



ANNUAL REPORT 2023

**Insuring Deposits
Protects Your Future Savings**



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



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

TABLE OF CONTENTS

- Our Vision, Mission, Values And Objectives	7
- Chairman's Message	8
- Foreword	11
- JODIC's Main Achievements And Future Prospects	14
- Glossary	16
- Corporate Governance	19
- The Institutional Legislative Framework	20
- Board of Directors	20
- Board Of Directors - Members	21
- Administrative And Functional Apparatus	23
- Permanent Specialized Committees in JODIC	24
- Organizational Structure	25
- Disclosure And Transparency	26
- The Right To Obtain Information	26
- Risk Management And Compliance	26
- Information Security And Cybersecurity Management Policies	27
- Overview	30
- Main Features Of The Deposit Insurance System In Jordan	31
- Mandates And Powers	32
- Deposit Insurance Fund For Islamic Banks	34
- Development Of Deposits In The Banking System	36
- Banks Operating In The Kingdom As End Of 2023	43
- The Financial Performance Of The Corporation And The Deposit Insurance Fund For Islamic Banks	45
- Public Awareness & Regional And International Contributions	53
- JODIC's Strategic Planning	57
- Jodic's Financial Statements & Independent Auditor's Report For The Year Ended 31 December 2023	59
- Financial Statements And Independent Auditor's Report For The Deposit Insurance Fund For Islamic Banks For The Year Ended 31 December 2023	80



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 banking sector.
6. To promote public awareness of deposit insurance system in the Kingdom.



Chairman's Message

Chairman's Message



H.E. Dr. Adel Al Sharkas

I am pleased to present, on behalf of the Board of Directors, the Jordan Deposit Insurance Corporation's eighteenth annual report. This report highlights the achievements and successes of the Corporation throughout the year 2023, as well as the developments, aspirations, and future outlook of the Corporation. The Corporation pursues fulfilling its role of protecting depositors, enhancing their confidence in the banking system, and contributing to maintaining financial and banking stability to support continuous and sustainable economic growth.

The Jordanian economy has successfully weathered numerous crises and shocks that have affected the global economy in recent years, demonstrating its resilience in absorbing the impacts of these shocks, which is attributed

to the flexible fiscal and monetary policies that have preserved macroeconomic stability, achieving moderate economic growth. The tight monetary policy adopted by the CBJ, in line with the monetary policies of most central banks worldwide, has managed to contain inflationary pressures, control price levels, and maintain the steadfast anchor of the monetary policy represented by the pegged exchange rate regime of the Jordanian Dinar against the US Dollar. This regime continues to support the pillars of monetary and financial stability in the Kingdom, backed by comfortable levels of foreign reserves held by the CBJ, amounting to approximately \$18.1 billion at the end of 2023, covering 7.9 months of the Kingdom's imports of goods and services.

The year 2023 witnessed several tangible economic achievements that reflect Jordan's commitment to sustainable economic progress and development. These include advancing financial and structural reforms to achieve inclusive economic growth for enhancing employment opportunities, along with the stable sovereign credit rating approved by several agencies. Additionally, the removal of Jordan from the list of countries under increased monitoring in the field of combating money laundering and terrorist financing, what is known as the "Gray List", represents a positive step that reinforces the Kingdom's position both regionally and internationally.

Chairman's Message

As part of the intensive efforts by the Central Bank of Jordan in 2023 to develop the banking and financial sector in the Kingdom, the CBJ launched its financial technology and innovation vision, in line with the Economic Modernization Vision. The Central Bank will continue its efforts to support digital transformation in the financial sector and provide a conducive environment for advancing and innovating financial technologies. Moreover, the Central Bank launched the Green Finance Strategy (2023-2028) to address climate change risks and embrace the best practices in green finance, directing investments and projects towards environmentally friendly initiatives that mitigate the impacts of climate change on the national economy, and facilitate the desired transition towards a green and sustainable economy.

Despite the current challenging circumstances in the region, the adopted monetary and banking policies have had a significant positive impact on maintaining the stability of the banking sector in the Kingdom, strengthening the banking system, ensuring the soundness of banks' financial positions, and enhancing their resilience against any future risks. The capital adequacy ratio reached (17.9%), while the non-performing loans ratio stood at (5.1%), with a coverage ratio of (75.6%).

The year 2023 was marked by the establishment of the "Banking Crisis Management Committee", comprising the financial safety net participants, aimed at enhancing coordination and collaboration among them to achieve common objectives with the highest level of effectiveness and efficiency, in line with the defined laws and responsibilities. Furthermore, the Jordan Deposit Insurance Corporation continued to provide protection to a vast majority of depositors in banks, (97.4%) of them are fully insured with a coverage limit of JD 50,000. The Corporation has rigorously upheld its robust policy by bolstering its capacity and preparedness to mitigate potential risks, amassing reserves exceeding JD 1.2 billion, covering (13.95%) of the insurance policy.

In conclusion, I extend my sincere gratitude and appreciation to all JODIC's staff for their dedicated efforts, wishing them further progress in achieving their confident vision of protecting depositors. I pray to the Almighty to crown our efforts with success and prosperity, and for our beloved Jordan to continue progressing and prospering under the auspices of His Majesty King Abdullah II bin Al-Hussein and His Royal Highness Crown Prince Al-Hussein bin Abdullah, may God protect them.

Foreword

Foreword



Mutaz I. Barbour

On behalf of my colleagues and myself, it gives me great pleasure to present the annual report of the Jordan Deposit Insurance Corporation for the year 2023. The Corporation has kept pace with excellence and professionalism, diligently working to achieve its mission, aiming at protecting depositors and enhancing financial stability in the Kingdom, while upholding the highest standards of transparency, disclosure, and professionalism in its operations. This report summarizes the achievements of the previous year, outlines future aspirations, and discloses the financial statements along with the independent auditor's report.

JODIC maintained its pivotal role as one of the main pillars of the financial safety net in the Kingdom. The year 2023 was marked by the

inception of the 'Banking Crisis Management Committee (BCMC),' a permanent advisory committee comprising the Central Bank of Jordan, the Ministry of Finance, and JODIC. The BCMC is aiming at enhancing the capacity and coordination among its members to absorb severe financial shocks.

JODIC is committed to achieving its desired objectives to reimburse insured depositors efficiently and effectively, believing in the necessity of fulfilling its role as the sole insurer of deposits within its legal framework. Reflecting its dedication to complying with the IADI's core principles, the Corporation has embarked on adopting a payout system, underscoring its commitment to applying the recommendations outlined in the Financial Sector Assessment Program conducted jointly by the IMF and the World Bank. Furthermore, the Corporation has enthusiastically undertaken the task of staying abreast of the demands for development and modernization by automating its operations.

JODIC's reserves stood at approximately JD1178.9 million by the end of 2023, representing a yearly growth rate of (7.3%), covering (13.95%) of the insurance policy. Similarly, the Deposit Insurance Fund for Islamic Banks, reserves recorded about JD 88.4 million, demonstrating a notable annual growth rate of (36.8%) and covering (1.73%) of the insurance policy.

Foreword

Regarding key indicators of deposits and depositors, the Corporation provides full protection to approximately (97.4%) of depositors, their deposits are (21.7%) of the total eligible deposits, within the coverage limit of JD 50,000 per depositor per bank. For Islamic banks, (98.3%) of the eligible depositors are fully insured, and their deposits exceed (42.1%).

The Corporation persists in its efforts to enhance public awareness of its initiatives through its on-the-ground media campaigns. Additionally, it actively disseminates information and engages with the audience through its website, e-government platform, and various social media channels. On the international and regional fronts, the Corporation remains steadfast in its dedicated role as an active member of the International Association of Deposit Insurers. This commitment is evident through its membership in the Executive Council of the Association, as well as its participation in numerous regional and international conferences and seminars focused on deposit insurance.

In conclusion, I extend my gratitude and appreciation to His Excellency the Chairman, and the Members of the Board of Directors for their continued support and invaluable guidance throughout JODIC's endeavors, as well as profound thanks to all colleagues within JODIC for their exerted efforts and dedication towards achieving its objectives. I pray that the Almighty, in His infinite wisdom, guides us all to serve our beloved nation under the auspices of His Majesty King Abdullah II bin Al-Hussein and His Royal Highness Crown Prince Al-Hussein bin Abdullah, may God protect them.



JODIC's MAIN ACHIEVEMENTS AND FUTURE ASPIRATIONS

JODIC's MAIN ACHIEVEMENTS AND FUTURE ASPIRATIONS

The year 2023 witnessed the inception of the “Banking Crisis Management Committee (BCMC)” aimed at enhancing coordination and collaboration among the financial safety net participants to achieve their common objectives and integrate their functions in accordance with the laws governing and defining the responsibilities and duties of each participant. The Committee's primary responsibility is to pursue efforts to prepare for the management of banking crises, thereby contributing to the strengthening of the financial safety net in the Kingdom and enhancing its ability to absorb financial shocks and mitigate the possibility of burdening the treasury bearing the costs that may result from bank liquidation or resolution.

The Corporation continued developing its operational businesses and achieving its strategic objectives, focusing efforts on updating the Corporations's system, improving risk management and compliance with governance standards, thereby enhancing transparency and integrity in all aspects of the JODIC's operations as it progresses toward digital transformation as a requirement for development and modernization. JODIC began automating its internal systems and adopting electronic systems to enhance the efficiency of its operational activities, in addition to initiating the implementation of recommendations of the Financial Sector Assessment Program (FSAP) by preparing a technical guide for payout, in the purpose to design and adopt a Single Customer View (SCV) system to enable the Corporation to effectively fulfill its role in reimbursing depositors.

With these achievements and promising future aspirations, the Corporation continues its vital role as a main pillar in the financial safety net in achieving its objectives stemming from its mission of protecting depositors, encouraging savings, enhancing confidence in the banking system, and contributing to maintaining banking and financial stability in the Kingdom.





GLOSSARY

GLOSSARY

Deposit Insurance System:

Refers to the deposit insurer and its relationships with the financial safety-net participants that support deposit insurance mandates, which aim to protect depositors by insuring their deposits. Additionally, the DIS is responsible for other key mandates, including Banks' Liquidation and Banks' Resolution.

Coverage Limit:

The maximum amount that an eligible depositor can be reimbursed by JODIC when a 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 branches of foreign commercial banks operating in the Kingdom, 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 branches of foreign Islamic banks operating in the Kingdom, 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).

