in Jordanian Dinar in the banking system, corporate deposits amounted to JD 10298.3 million representing (31.4%), and Government deposits amounted to JD 968.1 million representing (2.9%).

Distribution of Jordanian Dinar Deposits in the Banking System



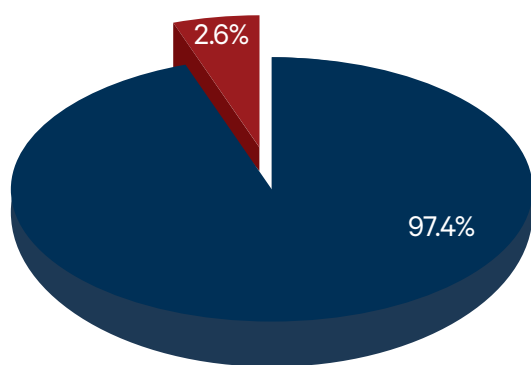
Distribution of Deposits Denominated in Jordanian Dinar Across Various Sectors



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 23412.2 million at the year-end 2022 compared to JD 21714.5 million at the year-end 2021 increased by (7.8%). These deposits represented (97.4%) of total deposits denominated in Jordanian Dinar held by commercial banks which belong to 2293.7 thousand depositors compared to 2211.7 thousand depositors.



■ Eligible Deposits

■ Non-Eligible

FULLY INSURED DEPOSITS:

Fully insured deposits, equal to or less than JD (50,000), amounted to JD 5395.0 million (23.0% of eligible deposits) at the year-end 2022, which belong to 2233.9 thousand depositors compared to JD 5369.5 million, which belong to 2153.4 thousand depositors a year earlier. The ratio of fully insured depositors to total eligible depositors reached (97.4%) at the year-end 2022.

PARTIALLY INSURED DEPOSITS:

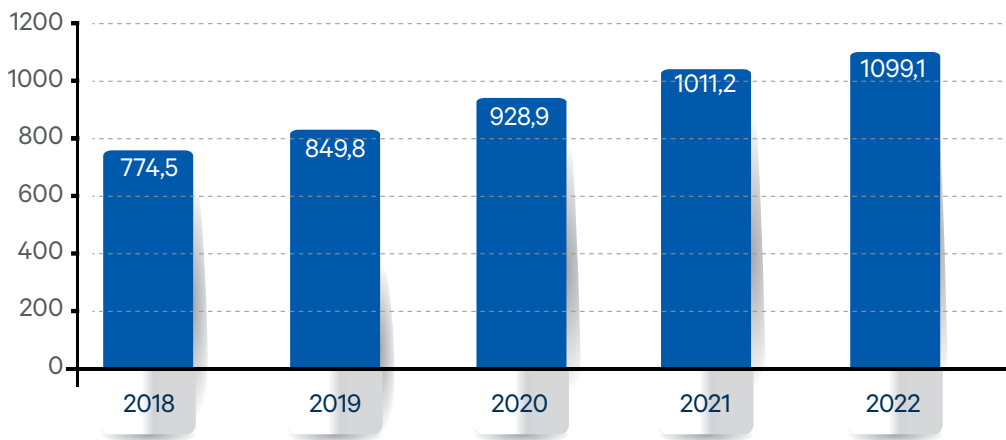
Partially insured deposits, in excess of JD (50,000), amounted to JD 18017.2 million (77.0% of eligible deposits) at the year-end 2022, compared to JD 16345.0 million a year earlier. These deposits belonged to 59.8 thousand depositors (2.6% of total eligible depositors) at the year-end 2022, compared to 58.4 thousand depositors a year earlier.

Development of Deposits in the Banking System

JODIC's RESERVES:

The balance of JODIC's reserves amounted to JD 1099.1 million at the year-end 2022, which grew by JD 88.0 million (8.7%). These reserves cover (4.69%) of total eligible deposits and (13.11%) of the insurance policy (reimbursement amount). The following chart shows the development of the Corporation's reserves over the last five years.

JODIC'S RESERVES (JD Million)



Development of Deposits at the Islamic Banks

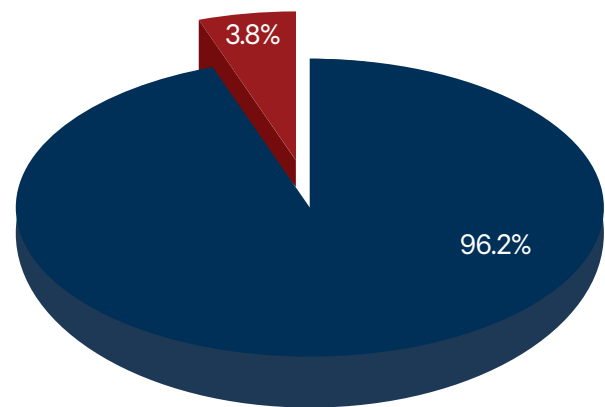
Total deposits with the Islamic Banks reached JD 8796.5 million at the year-end 2022 compared to JD 8296.8 million a year earlier, which increased by JD 499.7 million (6.0%). These deposits belong to 1514.4 thousand depositors at the year-end 2022 compared with 1460.3 thousand depositors a year earlier which increased by 54.1 thousand depositors (3.7%).

ELIGIBLE DEPOSITS AT ISLAMIC BANKS:

Total eligible deposits at Islamic Banks amounted to JD 8461.3 million (26.5 % of total eligible deposits in the banking system), which belong to 1514.0 thousand depositors (39.8 %

of the total eligible depositors in the banking system) at the year-end 2022.

Eligible Deposits with Islamic Banks



- Eligible Deposits
- Non-eligible Deposits

Development of Deposits in the Banking System

FULLY INSURED DEPOSITS:

Fully insured deposits, equal to or less than JD (50,000), reached JD 3589.7 million (42.4 % of total eligible deposits) at the year-end 2022, which belong to 1487.8 thousand depositors (98.3 % of total eligible depositors), compared to JD 3472.5 million belong to 1434.8 thousand depositors a year earlier.

