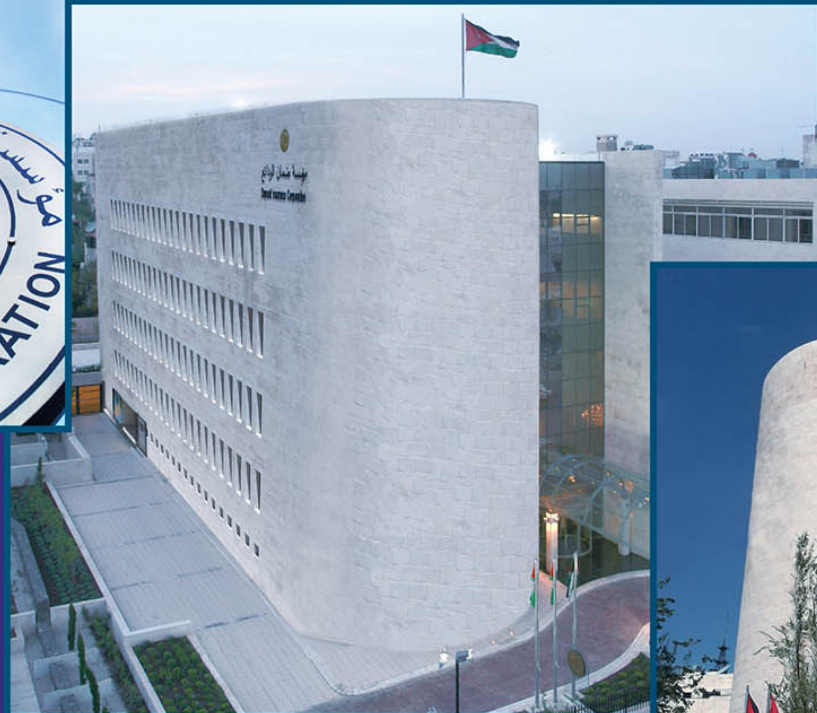




Annual Report 2014



**Insuring Deposits
Protects Your Future Savings**



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



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

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CHAIRMAN'S MESSAGE



Dr. Ziad Fariz

Ladies and Gentlemen,

Fifteen years have passed since the establishment of Jordan Deposit Insurance Corporation (JODIC) through which the Corporation has succeeded in anchoring its steady steps and reliability as one of the main recognized pillars in the financial safety-net, which ultimately contributes in enhancing the financial and banking stability in the Kingdom. Today, JODIC is a model to be emulated in providing full protection to the vast majority of depositors and in building a credible reserves' level exceeding half a billion Jordanian Dinar. This is attributed to JODIC's adoption of prudent strategies in risk management, directing its efforts and resources towards enhancing operational readiness, as well as consolidating its relationship with other partners in the financial safety -net paving the way to the financial and banking soundness in the Kingdom.

Jordan has been adversely affected since the commencement of the global financial crisis and its subsequent challenges, regional environment and political tumbles that hit Jordan's economic activity stemming from the disruption in gas supply in addition to the influx of large numbers of Syrian refugees. Despite its limited natural resources, Jordan was able to contain the crisis by implementing an integrated economic program with a full-scale of structural reforms in the monetary and fiscal sectors, as well as in the energy public institutions. These efforts aim ultimately at providing a convenient platform for a sustainable economic growth through price stability, stabilizing exchange rates, and controlling the interest rates.

The economic reform program shed light on the positive outcomes achieved. Growth is gradually picking up; the year 2014 witnessed a growth rate of 3.1% compared with 2.8% in the year 2013, which is expected to reach the level of 3.8% during the year 2015. Monetary policy is expected to remain on its stabilizing track, helping to restore confidence and rebuild international reserves to an adequate level, stimulating expatriates' remittances, improving tourism's income and foreign direct investments' inflow. Moreover, The US Dollar witnessed much more less demand which underlines the strength of the Jordanian Dinar that is retrieving its appeal.

On the other hand and in order to boost the desired results, the Central Bank of Jordan (CBJ) prioritizes the stability of the financial sector through monitoring both the banking and non-banking systems. The CBJ focuses on the safety and soundness of the banking system which currently represents 94% of the financial sector in the Kingdom. Yet, to keep abreast of the latest developments in this field, the banking system is characterized with the strong resilience underpinned by applying the best international standards and practices in the financial sector. Within this domain, the CBJ issued updated regulations relevant to the corporate governance for the purpose of strengthening the banks' risk management which illustrates the roles and responsibilities of the board of directors, besides to its separation from management.