Insurance Policy (Deposits Eligible for Immediate Reimbursement):

The total amount paid to insured depositors, with a maximum of JD 50,000 per depositor, as immediate reimbursement in the event of bank 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 (98) 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 subject to 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 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



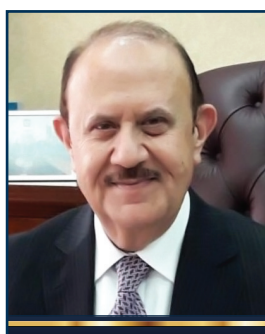
Vice Chairman of the
Board of Directors
H.E. Mr. Ziad Asa'ad Ghanma
Deputy Governor of
the Central Bank of Jordan



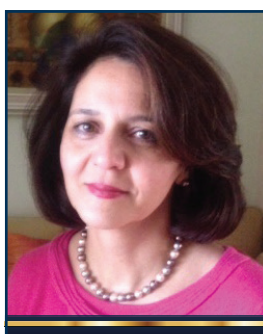
H.E. Dr. Abdelhakim Al Shibli
Secretary General of the
Ministry of Finance



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.

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

Administrative and Functional Apparatus

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.

Also, in the field of information security and protection, the position of Director of Cybersecurity and Information Security 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.
5. Governance and Legislation Committee.

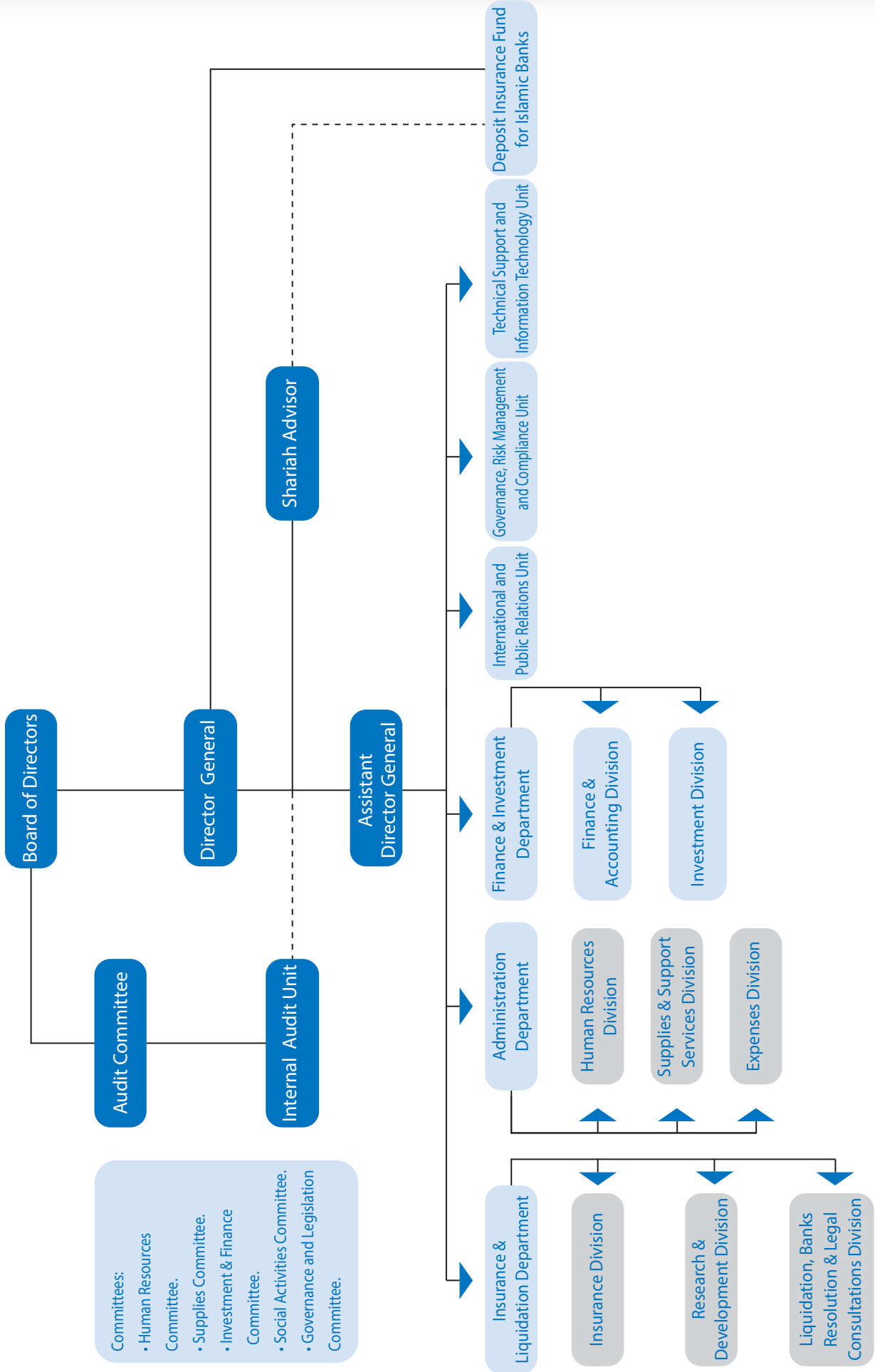
Additionally, the Director General has the authority to form permanent or temporary specialized committees to study any aspects of the Corporation's activities and management affairs, and to provide recommendations accordingly.

Committees Emanating from the Board of Directors

The 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.



Information Security and Cybersecurity Management Policies

Information Security and Cybersecurity Management Policies

The corporation realizes that the management of information security and cybersecurity has become an essential and important part of wise administration that effectively contributes to the achievement of institutional objectives. The corporation must develop an information security management system that includes cybersecurity as an integral part of it, encompassing a set of policies, standards and procedures, and processes under best practices.

These policies present comprehensive and fundamental corporation-wide principles of security, technical and procedural requirements to protect the confidentiality, integrity and availability of corporation information, as well as the administrative commitment and support for information security and cybersecurity.

These policies apply to:

- 1.** All information assets in the corporation, all operations and tasks of the corporation associated with its information assets, infrastructure/equipment used for the establishment, processing, storage, transfer and/or destruction of the corporation, whether managed by the corporation and/or by a third party on its behalf.
- 2.** All users of the information assets of the corporation, including, employees of the corporation and/or contractors permanently or temporarily, to perform work for the corporation, all of which must be accepted and abide by when using or handling the Enterprise's information assets.

These policies include the following:

- Information Security Regulation Policy.
- Information Asset Management Policy.
- Backup and Restore Policy.
- Mobile Device Security Policy.
- Vulnerability management policy.
- Systems Development and Maintenance Policy.
- Information Security Policy.
- Operational security policy.
- Remote work Policy.
- Malicious Software Protection Policy.
- External contracting/Engagement policy with external parties.
- Access Control Policy.

Information Security and Cybersecurity Management Policies

- Human Resources Security Policy.
- Physical Security and Surrounding Environment Policy.
- Business Continuity Management Policy.
- Communications Security Policy.
- Information Security and Cybersecurity Incidents Management Policy.
- Compatibility Policy with Jordanian and International Laws and Legislation.

These policies aims to ensure that the corporation complies with Jordanian and international laws and legislation and does not override the corporation's work, especially on issues related to information technology and security and cybersecurity:

- 1.** Compliance with Jordanian and international legislation and laws.
- 2.** Intellectual property rights.
- 3.** Protection and confidentiality of personal data.
- 4.** Information systems auditing considerations.
- 5.** Compliance with information security policies and requirements.



OVERVIEW

OVERVIEW

The Jordan Deposit Insurance Corporation (JODIC) was established with the issuance of its law in 2000 as a legal entity status with financial and administrative independence. Its primary objective is to protect depositors with banks by insuring their deposits in accordance with the provisions of its Law in order to encourage savings, enhance confidence in the banking system, and contribute to maintaining banking and financial stability in the Kingdom. In 2019, the law was amended to include Islamic banks under the umbrella of the insurance system by establishing the Deposit Insurance Fund for Islamic banks.

The Corporation, in accordance with its law, has two primary mandates: deposit insurance and bank liquidation. It serves as the sole insurer, liquidator, and legal representative of any bank subject to liquidation in the Kingdom. In order to fulfill its assigned mandate, the Corporation has been endowed, according to its law, with a wide range of powers in the field of deposit insurance and bank liquidation. In addition to its powers to find solutions for banks that face problems with core effect on its financial position, whereby the Corporation, with the approval of the Central Bank, may take any of the actions set out in its law.

Main Features of the Deposit Insurance System in Jordan:

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

MAIN FEATURES OF JODIC

MEMBERSHIP

Jordanian banks and branches of foreign banks operating in the Kingdom, except for the branches of Jordanian banks operating outside the Kingdom.

Coverage Limit:

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

The JD 50,000 deposit insurance coverage limit composes 16 times the per capita GDP.

Scope Of Coverage:

The Corporation insures all types of deposits at JODIC's member banks denominated in Jordanian dinar for individuals, corporate, residents, and non-residents, except for the following:

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

OVERVIEW

The Corporation currently insures deposits denominated in the Jordanian Dinar only. The Corporation may insure deposits in any foreign currency, that the Central Bank decides to be subject to the provisions of the law.

Funding Sources:

1- 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. As the Corporation has exceeded the legally targeted reserves ratio, which is (3.0%) of the total eligible deposits, the Board of Directors decided to reduce the membership fees for member banks from 2.5 to 1.75 per thousand for a consecutive four-year period in accordance with the provisions of Article (19/b) of JODIC's Law. Subsequently, the Board decided to levy the annual membership fee for the years 2023 and 2024 at a rate of one per thousand of the total eligible deposits.

The annual membership fee may be amended, and the rules for its calculation may be changed by a decision of the Council of Ministers, based on the recommendation of the Board, after the banks have been rated.

2- Investment Returns on the Corporation's Funds:

The Corporation invests its funds in government securities, considering the returns as part of the Corporation's reserves. These investments contribute to enhancing

the Corporation's financial capacity and supporting its ability to meet its obligations to depositors. This, in turn, enhances confidence in the banking system and promotes financial stability.

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

The Corporation may borrow directly or issue debenture bonds to fulfill its obligations in accordance with 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 resorting to the Treasury and taxpayers.

OVERVIEW

"The insurance sum shall become payable if the Central Bank of Jordan (CBJ) decides to liquidate a bank, and JODIC shall pay the insurance sum to an insured depositor within 30 days from the date of the liquidation decision.

The Corporation calculates the insurance sum for each depositor by setting off between the deposits against the debts and liabilities of each depositor. This assists the Corporation in determining the value of the insurance sum for the depositor. All accounts at branches of the same bank are considered as one account. If the account is jointly held by two or more persons, the insurance sum shall be distributed among them according to each person's share in the account. If their shares in the account are unspecified, their shares are considered equal, provided that the total amount received by one person does not exceed the maximum insurance sum if they have another account or accounts at the same bank.

- **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 is endowed with broad and flexible powers under its law, enabling it to complete the liquidation process in a systematic and legally clear manner within a period of two years from the date of the liquidation decision.