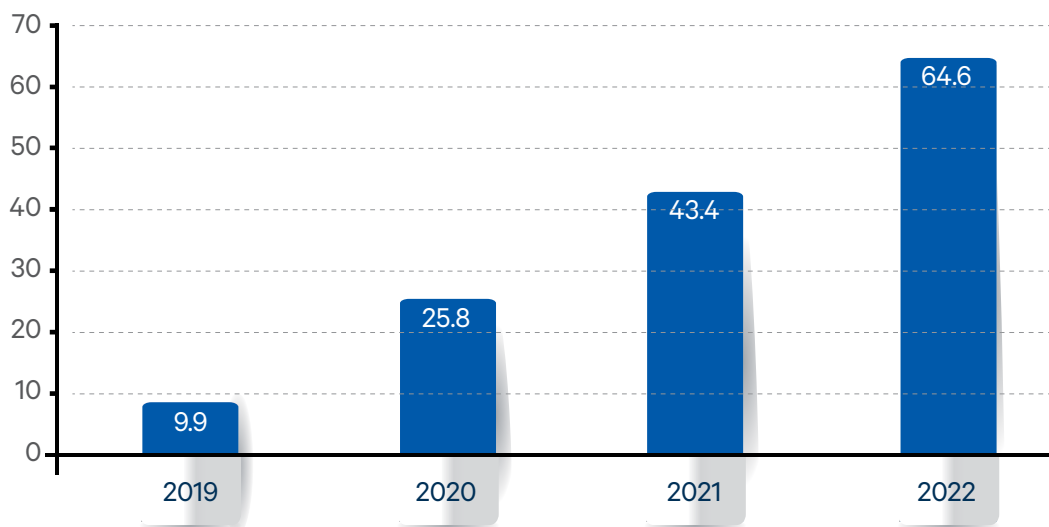
PARTIALLY INSURED DEPOSITS:

Partially insured deposits, in excess of JD (50,000), reached JD 4871.5 million (57.6 % of total eligible deposits) at the year-end 2022, which belong to 26.2 thousand depositors (1.7 % of total eligible depositors), compared to JD 4572.3 million belong to 25.1 thousand depositors a year earlier.

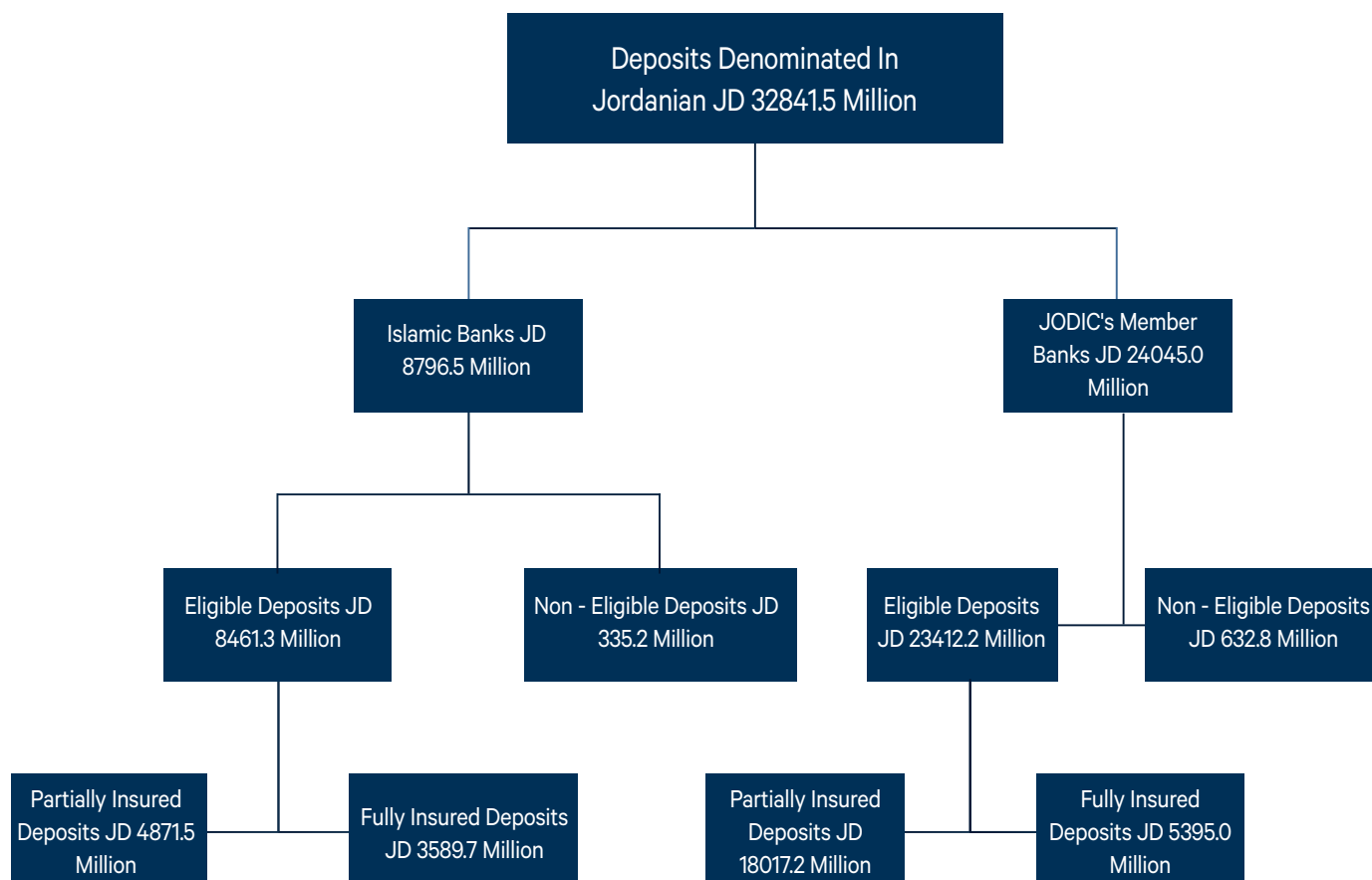
THE FUND'S RESERVES:

The reserves of the Deposit Insurance Fund for Islamic Banks amounted to JD 64.6 million at the year-end 2022. These reserves cover (0.76%) of total eligible deposits and (1.32%) of the Insurance policy.

THE FUND'S RESERVES (JD million)



Development of Deposits in the Banking System



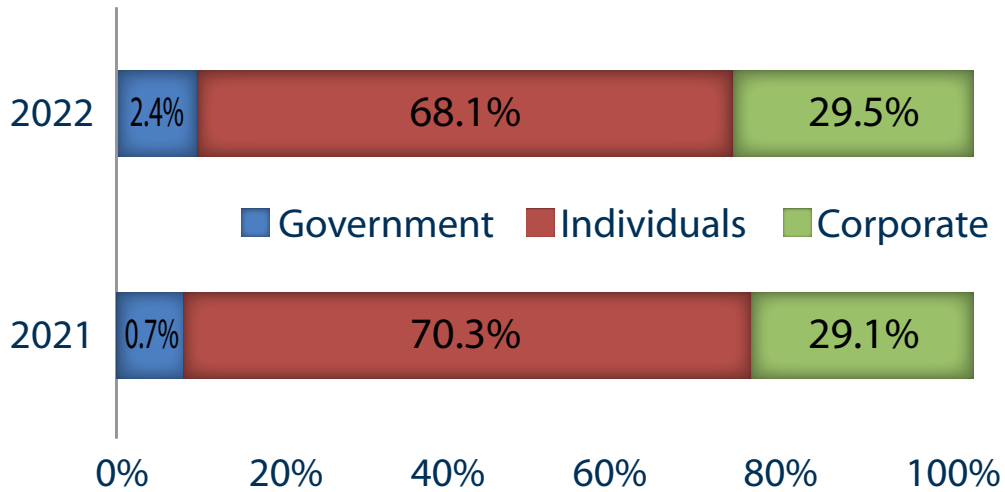
Deposits Denominated in Foreign Currencies¹

Deposits denominated in foreign currencies in the banking system reached JD 9265.2 million at the year-end 2022 compared to JD 8837.7 million a year earlier, which increased by (4.8%). These deposits belong to 270.8 thousand depositors at the year-end of 2022, compared to 268.1 thousand depositors a year earlier.