Herewith, attention shall be drawn to further CBJ's distinctive efforts, whereas in accordance with the results of a quantitative research conducted by the CBJ, it has been revealed that the majority of banks operating in Jordan are compliant with the requirements of Basel III. Although, the liquidity standard is still under study, yet we are confident that the banking system is in general compliant with this standard too.

CHAIRMAN'S MESSAGE

The year 2014 was distinctive in terms of the strong and robust relevant indicators of the Jordanian banking sector. The capital adequacy ratio reached 18.4% which is beyond the CBJ and Basel requirements of 12% and 8% respectively. The legal liquidity ratio reached approximately 152.2%, and the non-performing loans to total loans reached 5.6% noting that its allocated provisions cover more than 77.6% of these loans.

In closing, I invite you to review the annual report of Jordan Deposit Insurance Corporation (JODIC) for the year 2014, which hopefully would reflect accurately and transparently the Corporation's developments and achievements. May God Almighty grant further progress and prosperity to our beloved country under the guidance of his majesty King Abdullah II Ibn Al Hussein; may God protect him.

FOREWORD



**Director General
Jumana Hamed**

Ladies and Gentlemen,

The year 2014 revealed JODIC's commitment to make progress towards excellence and professionalism. JODIC, being an essential part of the financial safety net, continues to build a solid infrastructure to strengthen the deposit insurance system and to realize its goals of achieving financial stability and maintaining confidence in the banking sector. JODIC's report for this year sheds light on its remarkable accomplishments despite its recent establishment. It reflects the Corporation's persistence in carrying out its role efficiently and effectively; a role which is compatible with the IADI-BCBS Core Principles for Effective Deposit Insurance Systems and the best international practices in the deposit insurance industry.

JODIC's distinctive and qualitative improvements have led to the expansion of its mandates and scope of powers within the resolution domain. This role is in line with the Central Bank of Jordan's integrated supervisory regulations, the need for a sound financial position of the member banks, and the sufficiency of JODIC's level of reserves. The Corporation's establishment is a fundamental complement to the existing regulatory and supervisory authorities in the financial safety net, and it works in partnership with them to create innovative solutions to problems faced by the member banks.

A second important achievement of JODIC is the review and enhancement of its risk management strategy. Its Board of Directors has adopted the risk-based insurance premiums system, which is to take immediate effect once the Corporation reaches its targeted reserves level of 3% of deposits that are subject to the provisions of JODIC's law. This is envisaged to support the mechanisms of market discipline and provide protection for the vast majority of depositors in a framework of transparency, disclosure, and fairness among member banks; a framework that encourages adoption of sound practices and risk management strategies to ultimately achieve banking safety in line with the best international practices in this field.

Along with the aforementioned accomplishments, JODIC concentrates on enhancing its readiness to meet its obligations towards insured depositors, as an insurer and liquidator in an effective and timely manner. For that reason, JODIC developed a database system to improve the quality of data relevant to the deposits and depositors so as to accurately determine the amount of reimbursements in the event of any future developments.

JODIC's constant endeavors and effective role has contributed to encouraging savings, enhancing confidence in the banking system, and achieving the Corporation's public policy objectives of providing protection for the vast majority of depositors with member banks. Currently, JODIC protects 97.3% of depositors whose deposits are subject to the provisions of JODIC's law with a coverage limit of fifty thousand Jordanian Dinars. This limit is approximately 13 fold the 2014 per capita GDP, a level beyond that of the international standards relevant to deposit insurance.

Furthermore, it is worth pointing out that the percentage of deposits subject to the provisions of JODIC's law has increased by 10.4% to reach JD 18 billion thus representing 75% of the banking system total deposits. Meanwhile, the percentage of deposits subject to immediate reimbursement has reached 27.2%. This increase has

Foreword

contributed to the enhancement of JODIC's level of reserves and the boosting of relevant key indicators. The level of reserves increased to JD 463.1 million at the end of 2014 representing an increase of 17.7% over the level at the end of 2013. The end of year ratio of level of reserves to total deposits subject to the provisions of JODIC's law was 2.6% in 2014 compared to 2.4% in 2013.