- **JODIC's Reserves Management:**

The Corporation, in accordance with its law, builds reserves to efficiently and effectively fulfill its primary mandate and ensure full protection for the majority of depositors in banks. The Corporation primarily builds its reserves from membership fees levied on banks and returns on investments in government securities. JODIC may deposit its funds with the Central Bank by a decision of its Board of Directors, in accordance with Article (24/A) of the Corporation's Law.

- **Banks' Resolution:**

The amending law of the Corporation, Law No. (8/2019), aims to enhance the Corporation's pivotal role within the financial safety net framework and contribute to maintaining banking and financial stability in the Kingdom. It grants the Corporation additional powers to find solutions to banks facing problems with core effect on its financial position by taking one or more of the actions outlined below if it determines that such action is less costly than proceeding with liquidation procedures:

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 party.
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.

OVERVIEW

With the approval of the Central Bank, the Corporation is authorized to participate in any committees established to examine the conditions of the bank, facilitating the adoption of appropriate and cost-effective measures.

- Monitoring Banks Operating in the Kingdom:

To enable the Corporation to fulfill its mandates as a deposit insurer and bank liquidator, alongside its other legal responsibilities, efficiently and effectively, it collaborates and coordinates with the Central Bank to monitor and evaluate the financial conditions and performance of banks. The Corporation conducts offsite supervision in accordance with Article (29) of its law, examining banks' closing financial statements and operational results available at the Central Bank. Additionally, as per Article (30) of the Corporation's 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, upon JODIC's request and CBJ's approval. The team prepares a joint report containing the results of the bank's activities and recommendations, which is then 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 the Corporation's Law in 2019. The Fund has a legal entity status to be managed by the Corporation. The Fund aims to protect depositors with Islamic banks by insuring their deposits in accordance with

the provisions of the law, encouraging savings, enhancing confidence in these banks, achieving fairness among depositors in the banking system, and protecting competitiveness among 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), and the contributions made by Islamic banks, depositors, and the Corporation are considered donations. Additionally, a Sharia Advisor shall be appointed to the Fund by a decision of the Corporation's Board of Directors based on the nomination of the Iftaa Board, ensuring that the advisor possesses practical experience and expertise in Islamic jurisprudence related to financial transactions.

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.

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, except for the branches of Jordanian Islamic banks operating outside the Kingdom.

OVERVIEW

Coverage Limit:

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

Scope of Coverage:

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

Funding Sources

1- Membership Fees

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

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

2- Returns on the investments of the Fund.

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's reserves management

The funds shall be invested in government securities that comply with the principles and provisions of Islamic Sharia, in accordance with the provisions of Article (35 bis) of the Corporation's Law.



Development of Deposits in the Banking System

Development of Deposits in the Banking System

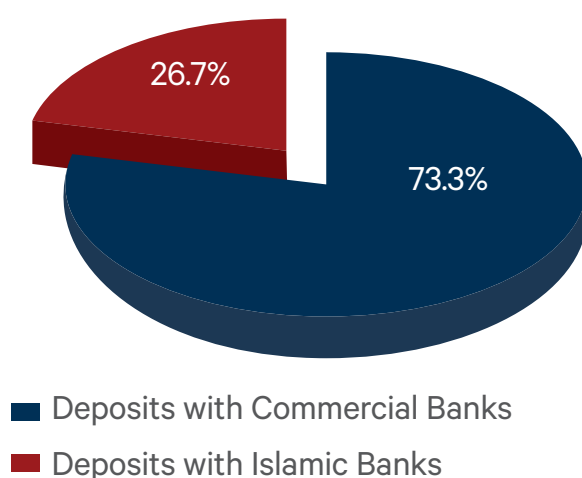
The banking sector in Jordan demonstrated exceptional performance throughout 2023, experiencing significant growth in total deposits denominated in Jordanian dinars and foreign currencies. Total deposits reached JD 43,744.3 million, compared to JD 42,106.7 million at the end of 2022, reflecting an increase of JD 1,637.6 million, or (3.9%). This growth affirms the stability and resilience of the Jordanian banking system.

DEPOSITS DENOMINATED IN JORDANIAN DINAR:

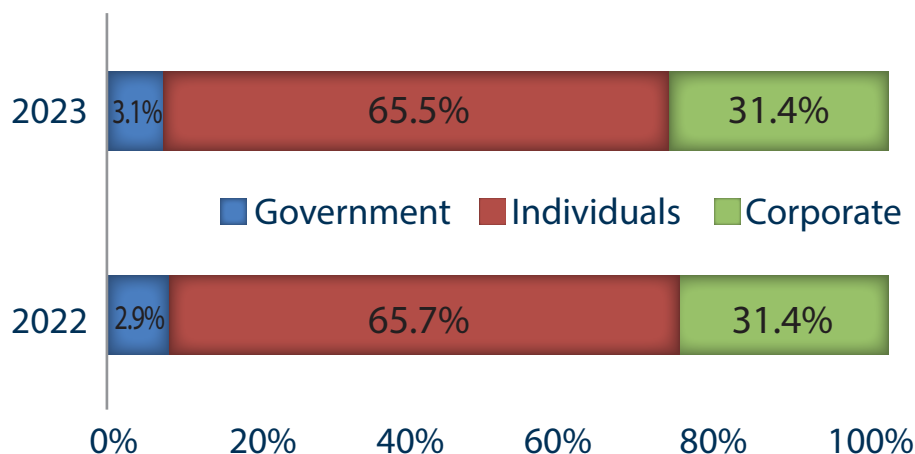
Total deposits denominated in Jordanian Dinar in the banking system reached JD 34468.9 million at the year-end 2023 compared to JD 32841.5 million a year earlier, increased by JD 1627.4 million (5.0%). The total deposits held by commercial banks amounted to JD 25261.1 million, while the total deposits held by Islamic banks amounted to JD 9207.7 million.

The distribution of these deposits within the banking system reveals that individuals' deposits totaled JD 22,581.9 million, constituting (65.5%) of the total deposits denominated in Jordanian Dinar. Corporate deposits amounted to JD 10,820.8 million, representing (31.4%), while Government deposits stood at JD 1,066.1 million, accounting for (3.1%).

Distribution of Deposits



Distribution of Deposits Denominated in Jordanian Dinar Across Various Sectors

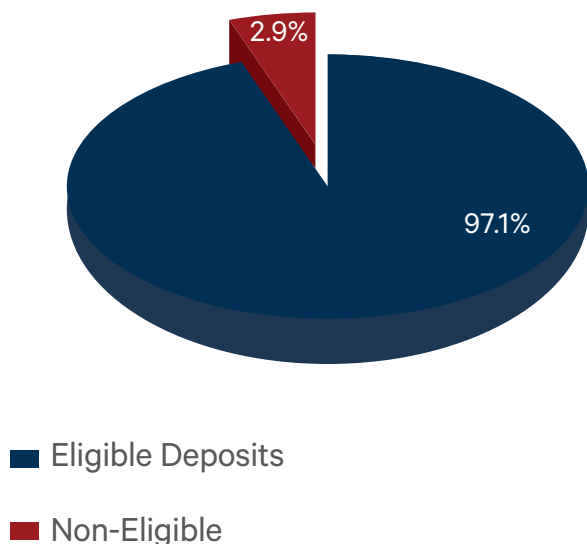


Development of Deposits in the Banking System

ELIGIBLE DEPOSITS AT JODIC's MEMBER BANKS

The balance of eligible deposits at JODICS' member banks JD 24526.0 million at the year-end 2023 compared to JD 23412.2 million at the year-end 2022 increased by (4.8%). These deposits represented (97.1%) of total Jordanian dinar-denominated deposits in commercial banks, these deposits belong to 2370.8 thousand depositors compared to 2293.7 thousand depositors in the previous year.

JODIC's Member Banks



FULLY INSURED DEPOSITS:

Fully insured deposits, equal to or less than JD 50,000, amounted to JD 5328.9 million (21.7% of eligible deposits) at the year-end 2023, which belong to 2308.4 thousand depositors compared to JD 5395.0 million, which belong to 2233.9 thousand depositors a year earlier. The ratio of fully insured depositors to total eligible depositors reached (97.4%) at the year-end 2023.

PARTIALLY INSURED DEPOSITS:

Partially insured deposits, in excess of JD 50,000, amounted to JD 19197.1 million (78.3% of eligible deposits) at the year-end 2023, compared to JD 18017.2 million a year earlier. These deposits belonged to 62.4 thousand depositors (2.6% of total eligible depositors) at the year-end 2023, compared to 59.8 thousand depositors a year earlier.

ESTIMATED REIMBURSEMENT AMOUNT (INSURANCE POLICY):

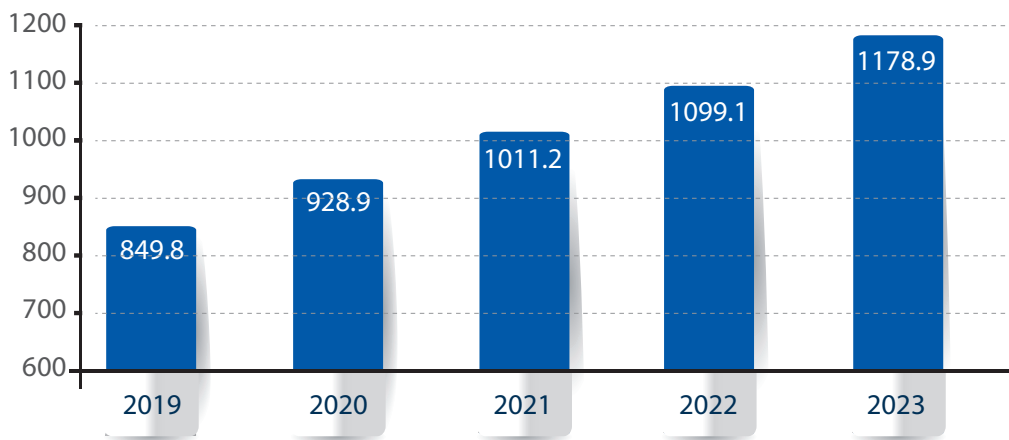
The estimated reimbursement amount at JODIC's member banks reached JD 8451.0 million at the year-end 2023, compared to JD 8385.2 million a year earlier, reflecting a growth rate of (0.8%). The ratio of the estimated reimbursement amount to total eligible deposits was (34.5%) at the end of the year 2023, down from (35.8%) a year earlier.

Development of Deposits in the Banking System

JODIC's RESERVES:

The balance of JODIC's reserves amounted to JD 1178.9 million at the year-end 2023, marking an increase of JD 79.8 million (7.3%). These reserves cover (4.81%) of total eligible deposits and (13.95%) of the estimated reimbursement amount. The following chart illustrates the development of the Corporation's reserves over the last five years.