¹- 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 8300.9 million (89.6 % of total foreign currency deposits in the banking system) at the year-end 2022, compared to JD 7927.4 million a year earlier, which increased by (4.7%). These deposits belong to 230.7 thousand depositors at the year-end 2022, compared to 228.4 thousand depositors a year earlier.

Total deposits denominated in foreign currencies at Islamic Banks reached JD 964.3 million (10.4% of total foreign currency deposits in the banking system) at the year-end 2022, compared to JD 910.3 million a year earlier, which increased by (5.9%). These deposits belong to 40.1 thousand depositors at the year-end 2022, compared to 39.7 thousand depositors a year earlier.

**BANKS OPERATING IN THE
KINGDOM AS END OF 2022**

BANKS OPERATING IN THE KINGDOM AS END OF 2022

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	72	12820.8	5503.8
The Housing Bank for Trade & Finance	1974	110	7748.3	3206.9
Jordan Kuwait Bank	1977	65	3533.6	1782.7
Jordan Ahli Bank	1956	48	2767.4	1396.3
Bank of Jordan	1960	88	2520.5	1223.6
Cairo Amman Bank	1960	98	2827.5	1251.0
Bank al Etihad	1991	59	4268.6	2153.3
Capital Bank of Jordan	1996	47	6286.3	3074.3
Jordan Commercial Bank	1978	34	1443.6	693.4
Arab Banking Corporation - Jordan	1989	23	1409.9	609.0
Invest Bank	1989	12	1228.9	653.9
Arab Jordan Investment Bank	1978	34	2392.0	934.3
Branches of Foreign Banks Operating in the Kingdom				
BLOM Bank S.A.L	2004	18	603.3	299.0
Egyptian Arab Land Bank	1951	17	549.3	344.3
Standard Chartered Bank	1969	2	347.9	121.4
Citibank N.A	1974	2	368.1	164.3
Rafidain Bank	1957	2	188.8	0.6

BANKS OPERATING IN THE KINGDOM AS END OF 2022

Member Islamic 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 Islamic Banks				
Jordan Islamic Bank	1979	111	5583.4	4138.6
Islamic International Arab Bank	1997	47	3061.3	2175.7
Safwa Islamic Bank	2010	42	2825.7	1774.1
Branches of Foreign Islamic Banks Operating in the Kingdom				
Al Rajhi Bank	2011	10	740.8	372.8

**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 2022 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 2022 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.

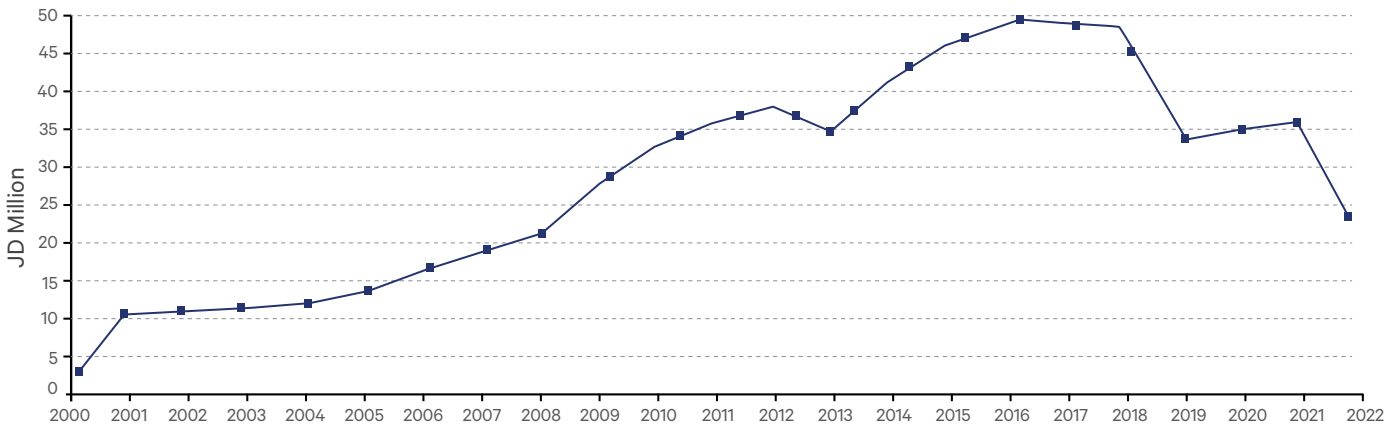
The interest rate structure in the market is closely monitored when diversifying portfolio investments in order to achieve the best possible returns in both the medium and long terms.

The Financial Performance

Total owners' equity increased to reach JD 1102 million by the end of 2022 compared with JD 1014 million by the end of 2021. 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 2022, generated from the annual surplus and premiums (annual membership fees), formed the bulk of total owners' equity and reached JD 1099 million with an increase of JD 88 million from the previous year. Annual membership fees collected from member banks amounted to JD 38.4 million during the year 2022, compared with JD 35.8 million collected a year earlier and reflected 7.3% increase rate, while the net investments income amounted to JD 49.5 million during 2022, compared with JD 46.4 million during 2021 with an increase of 6.6%.

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

The Annual Membership Fees (2000-2022)



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% by the end of 2022. 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 1074.9 million by the end of 2022 compared with JD 988.6 million a year earlier, with an increase of JD 86.3 million and a growth rate of 8.7%.