As for JODIC's financial performance, the Corporation received premiums amounting to 41.1 million from member banks based on its annual flat fee of 2.5 per thousand of total deposits subject to the provisions of its law. Such proceeds are invested in securities issued or guaranteed by the Government. The total investment income reached approximately JD 29.5 million and the Corporation's cash flow reached JD 70.6 million. Consequently, JODIC's investment portfolio increased to reach approximately JD 453.8 million at the end of 2014.

Communication with the public is one of JODIC's priorities. Communication initiatives were implemented in a timely and transparent manner to gain public confidence and enhance the Corporation's role in strengthening the Kingdom's financial stability. In this regard, JODIC continued to communicate constantly with the targeted audience of depositors with member banks in order to increase their level of awareness about the Corporation's nature of business and corporate identity.

Attention should also be drawn to JODIC's active role at the international and regional levels. JODIC maintained its membership with the Executive Council (EXCO) of the International Association of Deposit Insurers (IADI) and the following IADI Standing Committees: the Membership and Communications Committee (MCC), the Research and Guidance Committee (RGC), and the Data and Survey Committee (DSC), in addition to the Subcommittee of the Islamic Deposit Insurance Group (IDIG).

As for JODIC's regional contribution, its prominent role was noticeable through chairing the Middle East and North Africa (MENA) Regional IADI Committee. JODIC took the initiative of hosting the first regional conference of the MENA and Africa Committees sponsored by IADI in the first quarter of 2015. The importance of this conference stems from being the first regional conference that tackled the amended version of the recently revised IADI-BCBS Core Principles, simultaneously with the held MENA and Africa event, JODIC signed a memorandum of understanding with the Palestine Deposit Insurance Corporation (PDIC). This step marks an important achievement that includes the exchange of experiences and information in order to enhance financial stability in Jordan and Palestine.

In conclusion, I would like to extend my most sincere gratitude and appreciation to H.E. the Chairman and the Members of the Board of Directors for their continued support and guidance as well as to all the colleagues at JODIC for their extensive efforts and dedication. May God Almighty guide us to serve our beloved country under the auspices of His Majesty King Abdullah II Ibn Al Hussein, and may God protect him.



BOARD OF DIRECTORS

BOARD OF DIRECTORS



Chairman of the Board of Directors
H.E. Dr. Ziad Fariz
Governor of the Central Bank of Jordan

By Royal Decree, H.E. Dr. Ziad Fariz was appointed as Governor of the Central Bank of Jordan on January 10th, 2012.

Prior to that, H.E. Dr. Fariz held the position of Chairman of First Investment Group. Between August 2007 and February 2009, H.E. held the position of Chairman of the Board of Capital Bank, and served as Deputy Prime Minister and Minister of Finance during the period from November 28th, 2005 until September 2nd, 2007.

Between 2001 and November 27th, 2005, H.E. was Chief Executive Officer of the Arab Banking Corporation in Jordan. Prior to that, he served as Governor of the Central Bank of Jordan between 1996 until the end of the year 2000. In 1995, H.E. worked on establishing Capital Bank, where he later became Chairman of its Board of Directors.

Previously, he served as Minister of Planning and International Cooperation from June 20th, 1991 until June 8th, 1994 and during the period December 6th, 1989 until June 20th, 1991 he was appointed as Minister of Industry and Trade.

In 1984, he was appointed as Secretary General of the Ministry of Planning and International Cooperation until April 1989, when he was appointed as Minister until December 6th, 1989.

H.E. started his professional career at the Central Bank of Jordan in 1966 as an Economic Researcher at the External Trade Division of the Research Department. After completing his Ph.D. in 1978, he rejoined the Central Bank of Jordan as an Economic Consultant and then as an Executive Director for both the Research and the Investment and Foreign Operations Departments.

H.E. Dr. Fariz holds a Ph.D. degree in Economics from Keele University, UK and a bachelor's degree from the University of Baghdad, Iraq. He is also a Member of the board of various educational, cultural and banking institutions.

BOARD OF DIRECTORS



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

By Royal Decree, H.E. Dr. Adel Ahmad Al-Sharkas was appointed as the Deputy Governor of the Central Bank of Jordan on April 1st, 2012.

Dr. Al-Sharkas held several positions at the Central Bank of Jordan (CBJ), where he started his career as an Economist in February 1991. After that, Dr. Al-Sharkas moved to the USA, where he received his Ph.D. in 2002. In the same year, he was appointed as an Assistant Professor of Financial Economics at Alfred University, New York. In 2006, he was promoted to Associate Professor of Financial Economics at the same University.