JODIC'S RESERVES (JD Million)



Development of Deposits at the Islamic Banks

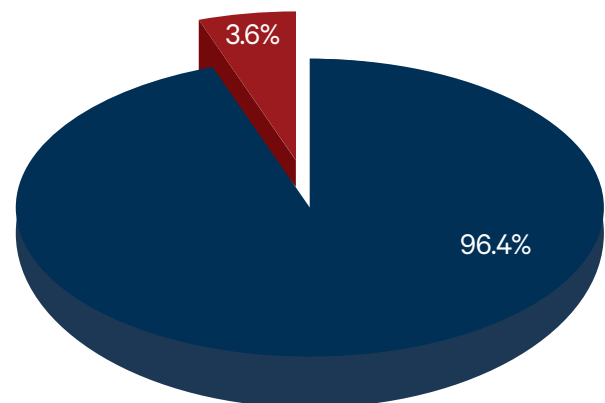
Total deposits with the Islamic Banks reached JD 9207.7 million at the year-end 2023 compared to JD 8796.5 million a year earlier, which increased by JD 411.2 million (4.7%). These deposits belong to 1594.7 thousand depositors at the year-end 2023 compared with 1514.4 thousand depositors a year earlier, representing an increase of 80.3 thousand depositors (5.3%).

ELIGIBLE DEPOSITS AT ISLAMIC BANKS:

Total eligible deposits at Islamic Banks amounted to JD 8876.7 million (26.6 % of total eligible deposits in the banking system), which belong to 1594.3 thousand depositors (40.2 % of the

total eligible depositors in the banking system) at the year-end 2023.

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 3735.5 million (42.1 % of total eligible deposits) at the year-end 2023, which belong to 1566.7 thousand depositors (98.3 % of total eligible depositors), compared to JD 3589.7 million belong to 1487.8 thousand depositors a year earlier.

PARTIALLY INSURED DEPOSITS:

Partially insured deposits, in excess of JD 50,000, reached JD 5141.3 million (57.9% of total eligible deposits) at the year-end 2023, which belong to 27.6 thousand depositors (1.7% of total eligible depositors), compared to JD 4871.5 million belong to 26.2 thousand depositors a year earlier.

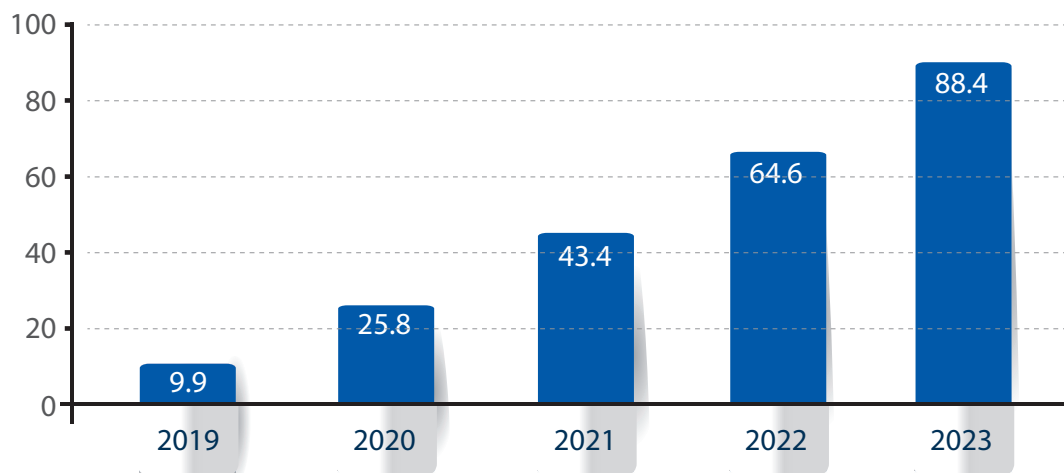
ESTIMATED REIMBURSEMENT AMOUNT (INSURANCE POLICY):

The estimated reimbursement amount at Islamic banks reached JD 5117.4 million at the year-end of 2023, compared to JD 4902.1 million a year earlier, reflecting a growth rate of (4.4%). The ratio of the estimated reimbursement amount to total eligible deposits was (57.6%) at the end of the year 2023, down from (57.9%) a year earlier.

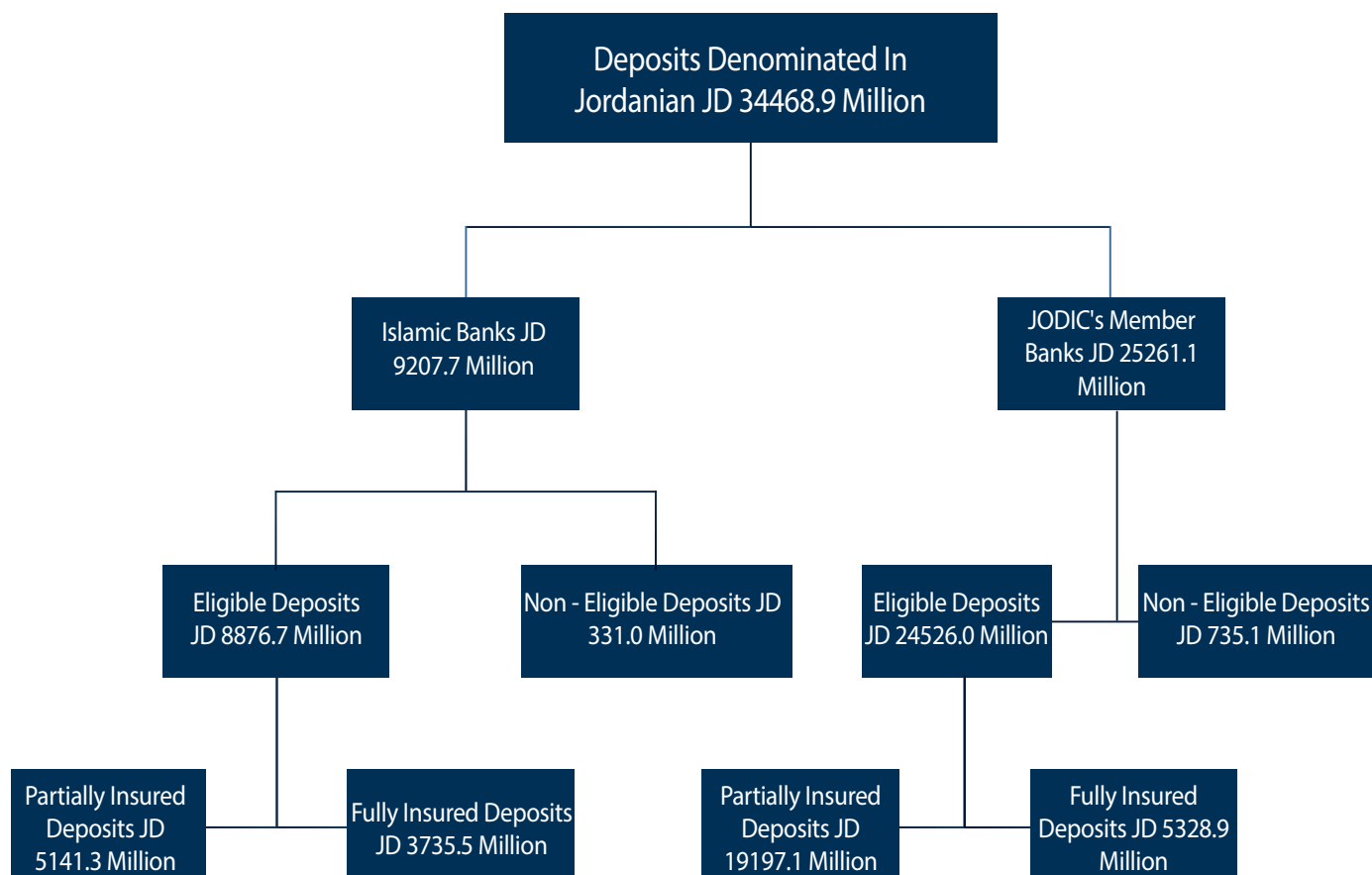
THE FUND'S RESERVES:

The reserves of the Deposit Insurance Fund for Islamic Banks amounted to JD 88.4 million at the year-end 2023, an increase of approximately JD 23.8 million (36.8%) compared to the end of the previous year. These reserves cover (1.00%) of total eligible deposits and (1.73%) of the estimated reimbursement amount. The following chart illustrates the development of the Fund's reserves over the last five years.

THE FUND'S RESERVES (JD million)



Development of Deposits in the Banking System



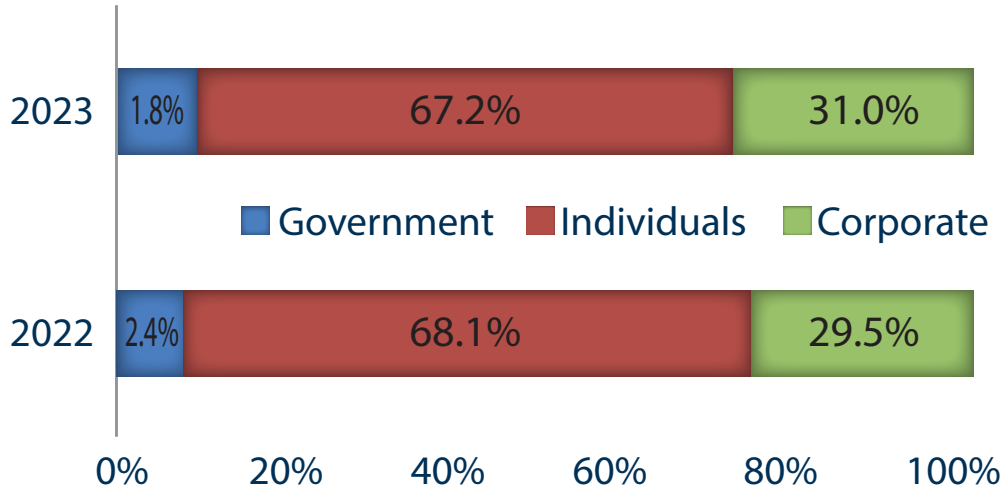
Deposits Denominated in Foreign Currencies¹

Deposits denominated in foreign currencies in the banking system reached JD 9275.4 million at the year-end 2023 compared to JD 9265.2 million a year earlier, which increased by (0.1%). These deposits belong to 277.6 thousand depositors at the year-end of 2023, compared to 270.8 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 8349.5 million (90.0 % of total foreign currency deposits in the banking system) at the year-end 2023, compared to JD 8300.9 million a year earlier, representing an increase of (0.6%). These deposits belong to 237.0 thousand depositors at the year-end 2023, compared to 230.7 thousand depositors a year earlier.