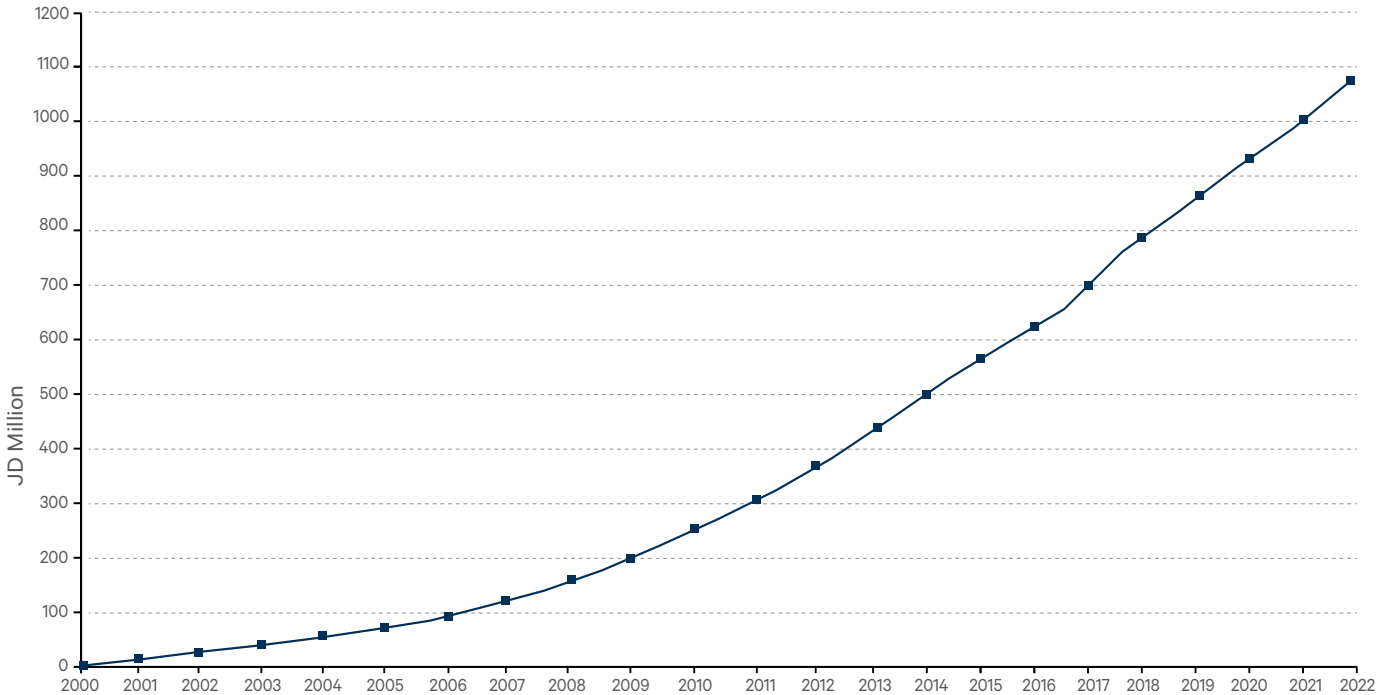
The portfolio consists of:

1. Treasury bonds with a value of JD 995.6 million; representing 92.6% of total value of the portfolio.
2. Public entities bonds with a value of JD 10 million; representing 0.9% of total value of the portfolio.
3. Treasury bills with a value of JD 69.3 million; representing 6.5% of total value of the portfolio.

Outstanding balance of public debt instruments portfolio amounted to JD 1074.9 million representing 97.5% of the Corporation's total assets by the end of 2022.

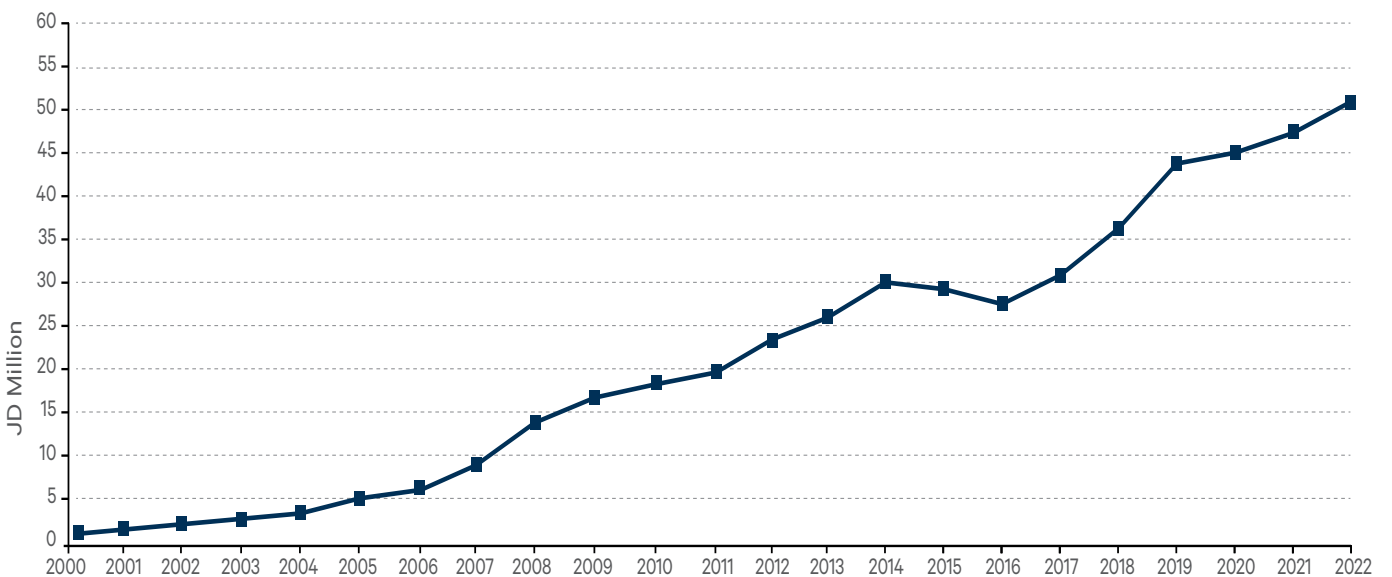
THE FINANCIAL PERFORMANCE OF THE CORPORATION AND THE DEPOSIT INSURANCE FUND FOR ISLAMIC BANKS

JODIC's Investments Portfolio (2000-2022)



JODIC's total investments portfolio income amounted to approximately JD 51.1 million during the year 2022 compared with JD 47.8 million during the year 2021, with an increase of 6.9%.

JODIC's Total Investments Portfolio Income (2000-2022)



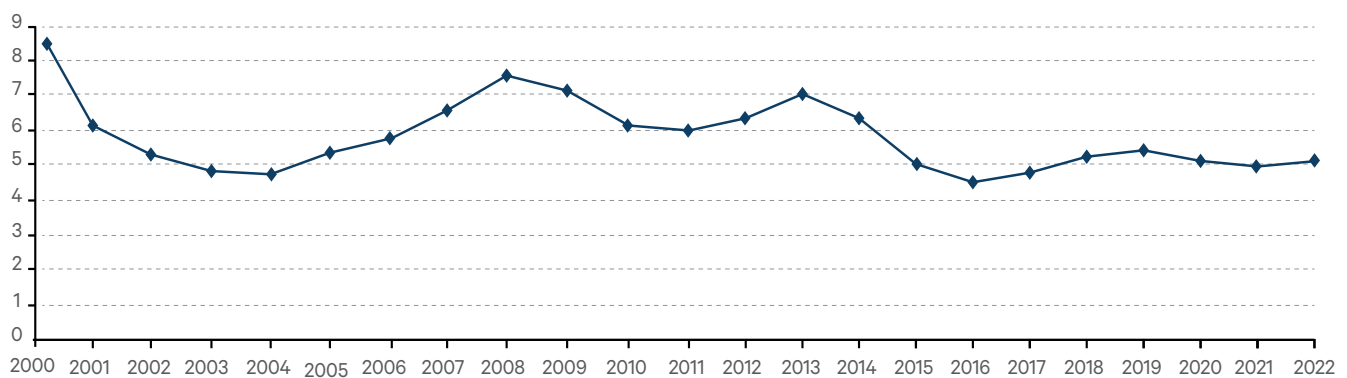
JODIC's investments income from public debt instruments amounted to approximately JD 51.1 million during the year 2022.