Dr. Al-Sharkas rejoined the CBJ in June 2006 as Head of the Monetary Affairs Division at the Research Department. In 2009, he was promoted to Deputy Executive Director and then to Executive Director for the Research Department late 2011.

During his tenure at the Research Department, Dr. Al-Sharkas actively led the task force that worked on monetary policy formulation, and on providing consultancy and recommendations on issues relevant to the financial and economic stability. He also made extensive contributions, within the CBJ's mandate, as an Advisor to the Government on various economic policies. Dr. Al-Sharkas also represented the CBJ in several national and international events.

Dr. Adel Al-Sharkas is the Chairman of the Board of Directors of Jordan Mortgage Refinance Company, the Head of the Financial Services Team, and the Member of the Coordination Committee of Jordan Vision 2025. At the Central Bank of Jordan, he is the Chairman of the Credit Facilities Committee, the Vice Chairman of the Investment Committee and the Human Resources Committee, and Member of the IT Steering Committee.

Dr. Al-Sharkas research papers have been published extensively in several popular academic journals, and he lectured in economics and finance to Ph.D., master and bachelor students at Jordanian universities and several other academic institutions.

Dr. Al-Sharkas holds a Ph.D. degree in Financial Economics from the University of New Orleans, USA, a master's degree in Applied Statistics and Financial Economics from Yarmouk University, Jordan, and a bachelor's degree in Applied Statistics from the same University.

BOARD OF DIRECTORS



H.E. Dr. Ezzedine Kanakrieh ¹ **Secretary General of the Ministry of Finance**

By Royal Decree, H.E. Dr. Ezzedine Kanakrieh was appointed as Secretary-General of the Ministry of Finance for the second time on June 5th, 2014 where he held the same position during the period 2007-2012.

Dr. Kanakrieh worked as Director General of the Income and Sales Tax Department in March 2012. Afterwards, he decided to be full-time academic lecturer in Jordanian universities as well as to write economic and financial research papers and newspaper articles. Subsequently, he was appointed as Commissioner of the Jordan Securities Commission during the period 2012-2014.

Dr. Kanakrieh held several positions at the Ministry of Finance during the period 1986-2007, the most significant of these were the posts of Assistant Secretary General and Director of the Cash Management Directorate at the Ministry. Moreover, he represented the Ministry of Finance in several companies and organizations in different capacities in the board of directors and its official committees. Besides, Dr. Kanakrieh participated mainly in drawing economic and financial policies as well as implementing important programs on the national and international levels.

He holds a Ph.D. degree in Finance from Amman Arab University for Higher Studies in 2010. A master's degree in Accounting and Financial Sciences from the Arab Academy for Banking and Financial Sciences/Amman in 1997, and a bachelor's degree in economics from Yarmouk University in 1984.

In 2007, Dr. Kanakrieh was honored with the Independence Medal of the Second Class in recognition of his efforts and his service in the public sector.



H.E. Mr. Burhan Akroush ² **Controller of Companies at the Ministry of Industry and Trade**

Mr. Burhan Akroush has been appointed as Controller of Companies since August 28th, 2012. Prior to that, he held several positions at the Companies Control Department, including but not limited to the Registration Directorate and the Legal Directorate. Mr. Akroush was also Assistant of former Controllers.

Mr. Akroush's experience is represented in ensuring companies' compliance in accordance with the Jordanian Companies Law and providing relative legal consultation in this aspect. His experience is also represented in his membership in several committees entitled to supervise the companies' performance, and to convert the legal form of companies. He chaired the largest companies' General Assembly Meetings in Jordan.

Mr. Burhan Akroush chairs currently the Committee entitled in drafting the Law of Bankruptcy and Liquidation, in addition to being a Member in several committees. Mr. Akroush is a Member of Higher Commission on the Regulation of Accountancy Practice, and of the Anti Money Laundering Committee, he is also a Member of the Certified Public Accountants Committee.

Before that, he had participated in committees charged with the amendments of the Companies Law and with Regulating non Jordanian Investments Regulation no. 54 for the year 2000.

Mr. Akroush holds a bachelor's degree in Law from Damascus University – Syria. He also participated in training courses relevant to performance evaluation of companies, strategic planning, international economic relations, and global economy and many other courses.

1- H.E. Dr. Ezzeldine Kanakrieh was appointed as Secretary General of the Ministry of Finance on June 5th, 2014 succeeding H.E. Dr. Omar Al Zoubi.