Total deposits denominated in foreign currencies at Islamic Banks reached JD 925.9 million (10.0% of total foreign currency deposits in the banking system) at the year-end 2023, compared to JD 964.3 million a year earlier, reflecting a decrease of (4.0%). These deposits belong to 40.6 thousand depositors at the year-end 2023, compared to 40.1 thousand depositors a year earlier.

**BANKS OPERATING IN THE
KINGDOM AS END OF 2023**

BANKS OPERATING IN THE KINGDOM AS END OF 2023

MEMBER BANKS AT DEPOSIT INSURANCE CORPORATION

Jordanian Banks

Arab Bank PLC

The Housing Bank for Trade & Finance

Jordan Kuwait Bank

Jordan Ahli Bank

Bank of Jordan

Cairo Amman Bank

Bank al Etihad

Capital Bank of Jordan

Jordan Commercial Bank

Arab Banking Corporation - Jordan

Invest Bank

Arab Jordan Investment Bank

Branches of Foreign Banks Operating in the Kingdom

BLOM Bank S.A.L

Egyptian Arab Land Bank

Citibank N.A

Rafidain Bank

MEMBER BANKS AT DEPOSIT INSURANCE FUND FOR ISLAMIC BANKS

Jordanian Islamic Banks

Jordan Islamic Bank

Islamic International Arab Bank

Safwa Islamic Bank

Branches of Foreign Islamic Banks Operating in the Kingdom

Al Rajhi Bank

**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 2023 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 2023 has continued modified to 1 per thousand in accordance with the provisions of Article (19/b) 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 number (33) for the year 2000 and its amendments. 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.

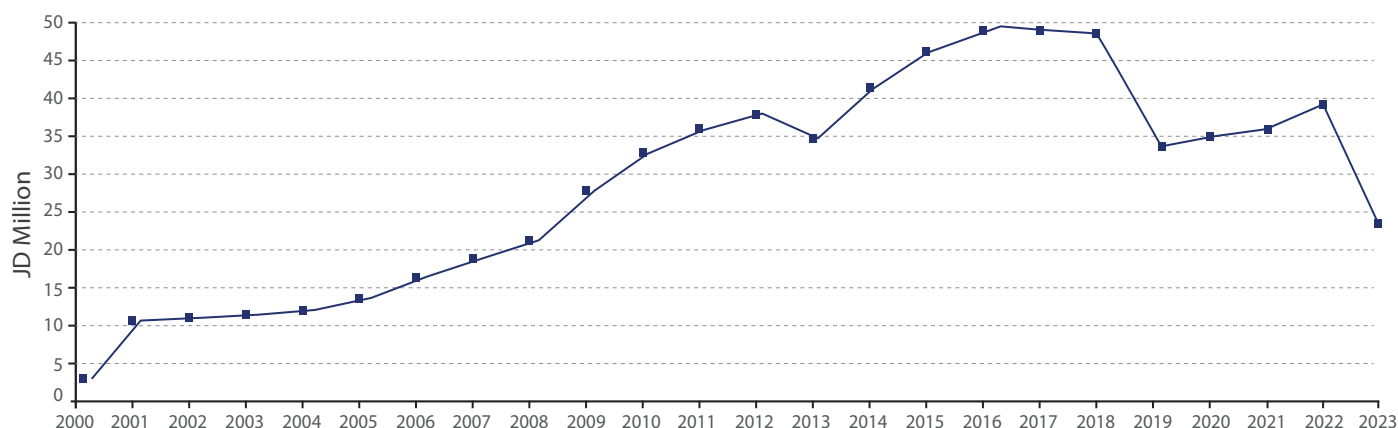
The interest rate structure in the market is closely monitored when diversifying portfolio investments in order to achieve the best possible returns in both the medium and long terms.

The Financial Performance

Total owners' equity increased to reach JD 1182 million by the end of 2023 compared with JD 1102 million by the end of 2022. 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 2023, generated from the annual surplus and premiums (annual membership fees), formed the bulk of total owners' equity and reached JD 1178 million with an increase of JD 79.8 million from the previous year. Annual membership fees collected from member banks amounted to JD 23.6 million during the year 2023, compared with JD 38.4 million collected a year earlier and reflected 38.5% Decrease rate, while the net investments income amounted to JD 56.1 million during 2023, compared with JD 49.5 million during 2022 with an increase of 13.3%.

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

The Annual Membership Fees (2000-2023)



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.

Investment's Portfolio and Investment's Income

The outstanding value of JODIC’s Held-to-Maturity bonds portfolio increased to reach JD 1135.3 million by the end of 2023 compared with JD 1074.9 million a year earlier, with an increase of JD 60.4 million and a growth rate of 5.6%.

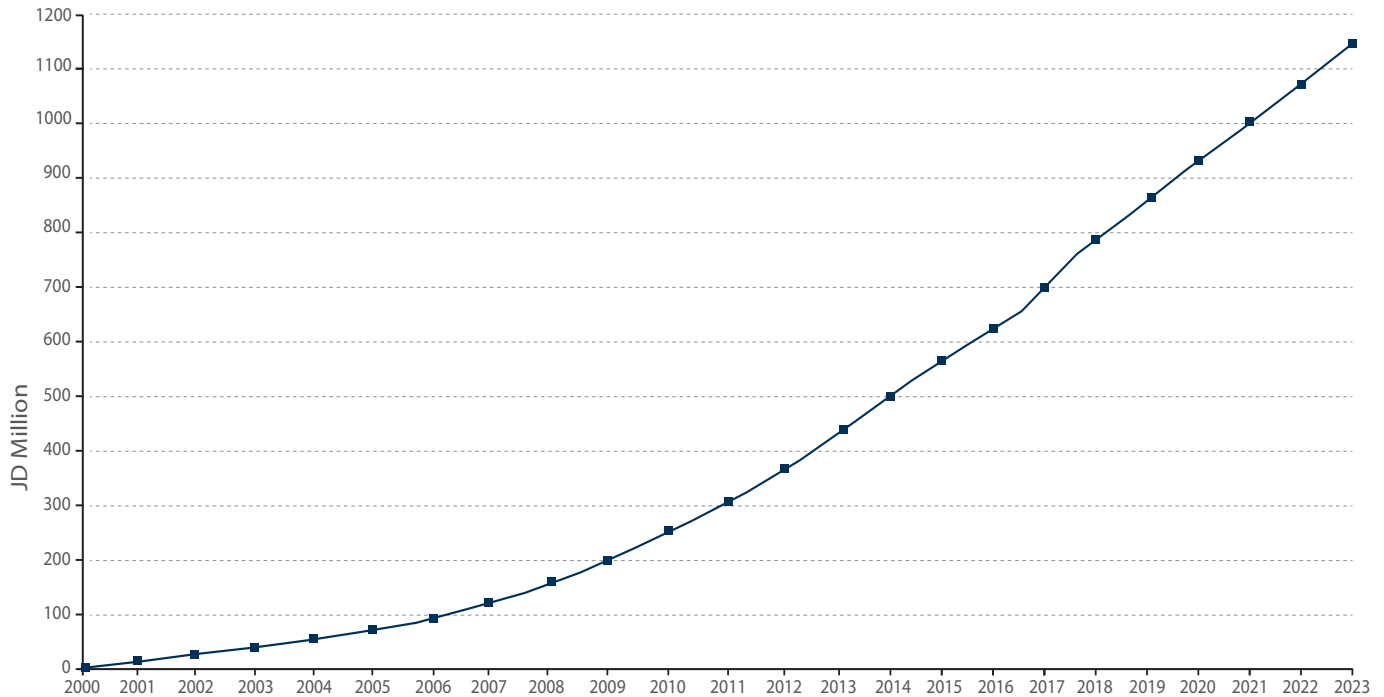
The portfolio consists of:

1. Treasury bonds with a value of JD 1068.3 million; representing 94.1 of total value of the portfolio.
2. Public entities bonds with a value of JD 67 million; representing 5.9% of total value of the portfolio.

Outstanding balance of public debt instruments portfolio amounted to JD 1135.3 million representing 96% of the Corporation's total assets by the end of 2023.

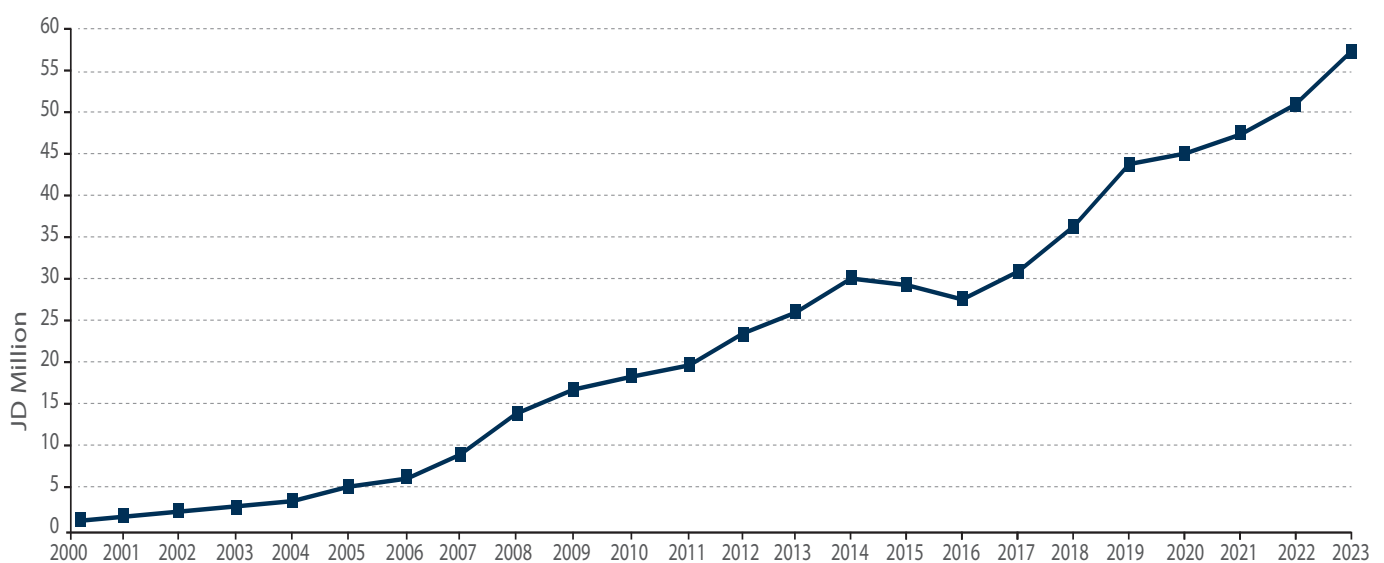
THE FINANCIAL PERFORMANCE OF THE CORPORATION AND THE DEPOSIT INSURANCE FUND FOR ISLAMIC BANKS

JODIC's Investments Portfolio (2000-2023)



JODIC's total investments portfolio income amounted to approximately JD 57.8 million during the year 2023 compared with JD 51.1 million during the year 2022, with an increase of 13.1%.