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 increase by 0.061% to reach 4.984% by the end of 2022 compared with 4.923% a year earlier, and the modified duration decreased to reach 3.011 year by the end of 2022 compared with 3.651 year from the previous year.

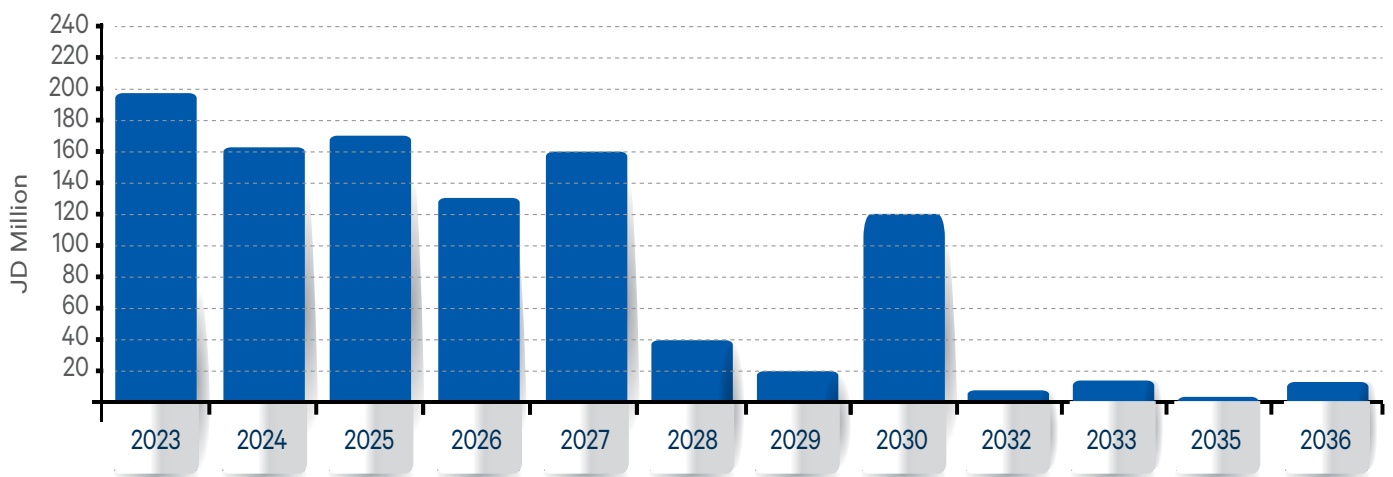
Yield- To- Maturity of the Corportation's Portfolio (2000-2022)



Maturities of Financial Instruments:

By the end of 2022, the value of the redeemed bonds and bills amounted to approximately JD 218.2 million. However, short term investments in JODIC's portfolio amounted to JD 201.8 million by the end of 2022.

Corporation's Portfolio Redemption Schedule by the End of 2022



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

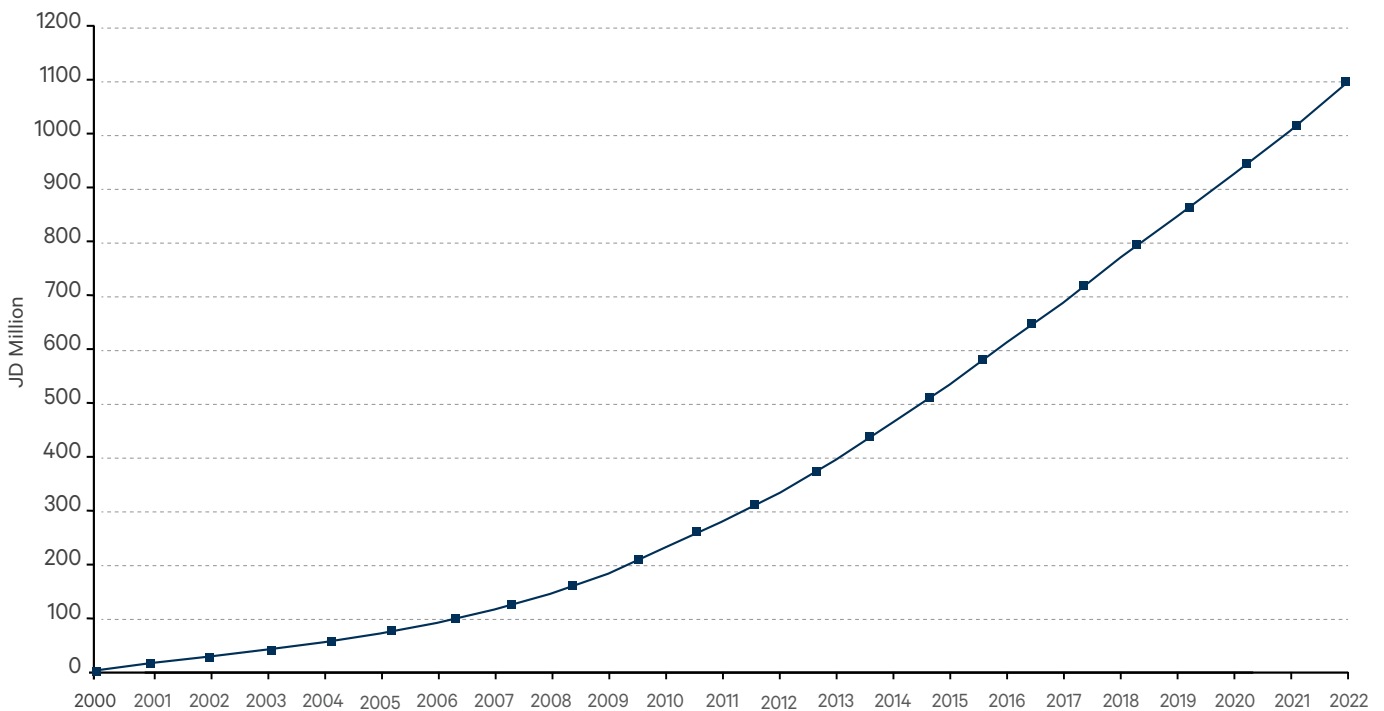
Cash Account:

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 7.3 million by the end of 2022.

Total Reserves

The premiums contributed by member banks and investments income resulted in raising JODIC's total reserves from JD 1011 million by the end of 2021 to JD 1099 million by the end of 2022 with an increase of JD 88 million, or by 8.7%. This level of reserves formed 4.69% of total eligible deposits amounting to JD 23412.1 million by the end of 2022, and 13.11% of estimated reimbursement amount being JD 8385.1 million.

JODIC's Reserves During (2000-2022)



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

The fund's financial performance

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.