2- By Royal Decree, H.E. Mr. Burhan Akroush was appointed a Board Member of Jordan Anti-Corruption Commission on February 1st, 2015.

BOARD OF DIRECTORS



H.E. Mrs. Jumana Hamed
Director General of Jordan Deposit Insurance Corporation (JODIC)

Mrs. Jumana Hamed assumed the position of Director General of Jordan Deposit Insurance Corporation (JODIC) in the mid-year 2011. Mrs. Hamed was elected as a Member at the Executive Council (EXCO) of the International Association of Deposit Insurers (IADI) for a three year period for the second year in a row, and the Chairperson of the Middle East and North Africa Regional Committee (MENA) of the EXCO during the 13th Annual General Meeting (AGM) which was held on October 23rd, 2014 in Trinidad & Tobago. Currently, Mrs. Hamed represents JODIC at the Steering Committee for the Review and Update of the Core Principles for Effective Deposit Insurance System issued by the International Association of Deposit Insurers (IADI) and Basel Committee on Banking Supervision (BCBS).

Prior to her current position, Mrs. Hamed held several positions at the Central Bank of Jordan ended by being an Advisor of the Investments and Foreign Operations Department.

Mrs. Hamed is an expert and a lecturer in many subjects that mainly tackle trade finance at both the local and regional levels. Throughout her working period at the Central Bank of Jordan, Mrs. Hamed has been actively involved in many committees and conventions related to finance, investments and debts.

Mrs. Hamed also represented the Central Bank of Jordan by being a Member of the Jordanian Team in the roadshow for the debut Issue of Eurobonds, and participated in Paris Club rescheduling negotiations (twice in 1999 and in 2002).

Mrs. Hamed has enrolled in the Senior Executive Program at Harvard University, USA. She holds a master's degree in Banking and Finance from the Institute of Banking Studies-University of Jordan, and a bachelor's degree in Business Administration and Economics (double major) from the American University of Beirut, Lebanon.

BOARD OF DIRECTORS



Mr. Mohammad Bahjat Belbeisi
Chairman of the National Portfolio Securities
Chairman of the Real Estate Investment Portfolio Company
Vice Chairman of the National Insurance Company
Chairman of the Financial Services Companies Association

Mr. Mohammad Belbeisi is the Chairman of the Financial Services Companies Association. He also holds several positions in different capacities; the most significant positions are: the Chairman of the National Portfolio Securities Plc., the Real Estate Investment Portfolio Company Plc., and the Vice Chairman of the National Insurance Company Plc. Mr. Belbeisi is a Member of the Board of Directors at BLOK Company, and Jordan Businessmen Association.

He held the position of Chief Executive Officer of the Arab Financial Investment Company during the period 1982 -1986, and the position of Member of Management Committee/Managing Director of Forum Furniture Company during the period 1977-1982.

Mr. Belbeisi holds a bachelor's degree in Business Administration from the University of Jordan and serves in different capacities on board of directors of several public shareholding companies.



H.E. Mr. Saleh Yacob Tayeh
Chairman of the Board of Directors of Al-Hikma Financial Services Co.

Mr. Tayeh holds currently the position of Chairman of the Board of Directors of Al - Hikma Financial Services Co. Previously, he assumed different positions at the Central Bank of Jordan (CBJ), the latest was Deputy Governor of the CBJ, appointed by the Royal Decree in 2000, and he held this position for about four years.