JODIC's Total Investments Portfolio Income (2000-2023)

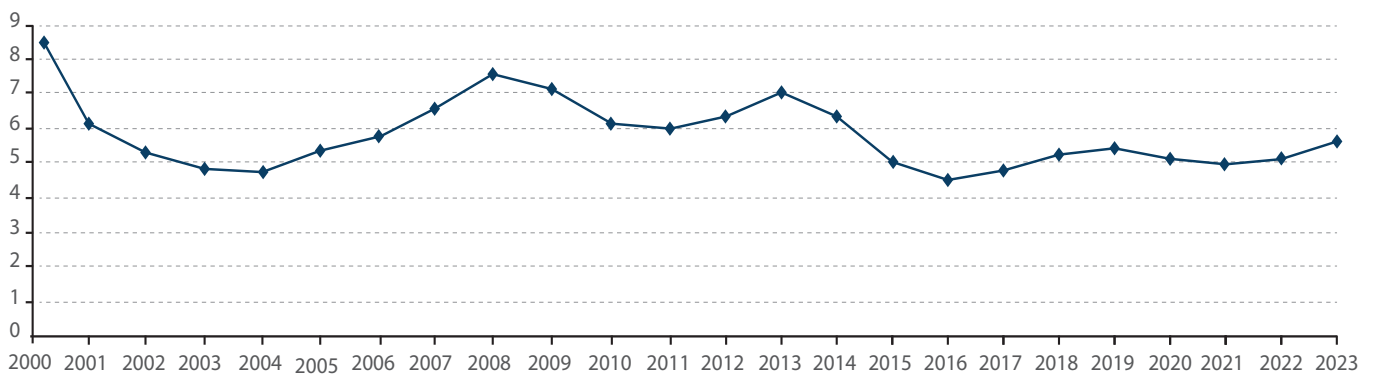


THE FINANCIAL PERFORMANCE OF THE CORPORATION AND THE DEPOSIT INSURANCE FUND FOR ISLAMIC BANKS

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

The Yield-to-Maturity (YTM) of the portfolio increase by 0.559% to reach 5.543% by the end of 2023 compared with 4.984% a year earlier, and the modified duration decreased to reach 2.965 year by the end of 2023 compared with 3.011 year from the previous year.

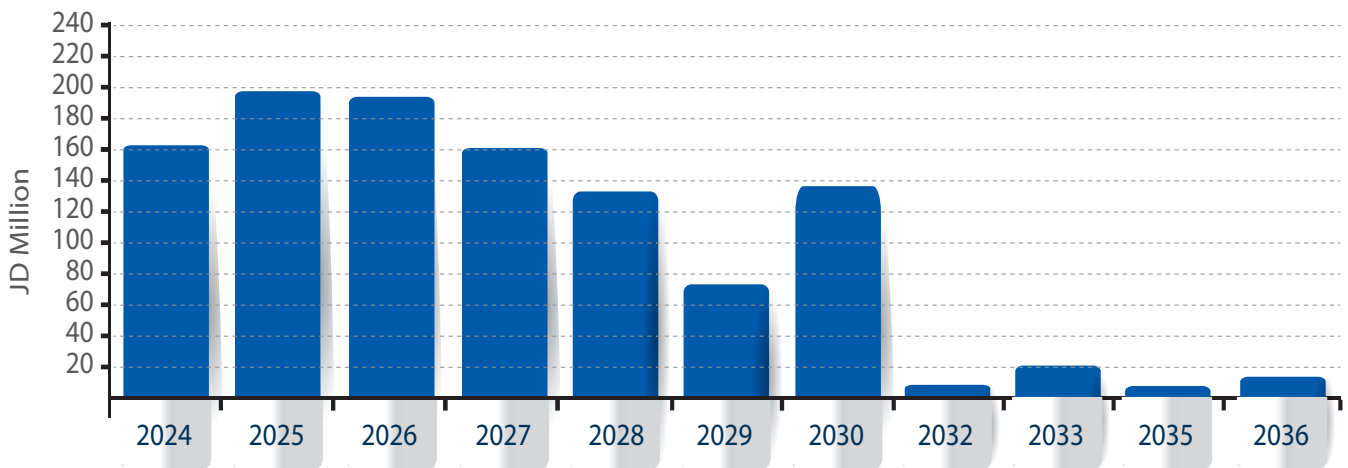
Yield-To- Maturity of the Corportation's Portfolio (2000-2023)



Maturities of Financial Instruments:

By the end of 2023, the value of the redeemed bonds and bills amounted to approximately JD 224.2 million. However, short term investments in JODIC's portfolio amounted to JD 164.8 million by the end of 2023.

Corporation's Portfolio Redemption Schedule by the End of 2023



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

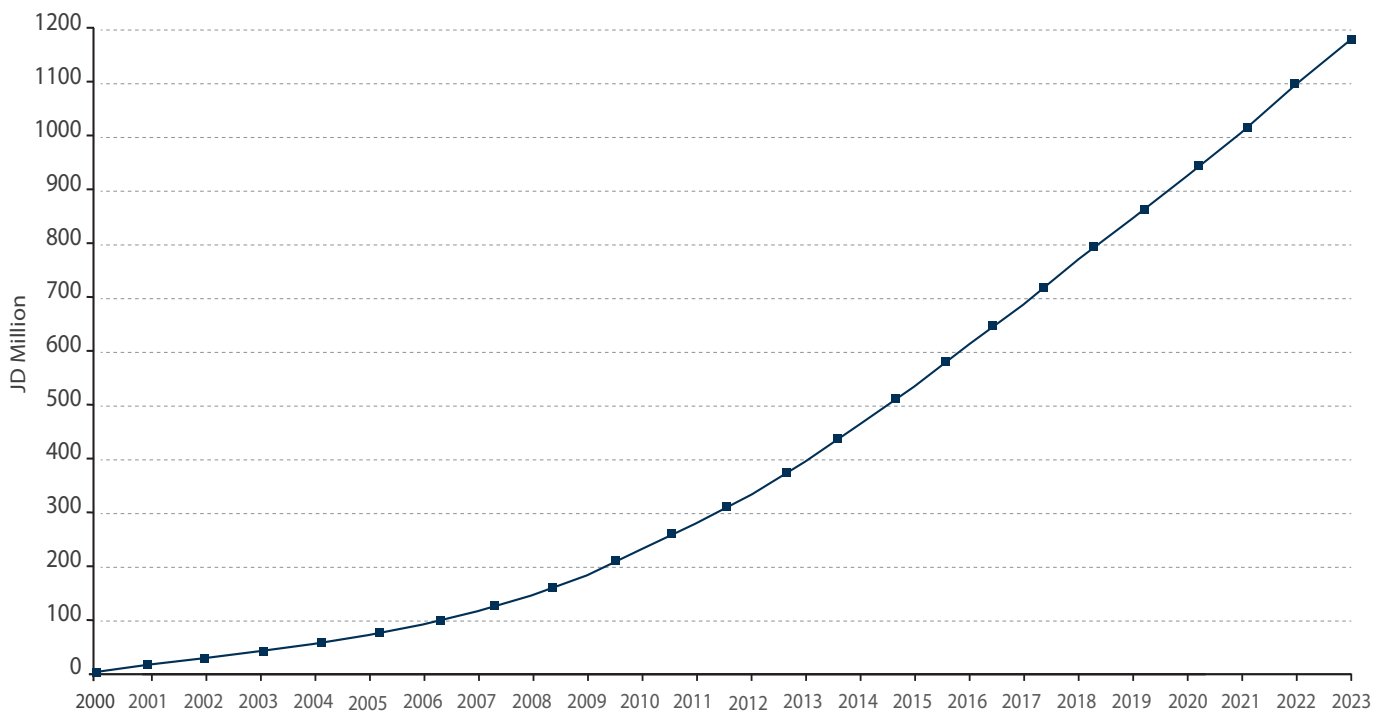
Cash Account:

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 25.5 million by the end of 2023.

Total Reserves

The premiums contributed by member banks and investments income resulted in raising JODIC's total reserves from JD 1099 million by the end of 2022 to JD 1179 million by the end of 2023 with an increase of JD 80 million, or by 7.1%. This level of reserves formed 4.84% of total eligible deposits amounting to JD 24526 million by the end of 2023, and 13.95% of estimated reimbursement amount being JD 8451 million.

JODIC's Reserves During (2000-2023)



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

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

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

Deposit insurance fund for Islamic banks financial resources consist mainly of the annual

membership fees contributed by member banks (annual flat fee of 2.5 per thousand on the balance of credit accounts and the balance of Unrestricted Investment Accounts "Mutual Fund Accounts" or the like to be calculated and levied on the basis of the balances of the total of such accounts at the end of each year, accordance with the provisions of Article (33 bis/b), in addition to the Returns on the investments of the Fund, and Any non-interest loan "Qard Hasan" received by the Fund in accordance with the provisions of JODIC's Law. The Corporation shall invest the financial sources of the Fund in Government securities complying with Shariah principles and rulings according to Article (35 bis) of JODIC's law number (33) for the year (2000).

The fund's financial performance

Total owners' equity increased to reach JD 88.9 million by the end of 2023 compared with JD 65.1 million by the end of 2022. 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 FINANCIAL PERFORMANCE OF THE CORPORATION AND THE DEPOSIT INSURANCE FUND FOR ISLAMIC BANKS

the end of 2023, generated from the annual surplus and premiums (annual membership fees), formed the bulk of total owners' equity and reached JD 88.3 million with an increase of JD 23.7 million from the previous year. Annual membership fees collected from member Islamic banks amounted to JD 21.1 million during the year 2023, compared with JD 20 million collected a year earlier and reflected 5.5% increase rate. While the investment income in Islamic Sukuk amounted to JD 2.6 million during 2023 compared with JD 1.1 million by the end of 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 79.6 million by the end of 2023, distributed as follows:

1. Takaful Portfolio of Credit Accounts with a value of JD 36.7 million; representing 46.1% of total value of the fund's portfolio.
2. Takaful Portfolio of Unrestricted Investment Accounts "Mutual Fund Accounts" with a value of JD 42.9 million; representing 53.9% 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 8.3 million by the end of 2023.

Total Reserves

The premiums contributed by member Islamic banks resulted in raising Deposit Insurance Fund for Islamic Banks total reserves from JD 64.6 million by the end of 2022 to JD 88.4 million by the end of 2023 with an increase of JD 23.8 million, or by 36.8%. This level of reserves formed 1% of total eligible deposits amounting to JD 8876.7 million by the end of 2023, and 1.73% of estimated reimbursement amount being JD 5117.4 million.