Total owners' equity increased to reach JD 65.1 million by the end of 2022 compared with JD 43.9 million by the end of 2021. 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 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 2022, generated from the annual surplus and premiums (annual membership

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

fees), formed the bulk of total owners' equity and reached JD 64.6 million with an increase of JD 21.2 million from the previous year. Annual membership fees collected from member Islamic banks amounted to JD 20 million during the year 2022, compared with JD 17.6 million collected a year earlier and reflected 13.6% increase rate. While the investment income in Islamic Sukuk amounted to JD 1.1 million during 2022.

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 60.9 million by the end of 2022, distributed as follows:

1. Takaful Portfolio of Credit Accounts with a value of JD 28.2 million; representing 46.3% of total value of the fund's portfolio.
2. Takaful Portfolio of Unrestricted Investment Accounts "Mutual Fund Accounts" with a value of JD 32.7 million; representing 53.7% 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 3.7 million by the end of 2022.

Total Reserves

The premiums contributed by member Islamic banks resulted in raising Deposit Insurance Fund for Islamic Banks total reserves from JD 43.4 million by the end of 2021 to JD 64.6 million by the end of 2022 with an increase of JD 21.2 million, or by 48.8%. This level of reserves formed 0.76% of total eligible deposits amounting to JD 8461.2 million by the end of 2022, and 1.32% of estimated reimbursement amount being JD 4902 million.

Public Awareness & Regional and International Contributions

Public Awareness & Regional and International Contributions

Within the framework of the media awareness plan for the year 2022, the Corporation continued to communicate effectively and coordinate with the relevant parties and participate in various events and activities with the aim of increasing awareness of the deposit insurance system in the Kingdom. Many interviews with the Director General were published by the Union of Arab Banks magazine, Al-Anbat Newspaper and a page about the Corporation was published in the appendix of Al-Ghad Newspaper. The Corporation is also keen to strengthen the frameworks of joint cooperation with member banks by distributing the Corporation's annual report for the year 2021 and the Corporation's annual calendar for the year 2023 to all branches of banks operating in the Kingdom.

Furthermore, JODIC is committed towards publishing an announcement in two daily local newspapers during February of each year in accordance with the provisions of Article (33) of its Law. The announcement states the names of the member banks, the type of currency of deposits covered by the Corporation's insurance, and the maximum amount insured in addition to publishing the Financial Statements for both the Corporation (JODIC) and the Deposit Insurance Fund for Islamic banks in the local newspapers.

Jordan Deposit Insurance Corporation (JODIC) has launched its new website as part of the development and updating procedures it pursues and in accordance with the latest websites design and development technologies, within its constant and continuous endeavor to communicate with all related parties and authorities with transparency and clarity to deliver its mission and objectives to spread awareness among the public of depositors in the Kingdom. The Corporation designed and developed its new website in accordance with the highest standards of modern technology for websites and in accordance with the Government Web Standards and Guidelines 2019. In addition to its constant keenness to update the website and publish news, events and the latest developments about the deposit system. The Corporation also works to manage and update its page within the portal e-government continuously.

Among the means adopted by the Corporation in order to communicate with the public through social networks, JODIC adopted its official Facebook page which has been recently verified with Facebook Verification Badge and linked it with the new website. Also, a YouTube channel was created and linked to the new website too.

Public Awareness & Regional and International Contributions

In line with endeavors of enhancing collaboration with national institutions, (JODIC) hosted a team from the Integrity and Anti-Corruption Commission in order to give the corporation's staff a lecture as part of the Commission's awareness campaign entitled "بکفي واسطة ومحسوبية" to introduce the work and role of the Commission, the national integrity standards and awareness of the dangers of nepotism and the corporation contributed to publishing everything related to this campaign on its official Facebook page.

Also, JODIC participated at the local level in various seminars and workshops such as: The repercussions of the international accounting standards in the Arab region, Implementation of international accounting standards in the public sector (IPSAS), The 12th Annual

Forum for Internal Auditors: developing and evaluating the internal audit activity under the quality improvement program QAIP and the global trend towards digital transformation, as well as information security and cyber security.

At the international and regional levels, JODIC maintained its membership in the Executive Council of the International Association of Deposit Insurers (IADI), in addition to its membership in the IADI Standing Committees of the Member Relations Council Committee (MRCC), the Middle East and North Africa (MENA) Regional Committee, the Islamic Deposit Insurance Technical Committee (IDITC), Core Principles and Research Council Committee (CPRC) which includes subcommittees.



Public Awareness & Regional and International Contributions

It's worth mentioning that His Excellency Mr. Mu'taz Barbour, JODIC's Director General was elected as a member in Audit and Risk Council Committee (ARCC) emanating from the Executive Council of the International Association of Deposit Insurers (IADI).

Within the JODIC's participation in events related to deposit insurance at the international level, JODIC participated in the following meetings: EXCO meetings, 2nd IADI Asia Pacific Regional Committee Study Visit on Cyber Security and Enterprise Risk Management for Deposit Insurers and IDIC International Seminar, a workshop by the entitled "Green" Deposit Guarantee Schemes and Non-Financial Reporting: New Challenges for Deposit Guarantee Schemes, The IADI Insights Webinar: Preparing for the expected and the unexpected: Stress testing of EU deposit insurers based on EBA Guidelines that was held virtually in February 2022 as well as a seminar entitled "It's all about e-money: Strengthening regulatory regimes and user protection"



JODIC's Strategic Planning

JODIC's Strategic Planning

Since JODIC's establishment, and in line with its commitment to tackling the challenges it encounters, JODIC has embraced the strategic planning approach in steering its operations and functions. This approach is executed to fulfill its legal mandates efficiently and effectively, and to achieve its future vision of becoming a professional leader in the field of deposit insurance at both regional and international levels. This endeavor aims to reduce risks for banks, enhance confidence in the banking sector, and ultimately contribute to financial stability in the Kingdom.

The Corporation has embraced a strategic planning approach characterized by widespread participation from all its employees. This approach relies on a thorough analysis of both the internal and external environments of the Corporation highlighting its strengths, areas for improvement, weakness, and the threats it faces.

Furthermore, and based on JODIC's vision, mission, and core values, discussions are held regarding the Corporation's future aspirations within a coherent framework aligning with national and organizational objectives, and reflected into detailed action plans for JODIC's departments and units.

Operational goals are also established to ensure the achievement of JODIC's strategic objectives, and performance indicators are defined to measure the extent of achieving these operational goals. Regular review and evaluation processes are carried out to assess the level of accomplishment and address any deviations that may occur, within the framework of a monitoring and evaluation methodology.