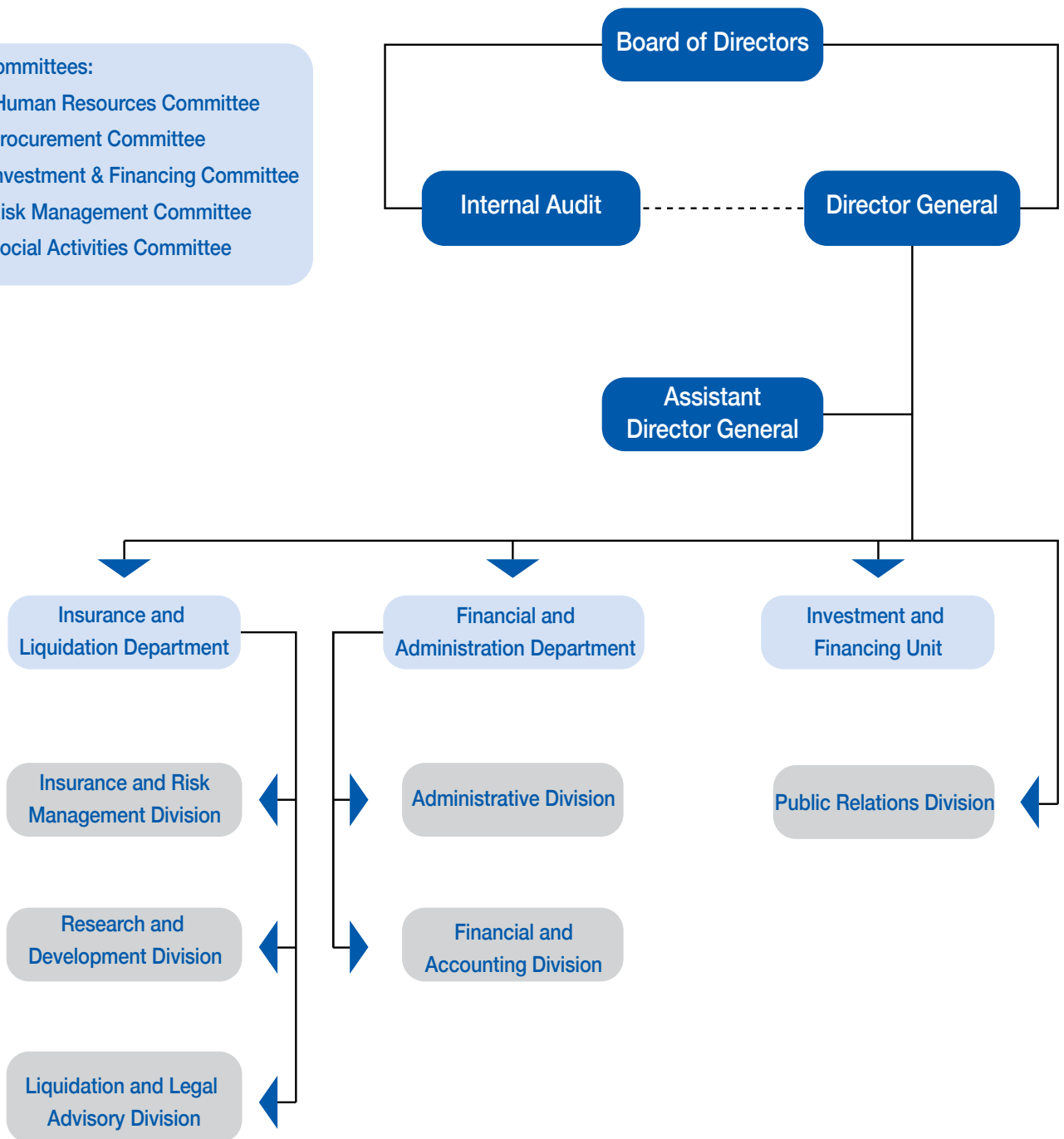
Mr. Tayeh started his career at the CBJ in 1971 at the Foreign Banking Department where he was promoted in the year 1992 to become Head of the Department. In the year 1996, he established the Open Market Operations Department and was appointed as the Department's Executive Director.

During his work at the Central Bank of Jordan, he was deputed to several local and foreign institutions. Locally, he was appointed as Dean Deputy of the Institute of Banking Studies, where he established the Division of Islamic Banking Studies and lectured in several topics specialized in Islamic banking at the Institute. Also, Mr. Tayeh worked at the Housing Bank for Trade and Finance as Advisor in Foreign Operations Activities, and worked at the Security Exchange Commission - Security Depository Center. Mr. Tayeh worked abroad as Portfolio Manager and Investment Advisor at the Central Bank of the United Arab Emirates (UAE) - Abu Dhabi during the years 1986-1992 he also worked as IMF Resident Advisor at the Palestine Monetary Authority (PMA) - Gaza during the years 1995-1996.

Mr. Tayeh holds D.E.S.S (Diploma des Etudes Supérieurs Spécialisées) in Economics and Finance from the University of Paris "1" - La Sorbonne in 1977, and a bachelor's degree in Economics and Statistics in 1970 from the University of Jordan.