Public Awareness & Regional and International Contributions

Public Awareness & Regional and International Contributions

Within the framework of the public awareness plan of the year 2023, the Corporation continued to communicate effectively and coordinate with the related 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. Also, an advertisement about the Corporation was published in the magazine of the Association of Banks in Jordan and Al-Ghad Newspaper. JODIC is also keen to strengthen the frameworks of cooperation with member banks by distributing the Corporation's 2022 annual report and the annual calendar for the year 2024 to all branches of banks operating in the Kingdom.

Besides, JODIC designed and printed an introductory brochure for the Corporation and the Deposit Insurance Fund for Islamic banks, and distributed them to various parties in the kingdom. Coordination was also made with member banks and provided them an electronic version of the introductory brochure to be included during their correspondence with customers and to be published on the banks' websites and social media sites.

As well as, JODIC has designed its introductory brochure to be sent in coordination with the Ministry of Digital Economy and Entrepreneurship, to all ministries and employees of government institutions and departments via official emails – Sanad Application.

Furthermore, JODIC adopted a direct communication with the public and private universities in the kingdom; JODIC designed and printed a banner to be installed during presenting awareness lectures about the insurance system.

Also, 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.

Within the framework of JODIC's 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 is keen to update its website and publish news, events and the latest developments about the deposit insurance system. It also works to manage and update its page within the e-government portal.

Among the means adopted by the Corporation in order to communicate with the public through social media, JODIC is always keen to manage and update its official Facebook page which has been linked with its website. It answers the incoming inquiries through the page.

Public Awareness & Regional and International Contributions

Also, the corporation's page is managed by sponsoring and boosting its posts and videos in order to increase the number of followers which reached to (9300) followers.

YouTube channel also is updated with all related news and events. It's worth mentioning, JODIC created its official account at Instagram. As well as, JODIC manages its official e-mail (dicjor@dic.gov.jo) and coordinates with all relevant departments and units in the corporation, and forward the incoming e-mails to them in order to take the appropriate procedures.

as part of its direct communications plan with the different related parties in the kingdom, JODIC printed a selective advertising material, such as Agenda, A5 notebook with a special design for JODIC, and notebooks with different sizes in order to distributed them during its awareness campaign.

within the corporation continuous endeavors to evaluate the performance of its campaign, JODIC was designed a questionnaire to study the awareness level of deposit insurance system in the Kingdom. in this regard, the corporation formed a special team of its employee to communicate with different level of audience across all over the Kingdom to fill the questionnaire and compare the results with the past years in order to select the most effective communication means at its future campaign.

In line with endeavors of enhancing collaboration with national institutions, (JODIC) has an effective participating at the campaign lunched by the Integrity and Anti-Corruption Commission entitled "بلغ وهيئة النزاهة تحميك" through publishing everything related to this campaign on its official website and Facebook page. as well as the corporation published a special link of the platform "Invest at Jordan" which include all the information about the investment environment at the Kingdom.

Also, the corporation participated locally in many different workshops and seminars, such as: "Social media marketing, "Specialized Banking Forum" Governance, Risk and Compliance", the Twenty-Third Economic Conference under the title "Innovation in E-Commerce", E-vision 2023/ cybersecurity conference, and the Digital transformation program.

Public Awareness & Regional and International Contributions

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.

JODIC is interested in events and activities organized by the IADI, including the annual conference of IADI entitled "Successfully Managing Systemic Risk: Deposit Insurance in a Turbulent World", the 22nd Annual General Meeting and the 77th Executive Council Meeting held in Massachusetts, USA, in September 2023. The Corporation also participated in a workshop of the Banking Deposits Guarantee Fund – TUNISIA, entitled "Key challenges in securing depositors", and also participated in the 2023 Global Training Programme organized by Korea Deposit Insurance Corporation.



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.

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 2023**

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2023

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 2023, 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 material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including

International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2023

statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exist. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures

made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For and behalf of Ernst & Young -Jordan

Osama Shakhathreh
License No. 1079
Amman – Jordan
25 April 2024

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2023

Statement of Financial Position as at 31 December 2023

	Notes	2023	2022
		JD	JD
Assets			
Current Assets			
Current account at Central Bank of Jordan		25,491,674	7,352,093
Accrued interests of financial assets at amortized cost and not received		16,975,407	15,431,664
Other debit balances		75,494	25,469
Financing and housing loans granted to employees – short term	6	139,067	60,771
Financial assets at amortized cost – short term	7	164,800,000	201,801,172
Total current assets		207,481,642	224,671,169
Non - Current Assets			
Financing and housing loans granted to employees – long term	6	734,654	872,731
Financial assets at amortized cost – long term	7	970,497,763	873,099,829
Property and equipment	8	3,584,745	3,681,805
Total Non – current assets		974,817,162	877,654,365
TOTAL ASSETS		1,182,298,804	1,102,325,534
LIABILITIES AND EQUITY			
Liabilities			
Other credit balances		221,793	34,501
Total Liabilities		221,793	34,501
Equity			
Paid in capital	9	3,150,000	3,150,000
Reserves	10	1,178,927,011	1,099,141,033
Total Equity		1,182,077,011	1,102,291,033
Total Liabilities and Equity		1,182,298,804	1,102,325,534

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 2023

Statement of Revenues and Expenses for the Year Ended 31 December 2023

	Notes	2023	2022
		JD	JD
Revenues			
Membership fees	11	23,629,442	38,402,357
Interest of financial assets at amortized cost		57,836,131	51,114,625
Housing, finance revenues and Interest revenues from housing loans		21,257	21,520
(Losses) gain from sale of property and equipment		(764)	83
Other revenues		6,006	6,308
Total revenues		81,492,072	89,544,893
Administrative expenses	12	(1,706,094)	(1,574,557)
Excess in revenues over expenses		79,785,978	87,970,336

Statement of Changes in Equity for the Year Ended 31 December 2023

	Paid in Capital	Reserves	Total
	JD	JD	JD
2023 -			
Balance at 1 January 2023	3,150,000	1,099,141,033	1,102,291,033
Excess in revenues over expenses	-	79,785,978	79,785,978
Balance as at 31 December 2023	3,150,000	1,178,927,011	1,182,077,011
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

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 2023

Statement of Cash Flows for the Year Ended 31 December 2023

	Notes	2023	2022
		JD	JD
Operating Activities			
Excess in revenues over expenses		79,785,978	87,970,336
Adjustments-			
Depreciation	8	143,972	138,858
(Losses) gain from sale of property and equipment		764	(83)
Interest revenues		(57,836,131)	(51,114,625)
Working capital changes-			
Other debit balances		(50,025)	4,476
Other credit balances		187,292	(28,186)
Net cash flows from operating activities		22,231,850	36,970,776
Investing Activities			
Purchase of financial assets at amortized cost		(287,565,900)	(399,532,080)
Maturity of Financial assets at amortized cost		224,169,138	218,189,287
Proceed from sale financial assets at amortized cost		3,000,000	95,000,000
Proceed from sale of property and equipment		364	84
Financing and housing loans granted to employees		59,781	48,462
Interest received		56,292,388	47,342,214
Purchase of property and equipment	8	(48,040)	(166,311)
Net cash flows used in investing activities		(4,092,269)	(39,118,344)
Net increase (decrease) in cash and cash equivalents		18,139,581	(2,147,568)
Cash and cash equivalents, beginning of the year		7,352,093	9,499,661
Cash and cash equivalents, end of the year		25,491,674	7,352,093

- Board of Directors decision No. (7/2022) dated 15 June 2022 approves the sale of government securities amounted to JD 150,000,000. Where financial assets were sold at amortized cost in 2023 at a value of 3,000,000 JD (2022: 95,000,000 JD).

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 2023

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2023

(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 to the branches of Jordanian banks operating outside the Kingdom.

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

The Corporation sources of fund consist of the following:

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

(2) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2023

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 2022 except for the adoption of new amendments on the standards effective as of 1 January 2023 shown below:

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 has been applied retrospectively on 1 January 2023. 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.

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 from 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 had no impact on Corporation financial statements.

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2023

(3) CHANGES IN ACCOUNTING POLICIES (Continued)

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

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

The amendments are effective from 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 had no impact on Corporation financial statements.

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 from 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 had no impact on Corporation financial statements.

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2023

(3) CHANGES IN ACCOUNTING POLICIES (Continued)

- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Corporation financial statements as the Corporation is not in scope of the Pillar Two model rules as its revenue is less than EUR 750 million/ year.

(4) MATERIAL ACCOUNTING POLICIES

Cash and cash equivalents

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

Offsetting

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

Property and equipment

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

Buildings	3%
Furniture and fixture	10-15%
Tools, office equipment and software	10-25%
Vehicles	15%

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 revenue and expenses.

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:

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2023

(4) MATERIAL ACCOUNTING POLICIES (Continued)

- 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.

Valuation methods aim to obtain a fair value that reflects market expectations and considers market factors and any expected risks or benefits when estimating the value of financial instruments, and in the event that there are financial instruments whose fair value cannot be measured reliably, they are shown at cost after deducting any decrease in their value.

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.

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.

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2023

(4) MATERIAL ACCOUNTING POLICIES (Continued)

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 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 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.

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2023

(5) USE OF ESTIMATES

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

(6) FINANCING AND HOUSING LOANS GRANTED TO EMPLOYEES

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

	31 December 2023	31 December 2022
	JD	JD
Financing and loans balance at the beginning of the year	933,502	981,964
The amount of financing and loans granted during the year	-	39,106
Finance revenues *	16,352	16,642
Interest added on loan balances during the year *	4,905	4,878
The amount of financing and loan proceeds during the year	(81,038)	(109,088)
Financing and loans balances at the end of year	873,721	933,502
Housing financing and loans granted – short term	139,067	60,771
Housing financing and loan granted – long term	734,654	872,731
Financing and loans balances at the end of year	873,721	933,502

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 2023 and 31 December 2022, 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.

* 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.

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2023

(7) FINANCIAL ASSETS AT AMORTIZED COST

	31 December 2023		
	Short Term JD	Long term JD	Total JD
Treasury bonds	154,800,000	913,497,763	1,068,297,763
National Electricity Corporation Bonds	-	57,000,000	57,000,000
Water Authority Bonds	10,000,000	-	10,000,000
	164,800,000	970,497,763	1,135,297,763
	31 December 2022		
	Short Term JD	Long term JD	Total JD
Treasury bonds	132,483,892	863,099,829	995,583,721
Treasury bills	69,317,280	-	69,317,280
Water Authority Bonds	-	10,000,000	10,000,000
	201,801,172	873,099,829	1,074,901,001

- The average interest rates on bonds ranging between 3,025%-7,999% for the year ended 31 December 2023 (between 2,918%-7,999% for the year ended 31 December 2022).