**JODIC's Financial Statements &
Independent Auditor's Report for the
Year Ended 31 December 2022**

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2022

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 2022, 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 2022, 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 statements as a whole are free from material misstatement, whether due to fraud or error,

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2022

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
16 April 2023

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2022

Statement of Financial Position as at 31 December 2022

	Notes	2022	2021
		JD	JD
Assets			
Current Assets			
Current account at central Bank of Jordan		7,352,093	9,499,661
Accrued interests of financial assets at amortized cost and not received		15,431,664	11,659,253
Other debit balances		25,469	29,945
Financing and housing loans granted to employees – short term	6	60,771	60,483
Financial assets at amortized cost – short term	7	201,801,172	195,495,111
Total current assets		224,671,169	216,744,453
Non - Current Assets			
Financing and housing loans granted to employees – long term	6	872,731	921,481
Financial assets at amortized cost – long term	7	873,099,829	793,063,097
Property and equipment	8	3,681,805	3,654,353
Total Non – current assets		877,654,365	797,638,931
TOTAL ASSETS		1,102,325,534	1,014,383,384
LIABILITIES AND EQUITY			
Liabilities			
Other credit balances		34,501	62,687
Total Liabilities		34,501	62,687
Equity			
Paid in capital	9	3,150,000	3,150,000
Reserves	10	1,099,141,033	1,011,170,697
Total Equity		1,102,291,033	1,014,320,697
Total Liabilities and Equity		1,102,325,534	1,014,383,384

The attached notes from 1 to 17 form part of these financial statements

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2022

Statement of Revenues and Expenses for the Year Ended 31 December 2022

	Notes	2022	2021
		JD	JD
Revenues			
Membership fees	11	38,402,357	35,864,446
Interest of financial assets at amortized cost		51,114,625	47,833,262
Housing, finance revenues and Interest revenue from housing loans		21,520	22,169
Gain from sale of property and equipment		83	658
others		6,308	5,544
Total revenues		89,544,893	83,726,079
Administrative expenses	12	(1,574,557)	(1,458,126)
Excess in revenues over expenses		87,970,336	82,267,953

Statement of Changes in Equity for the Year Ended 31 December 2022

	Paid in Capital	Reserves	Total
	JD	JD	JD
2022			
Balance at 1 January 2022	3,150,000	1,011,170,697	1,014,320,697
Excess in revenues over expenses	-	87,970,336	87,970,336
Balance as at 31 December 2022	3,150,000	1,099,141,033	1,102,291,033
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

The attached notes from 1 to 17 form part of these financial statements

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2022

Statement of Cash Flows for the Year Ended 31 December 2022

	2022	2021
	JD	JD
Operating Activities		
Excess in revenues over expenses	87,970,336	82,267,953
Adjustments		
Depreciation	138,858	120,819
Gain from sale of property and equipment	(83)	(658)
Interest revenues	(51,114,625)	(47,833,262)
Working capital changes:		
Other debit balances	4,476	(22,863)
Other credit balances	(28,186)	24,927
Net cash flows from operating activities	36,970,776	34,556,916
Investing Activities		
Purchase of financial assets at amortized cost	(399,532,080)	(202,882,020)
Maturity of Financial assets at amortized cost	218,189,287	81,599,033
Proceed from sale financial assets at amortized cost	95,000,000	48,000,000
Proceed from sale of property and equipment	84	660
Financing and housing loans granted to employees	48,462	22,510
Interest received	47,342,214	47,500,339
Purchase of property and equipment	(166,311)	(324,348)
Net cash flows used in investing activities	(39,118,344)	(26,083,826)
Net (decrease) increase in cash and cash equivalents	(2,147,568)	8,473,090
Cash and cash equivalents, beginning of the year	9,499,661	1,026,571
Cash and cash equivalents, end of the year	7,352,093	9,499,661

- Board of Directors decision No. (7/2022) dated 15 June 2022 approves the sale of government securities amounted to JD 150,000,000.

The attached notes from 1 to 17 form part of these financial statements

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2022

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

(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 exception 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 Reporting Standards.

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2022

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 2021 except for the adoption of new amendments on the standards effective as of 1 January 2022 shown below:

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.

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

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

These amendments had no impact on the financial statements of 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.

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2022

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.

These amendments had no impact on the financial statements of 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 associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the financial statements of 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

an 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.

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

IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an 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. These amendments had no impact on the financial statements of the Corporation.

(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.

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2022

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

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.

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.

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.

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2022

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).

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 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.

Other income is recognized according to the accrual basis.

Expenses are recognized according to the accrual basis.

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

Impairment of non-financial assets

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

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2022

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 2022

(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 2022	31 December 2021
	JD	JD
Financing and loans balance at the beginning of the year	981,964	1,004,474
The amount of financing and loans granted during the year	39,106	105,000
Finance revenues	16,642	17,358
Interest added on loan balances during the year	4,878	4,811
The amount of financing and loan proceeds during the year	(109,088)	(149,679)
Financing and loans balances at the end of year	933,502	981,964
Housing financing and loans granted – short term	60,771	60,483
Housing financing and loan granted – long term	872,731	921,481
Financing and loans balances at the end of year	933,502	981,964

This item represents the value of the remaining balance of housing financing and loans granted to eighteen employees of the Corporation as in 31 December 2022 and 31 December 2021, 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 2022

(7) FINANCIAL ASSETS AT AMORTIZED COST

	31 December 2022		
	Short Term JD	Long term JD	Total JD
Treasury bills	69,317,280	-	69,317,280
Treasury bonds	132,483,892	863,099,829	995,583,721
Water Authority Bonds	-	10,000,000	10,000,000
	201,801,172	873,099,829	1,074,901,001
	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

- The average interest rates on bonds ranging between 2,918%-7,999% for the ended 31 Dec 2022 (between 2,918%-7,999% for the ended 31 Dec 2021).

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

	31 December 2022			
	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
Financial assets at amortized cost	1,074,901,001	-	-	1,074,901,001
	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

- Board of Directors decision No. (7/2022) dated 15 June 2022 approves the sale of government securities amounted to JD 150,000,000.

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2022

(8) PROPERTY AND EQUIPMENT

2022	Land	Building	Furniture and decorations	Tools, Office, Equipment, and software	Vehicles	Projects in progress*	Total
	JD	JD	JD	JD	JD	JD	JD
Cost							
As at 1 January 2022	1,157,050	3,796,769	182,397	114,538	57,657	336,010	5,644,421
Additions	-	100,982	36,802	20,127	-	8,400	166,311
Transferred from project in progress	-	336,010	-	-	-	(336,010)	-
Disposals	-	-	-	(224)	-	-	(224)
As at 31 December 2022	1,157,050	4,233,761	219,199	134,441	57,657	8,400	5,810,508
Accumulated Depreciation -							
As at 1 January 2022	-	1,663,849	180,576	87,988	57,655	-	1,990,068
Depreciation charge for the year	-	125,920	3,325	9,613	-	-	138,858
Disposals	-	-	-	(223)	-	-	(223)
As at 31 December 2022	-	1,789,769	183,901	97,378	57,655	-	2,128,703
Net book value							
As at 31 December 2022	1,157,050	2,443,992	35,298	37,063	2	8,400	3,681,805
2021-							
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
Depreciation 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

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 2021, the project was temporarily suspended, and it was completed in January 2022.