ORGANIZATIONAL STRUCTURE

- Committees:
- Human Resources Committee
 - Procurement Committee
 - Investment & Financing Committee
 - Risk Management Committee
 - Social Activities Committee



MEMBER BANKS AND NON - MEMBER BANKS

MEMBER BANKS		Year of Establishment	Number of Branches Inside the Kingdom by the End of 2014	Total Assets by the End of 2014 (JD Million)	Deposits Subject to the Provisions of the Law by the End of 2014 (JD Million)
Jordanian Banks					
1	Arab Bank	1930	75	8725.8	3934.9
2	The Housing Bank for Trade & Finance	1973	124	6508.6	3604.1
3	Bank al Etihad	1978	37	2239.7	1290.6
4	Jordan Kuwait Bank	1976	56	2369.1	1240.4
5	Jordan Ahli Bank	1955	55	2119.5	1085.0
6	Bank of Jordan	1960	68	1859.6	959.8
7	Capital Bank of Jordan	1995	12	1825.5	799.9
8	Cairo Amman Bank	1960	83	1885.2	762.4
9	Arab Banking Corporation - Jordan	1990	27	1082.7	565.6
10	Jordan Commercial Bank	1977	30	1096.4	561.7
11	Societe Generale de Banque - Jordanie	1965	16	867.1	549.2
12	Arab Jordan Investment Bank	1978	34	1632.0	527.4
13	Invest Bank	1982	10	778.6	425.3
Branches of Foreign Banks Operating in Jordan					
14	Bank Audi S.A.L-Jordan Branches	2004	13	1013.1	534.7
15	BLOM Bank S.A.L	2003	14	811.6	499.8
16	Egyptian Arab Land Bank	1951	9	399.0	217.3
17	Standard Chartered Bank	2002	6	487.9	137.8
18	National Bank of Abu Dhabi	2009	2	339.1	135.4
19	Citi Bank N.A	1974	1	311.1	119.0
20	National Bank of kuwait	2003	3	361.8	67.4
21	Rafidain Bank	1963	2	133.4	0.3
NON-MEMBER BANKS		Year of Establishment	Number of Branches Inside the Kingdom by the End of 2014	Total Assets by the End of 2014 (JD Million)	Deposits Subject to the Provisions of the Law by the End of 2014 (JD Million)
Jordanian Banks					
1	Jordan Islamic Bank	1978	70	3543.3	2788.6
2	Islamic International Arab Bank	1997	40	1568.9	1173.2
3	Jordan Dubai Islamic Bank	2008	16	658.2	444.6
Branches of Foreign Banks Operating in Jordan					
4	Al Rajhi Bank	2009	1	353.8	232.0



GLOSSARY

GLOSSARY

- **Member Banks:**

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

- **Coverage Limit:**

The maximum level of insurance sum per depositor per member bank when a member bank is liquidated. The coverage limit is up to JD 50,000 (fifty thousand Jordanian Dinar).

- **Eligible Deposits / Deposits Subject to the Provisions of the Corporation's Law:**

Deposits denominated in Jordanian Dinar (JD) 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.

- **Estimated Reimbursement Amount:**

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

- **Fully Insured Deposits:**

Deposits subject to full reimbursement according to the provisions of the Corporation's Law, equal or less than the coverage limit of JD 50,000 (fifty thousand Jordanian Dinar).

- **Partially Insured Deposits:**

Deposits subject to the provisions of the Corporation's Law that are in excess of the coverage limit of JD 50,000 (fifty thousand Jordanian Dinar).

- **The Revised Core Principles for Effective Deposit Insurance Systems:**

An international set of (16) Principles for effective deposit insurance practices issued by the International Association of Deposit Insurers (IADI) and the Basel Committee for Banking Supervision (BCBS).

- **International Association of Deposit Insurers (IADI):**

IADI is a non-profit organization 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. Currently Participants in the IADI represent 79 Members, 7 Associates and 13 Partners.



OVERVIEW

OVERVIEW

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 Jordanian banking system.

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:

- To provide full protection for the vast majority of depositors.
- To exhibit a high level of financial operational capacity and readiness, and to build up an appropriate level of reserves.
- To manage the reimbursement and the liquidation processes efficiently and effectively.
- To contribute in increasing awareness of risk management in banking sector.
- To promote public awareness of deposit insurance system in the Kingdom.



OVERVIEW

JODIC was established as a financially and administratively independent Corporation, with the aim of protecting depositors with member banks by insuring their deposits in order to encourage savings as well as to enhance confidence in the Jordanian banking system.