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

	31 December 2023			
	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
Financial assets at amortized cost	1,135,297,763	-	-	1,135,297,763
	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

- Board of Directors decision No. (7/2022) dated 15 June 2022 approves the sale of government securities amounted to JD 150,000,000. Where financial assets were sold at amortized cost in 2023 at a value of 3,000,000 JD (2022: 95,000,000 JD).

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2023

(8) PROPERTY AND EQUIPMENT

2023	Land	Buildings	Furniture and fixture	Tools, office equipment's and software	Vehicles	Projects in progress*	Total
	JD	JD	JD	JD	JD	JD	JD
Cost							
As at 1 January 2023	1,157,050	4,233,761	219,199	134,441	57,657	8,400	5,810,508
Additions	-	-	869	14,589	26,632	5,950	48,040
Disposals **	-	-	(8,573)	(21,232)	(17,656)	-	(47,461)
As at 31 December 2023	1,157,050	4,233,761	211,495	127,798	66,633	14,350	5,811,087
Accumulated Depreciation -							
As at 1 January 2023	-	1,789,769	183,901	97,378	57,655	-	2,128,703
Deprecation charge for the year	-	127,012	4,026	11,935	999	-	143,972
Disposals **	-	-	(8,569)	(20,109)	(17,655)	-	(46,333)
As at 31 December 2023	-	1,916,781	179,358	89,204	40,999	-	2,226,342
Net book value -							
As at 31 December 2023	1,157,050	2,316,980	32,137	38,594	25,634	14,350	3,584,745
2022-							
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
Deprecation 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

* Projects in progress represent a project for the development and maintenance of enterprise systems and supporting software at an estimated total cost of JD 130,000, which was started in 2022 and the project is expected to be completed during 2024.

** According to the Corporation's letter No. (3/2/2023/513) dated 26 November 2023, a car that was under the ownership of the corporation has been transferred to the State Treasury.

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2023

(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 JD 1,000,000. 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 JD 150,000 and deduct it out of the government's contribution to the Corporation's capital to JD 850,000, Therefore, The total capital became JD 3,150,000.

(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 legal limit of 3% of the total deposits subject to the provisions of this law, corporation's Board of Directors may reduce 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 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,
- According to the Corporation's Board of Directors decision number (8/2022) on 7 August 2022, the annual subscription fees paid by the banks to the corporation under the provision of paragraph (A) of article no. (12) of the Deposit Insurance Corporation Law from two and a half per thousand to one per thousand of the total deposits subject to the provisions of the law. The subscription fees were collected at a rate of one and seventy five per thousand in 2022.

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2023

(12) ADMINISTRATIVE EXPENSES

	2023	2022
	JD	JD
Salaries and wages	792,671	722,897
End of service indemnity	225,611	203,942
Depreciation (note 8)	143,972	138,858
Social security contribution	81,777	75,964
Water and electricity	76,092	68,672
Health insurance	69,910	59,560
Corporation contribution in the saving fund	58,298	56,395
Subscriptions	32,490	32,236
Security	26,877	25,427
Maintenance	22,383	35,561
Professional fees	21,400	20,800
Social activity committee	19,754	14,319
Insurance	19,000	27,686
Members and secretary Board of Director's remunerations	18,600	18,401
Fuel	17,086	14,241
Cleaning	15,820	14,586
Advertisements	14,190	8,448
Training	13,576	7,109
Transportation and travel	12,960	5,105
Hospitality	6,281	5,641
Stationary	5,909	6,515
Government fees and licenses	4,838	4,608
Telephone, fax and internet	2,774	2,812
Other	3,825	4,774
Total	1,706,094	1,574,557

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2023

(13) CONTINGENT LIABILITIES

Letter of credits and bank guarantees

The Corporation does not have potential obligations of credits and guarantees as of 31 December 2023 and 31 December 2022.

Lawsuits against the corporation:

There are no cases brought against the Corporation as of 31 December 2023 and 31 December 2022.

(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 2023 and 2022.

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 2023

The table below summarizes the maturities of the corporation financial liabilities at 31 December 2023 and 2022, (undiscounted) based on contractual maturity and current interest rates.

	Less than 3 months JD	3 to 12 months JD	Total JD
31 December 2023			
Other current liabilities	221,793	-	221,793
Total	221,793	-	221,793

	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

(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 1,182,077,011 as of 31 December 2023 compared to 1,102,291,033 as of 31 December 2022.

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

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2023

(17) STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended 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 new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted, and that fact must be disclosed.

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

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

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

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

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

JODIC's Financial Statements & Independent Auditor's Report for the Year Ended 31 December 2023

(17) STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)

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's financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure

of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

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

**Financial Statements and
Independent Auditor's Report for
the Deposit Insurance Fund for
Islamic Banks for the Year Ended 31
December 2023**

Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2023

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 2023, 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 material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Islamic Financial Accounting Standards as issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

Basis for Opinion

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

statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Islamic Financial Accounting Standards as issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund's or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial

Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2023

statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exist. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting

policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For and on behalf of Ernst & Young – Jordan.

Osama Shakhathreh
License No. 1079
Amman – Jordan
25 April 2024

Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2023

Statement of Financial Position as at 31 December 2023

	Notes	31 December 2023	31 December 2022
		JD	JD
Assets			
Current assets			
Current account at Central Bank of Jordan		8,337,230	3,749,058
Accrued returns and not received		940,239	447,838
Non-Current Assets			
Financial assets at amortized cost	4	79,656,600	60,953,100
Total Assets		88,934,069	65,149,996
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	88,383,069	64,598,996
Total equity		88,933,069	65,148,996
Total liabilities and equity		88,934,069	65,149,996

The attached notes from 1 to 12 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 2023

Statement of Revenues and expenses For the year ended 31 December 2023

	Notes	2023	2022
		JD	JD
Membership fees	7	21,111,571	20,080,056
Gains from Islamic Sukuk		2,686,735	1,117,257
Administrative expenses	8	(14,233)	(12,397)
Excess of revenues over expenses for the year		23,784,073	21,184,916

Statement of Changes in Equity for the Year Ended 31 December 2023

	Paid in Capital*	Reserves	Total
	JD	JD	JD
2023 -			
Balance at 1 January 2023	550,000	64,598,996	65,148,996
Excess of revenues over expenses	-	23,784,073	23,784,073
Balance as at 31 December 2023	550,000	88,383,069	88,933,069
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

* 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 12 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 2023

Statement of Cash flows For the year ended 31 December 2023

	2023	2022
	JD	JD
Operating activities		
Excess of revenues over expenses	23,784,073	21,184,916
Gains from Islamic Sukuk	(2,686,735)	(1,117,257)
Net cash from operating activities	21,097,338	20,067,659
Investing activities		
Collected gains from Islamic Sukuk	2,194,334	669,419
Purchase of financial assets at amortized cost	(32,097,000)	(45,383,000)
Matured Islamic Sukuk	13,393,500	2,008,900
Net cash used in investing activities	(16,509,166)	(42,704,681)
Net increase (decrease) in cash and cash equivalents	4,588,172	(22,637,022)
Cash and cash equivalents at the beginning of the year	3,749,058	26,386,080
Cash and cash equivalents at the end of the year	8,337,230	3,749,058

The attached notes from 1 to 12 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 2023

Notes to the financial statements 31 December 2023

(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

Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2023

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

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

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

Changes In Accounting Policies

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Fund financial statements for the year ended 31 December 2022, except for the adoption of the following standards:

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 determine the accounting treatment of Zakat in the records of Islamic financial institutions, including presentation and disclosure in their financial statements.

The standard describes the principles of

financial reporting that are applicable based on the obligation of Islamic financial institutions to pay Zakat. In addition, in the event that an Islamic financial institution is not required by law or charter to pay Zakat, it is still required to determine and disclose the amount of Zakat due to the benefit of various stakeholders.

This standard does not apply to the Fund's financial statements.

MATERIAL 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.

Impairment of financial assets:

The Fund recognizes a provision for expected credit losses for all debt instruments not held at fair value through the profit or loss statement. Expected credit losses are based

Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2023

on the difference between the contractual cash flows due under the contract and all cash flows that the Company expects to receive, discounted when estimating the original effective interest rate. Projected cash flows include cash flows from the sale of retained collateral or other credit improvements that are an integral part of the contractual terms (if any).

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.

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.

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.

Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2023

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:

- 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 2023

(4) FINANCIAL ASSETS AT AMORTIZED COST

	31 December 2023 JD	31 December 2022 JD
Sukuk accounts (Credit)	36,669,044	28,186,439
Sukuk accounts (Mutual)	42,987,556	32,766,661
Total	79,656,600	60,953,100

(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. Therefore, The total capital became 550,000 JD.

(6) RESERVES

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

	31 December 2023 JD	31 December 2022 JD
Reserves takaful portfolio of Mutual Fund Accounts	47,975,593	34,756,670
Reserves takaful portfolio of Credit Accounts	40,407,476	29,842,326
Total	88,383,069	64,598,996

(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 2023 JD	31 December 2022 JD
Membership fees of "Takaful" portfolio of Mutual Fund Accounts	11,781,017	10,878,977
Membership fees of "Takaful" portfolio of Credit Accounts	9,330,554	9,201,079
Total	21,111,571	20,080,056

Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2023

(8) ADMINISTRATIVE EXPENSES

	31 December 2023 JD	31 December 2022 JD
Wakaleh bi al-ajir *	5,000	5,000
Professional fees	5,825	6,000
Advertisements	3,378	1,397
Stationery	30	-
Total	14,233	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 2023 and 31 December 2022.

Lawsuits against the Fund:

There are no cases against the Fund as of 31 December 2023 and 31 December 2022.

(11) Risk MANAGEMENT

Interest rate risk

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

Financial Statements and Independent Auditor's Report for the Deposit Insurance Fund for Islamic Banks for the Year Ended 31 December 2023

The sensitivity of the statement of comprehensive income represents the impact of expected 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 2023 and 2022.

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 2023 and 2022 based on remaining contractual maturity and current market interest rates:

	Less than 3 months JD	Total JD
As at 31 December 2023		
Accrued expenses	1,000	1,000
Total	1,000	1,000

	Less than 3 months JD	Total JD
As at 31 December 2022		
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 2023

(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 88,933,069 as of 31 December 2023 and JD 65,148,996 as of 31 December 2022.



Deposit Insurance Corporation
P.O.Box: 940420 Amman 11194 Jordan
Tel: +962 (6) 5204040 - Fax: +962 (6) 5669910
www.dic.gov.jo - dicjor@dic.gov.jo