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2022

(9) PAID IN 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, amounting to 3% of the total deposits subject to the provisions of this 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 2022

(12) ADMINISTRATIVE EXPENSES

	2022	2021
	JD	JD
Salaries and wages	722,897	675,181
End of service indemnity	203,942	192,256
Depreciation (note 8)	138,858	120,819
Social security contribution	75,964	76,972
Water and electricity	68,672	62,020
Health insurance	59,560	72,204
Corporation contribution in saving fund	56,395	53,403
Subscriptions	32,236	31,971
Security	25,427	21,528
Members and secretary Board of Director's remunerations	18,401	18,600
Professional fees	20,800	33,200
Cleaning	14,586	14,232
Training	7,109	1,138
Travel and transportation	5,105	-
Maintenance	35,561	30,155
Fuel	14,241	5,014
Insurance	27,686	12,864
Social activity committee	14,319	11,589
Government fees and licenses	4,608	5,760
Advertisements	8,448	4,008
Hospitality	5,641	4,105
Stationary	6,515	4,920
Telephone, fax and internet	2,812	2,549
Other	4,774	3,638
Total	1,574,557	1,458,126

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2022

(13) CONTINGENT LIABILITIES

Letter of credits and bank guarantees

The Corporation does not have potential obligations of credits and guarantees as of 31 December 2022 and 31 December 2021.

Lawsuits against the corporation:

There are no cases brought against the Corporation as of 31 December 2022 and 31 December 2021.

(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 2022 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 2022

The table below summarizes the maturities of the corporation financial liabilities at 31 December 2022 and 2021, (undiscounted payments) based on contractual maturity and current interest rates.

	Less than 3 months JD	3 to 12 months JD	Total JD
31 December 2022			
Other current liabilities	34,501	-	34,501
Total	34,501	-	34,501

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

(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 1,102,291,033 as of 31 December 2022 compared to 1,014,320,697 as of 31 December 2021.

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2022

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

(17) STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Corporation's financial statements are disclosed below. The Corporation intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance

contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

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

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the 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.
- That a right to defer must exist at the end of the reporting period,

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2022

- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Corporation is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

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.

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.

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2022

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 accounting policy disclosures.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

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

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Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2022

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 2022, 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 2022, 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 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.

Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2022

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
16 April 2023

Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2022

Statement of Financial Position as at 31 December 2022

	Notes	31 December 2022	31 December 2021
		JD	JD
Assets			
Current assets			
Current account at Central Bank of Jordan		3,749,058	26,386,080
Accrued returns not received		447,838	-
Non Current Assets			
Financial assets at amortized cost	4	60,953,100	17,579,000
Total Assets		65,149,996	43,965,080
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	64,598,996	43,414,080
Total equity		65,148,996	43,964,080
Total liabilities and equity		65,149,996	43,965,080

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 2022

Statement of Revenues and expenses For the year ended 31 December 2022

	Notes	2022	2021
		JD	JD
Membership fees	7	20,080,056	17,635,409
Gains from Islamic Sukuk		1,117,257	-
Administrative expenses	8	(12,397)	(12,397)
Excess of revenues over expenses for the year		21,184,916	17,623,012

Statement of Changes in Equity for the Year Ended 31 December 2022

	Paid in Capital*	Reserves	Total
	JD	JD	JD
2022			
Balance at 1 January 2022	550,000	43,414,080	43,964,080
Excess of revenues over expenses	-	21,184,916	21,184,916
Balance as at 31 December 2022	550,000	64,598,996	65,148,996
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

* This account represents non-refundable amounts of JD 100,000 collected 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 2022

Statement of Cash flows For the year ended 31 December 2022

	2022	2021
	JD	JD
Operating activities		
Excess of revenues over expenses	21,184,916	17,623,012
Gains from Islamic Sukuk	(1,117,257)	-
Net cash from operating activities	20,067,659	17,623,012
Investing activities		
Collected Gains from Islamic Sukuk	669,419	-
Purchase of financial assets at amortized cost	(45,383,000)	(17,579,000)
Matured Islamic Sukuk	2,008,900	-
Net cash used in investing activities	(42,704,681)	(17,579,000)
Net (decrease) / increase in cash and cash equivalents	(22,637,022)	44,012
Cash and cash equivalents at the beginning of the year	26,386,080	26,342,068
Cash and cash equivalents at the end of the year	3,749,058	26,386,080

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 2022

Notes to the financial statements 31 December 2022

(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 and 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 Organization for Islamic Financial Institutions relating to financial statements items, the

Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2022

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 2021, 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 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.

Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2022

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 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:

Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2022

- 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 2022

(4) FINANCIAL ASSETS AT AMORTIZED COST

	31 December 2022 JD	31 December 2021 JD
Sukuk accounts (Credit)	28,186,439	8,150,497
Sukuk accounts (Mutual)	32,766,661	9,428,503
Total	60,953,100	17,579,000

(5) CAPITAL

This account represents non-refundable amounts of JD 100,000 collected 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.

(6) RESERVES

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

	31 December 2022 JD	31 December 2021 JD
Reserves "Takaful" portfolio of Mutual Fund Accounts	34,756,670	23,285,102
Reserves "Takaful" portfolio of Credit Accounts	29,842,326	20,128,978
Total	64,598,996	43,414,080

(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 2022 JD	31 December 2021 JD
Membership fees of "Takaful" portfolio of Mutual Fund Accounts	10,878,977	9,536,638
Membership fees of "Takaful" portfolio of Credit Accounts	9,201,079	8,098,771
Total	20,080,056	17,635,409

Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2022

(8) ADMINISTRATIVE EXPENSES

	31 December 2022 JD	31 December 2021 JD
Wakaleh bi al-ajir *	5,000	5,000
Professional fees	6,000	6,000
Advertisements	1,397	1,397
Total	12,397	12,397

* This item represents an annual payment of JD 5,000 as Wakaleh bi al-ajir 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

Letters of credits and Bank guarantees

The Fund does not have potential liabilities for the letters of credits and the bank guarantees as of 31 December 2022 and 31 December 2021.

Lawsuits against the Fund:

There are no cases against the Fund as of 31 December 2022 and 31 December 2021.

(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.

The sensitivity of the statement of comprehensive income represents the impact of expected

Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2022

changes in interest rate on the Fund's one-year profit, calculated based on financial assets with a variable interest rate as at 31 December 2022 and 2021.

Credit risk

Credit risk is the risk arising from the default or inability of debtors and other parties to fulfill their obligations towards the fund.

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 manage 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 2022 and 2021 based on remaining contractual maturity and current market interest rates:

	Less than 3 months JD	Total JD
As at 31 December 2022		
Accrued expenses	1,000	1,000
Total	1,000	1,000

	Less than 3 months JD	Total JD
As at 31 December 2021		
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 2022

(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-in capital and reserves which amounted to JD 65,148,996 as of 31 December 2022 and JD 43,964,080 as of 31 December 2021.

(13) STANDARDS ISSUED BUT NOT YET EFFECTIVE

Financial Accounting Standard 1 - Amended 2022 (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 2022 is aligned with the amendments to the "Conceptual Framework for Financial Reporting of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)" (Amendment 2021) (Conceptual Framework). Amended Financial Accounting Standard No. 1 – 2022 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. 39 "Financial Reporting on Zakat"

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

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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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