In accordance with the provisions of the Corporation's Law, JODIC carries out two primary mandates: deposit insurance and banks liquidation since JODIC is the sole insurer and the legal liquidator of any bank that has been decided to be liquidated by the Central Bank of Jordan. The Corporation enjoys a wide range of powers and authorities to perform its mandates efficiently and effectively. It also has supervisory powers and authorities granted by its Law through participating in a joint inspection team with the Central Bank of Jordan, besides examining banks closing financial statements and the results of their operations that are available at the CBJ.

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

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

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



OVERVIEW

JODIC'S MOST SIGNIFICANT ACHIEVEMENTS AND FUTURE ASPIRATIONS:

Since the Corporation's establishment, JODIC has made significant strides towards excellence and professionalism in order to achieve its public policy objectives, and to be an integrative part in the financial safety-net that aims ultimately at enhancing the financial stability in the banking system in the Kingdom through protecting depositors with banks in order to encourage savings.

JODIC succeeded in building a credible reserves' level exceeding half a billion Jordanian Dinar, providing full protection for approximately 97% of total depositors with member banks. These indicators are relatively higher than the adopted indicators of the best international practices in the deposit insurance industry. Moreover, the Corporation strives constantly to provide the protection for deposits held with Islamic banks.

The Corporation looks forward to be a role model in providing protection for the vast majority of depositors at the banking sector, as well as to be a main pillar in enhancing banking stability in the Kingdom by adopting a systematic strategy to cope with any potential risks underpinned by directing its efforts and available resources, improving its database system for member banks, adopting the risk-insurance premiums systems for member banks in furtherance of enhancing the Corporation's operational readiness, as well as consolidating the partnership in the financial safety-net that strengthens the soundness of the banking system in the Kingdom.

Also, as a further step towards progress, JODIC in collaboration with the Central Bank of Jordan (CBJ) and the parties in the financial safety-net, would intensify its efforts to boost the strategic planning of the financial crisis management that would enable JODIC to cope with any negative impacts as well as to maintain the safety and soundness of the banking system.

Finally, the Corporation aspires that the amended draft version of its Law pertaining to the inclusion of the Islamic banks in the mandatory membership at the deposit insurance system to be endorsed and implemented during 2015, as well as the modifications on the banking Law to be finalized which highlights JODIC's vital role in participating along with the Central Bank of Jordan in the banking resolution process. This would advance JODIC's role in achieving the public policy objectives.

MANDATES AND POWERS:

- DEPOSIT INSURANCE:

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

The insurance sum shall become payable under JODIC's Law if the CBJ decides to liquidate a bank. JODIC shall pay the insurance sum due to an insured depositor within 30 days from the date on which the depositor submits his/her claim.

OVERVIEW

- LIQUIDATION:

According to JODIC's Law no. (33) of the year 2000, JODIC is the sole liquidator and the sole legal representative of any bank whose liquidation has been decided by the Central Bank of Jordan, including non-member banks. JODIC enjoys a wide range of powers and authorities to perform its responsibilities as a liquidator within two years from the date of the issuance of the liquidation decision. JODIC is authorized to offset the deposits against all obligations and liabilities owed by depositors when determining the sum of deposits subject to reimbursement.

The Board of Directors approved regulations related to the reimbursement and liquidation processes in line with JODIC's mandates. The regulations provide the general framework for the process of deposits reimbursement and assets disposition (liquidation).

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

- RESERVES' MANAGEMENT:

Given the mandatory requirements that shall be met by JODIC in an efficient and effective manner to provide protection to depositors with member banks, JODIC must act to form accumulated targeted reserves' level of 3% of the total deposits subject to the provisions of JODIC's Law.

The sources of reserves are the membership fees (annual premiums) that are collected from member banks and the investments' income, in addition to any other surplus net of all expenses.

JODIC also adopts an integrated plan approved by the Board of Directors to strike the targeted reserves' level within a balanced time frame, whereas the Corporation invests its funds mainly in bonds issued or guaranteed by the Jordanian Government according to the provisions of Article 24(a) of JODIC's Law.

- MONITORING OPERATING BANKS IN THE KINGDOM:

To enable JODIC to perform its mandates as deposit insurer and liquidator and to ensure its readiness to manage the processes of reimbursement and liquidation efficiently and effectively, JODIC in collaboration with the Central Bank of Jordan (CBJ) monitors the financial positions of member banks.

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

OVERVIEW

MAIN FEATURES OF THE DEPOSIT INSURANCE SYSTEM IN JORDAN:

- MEMBERSHIP:

Membership is mandatory for all Jordanian banks and branches of foreign banks operating in the Kingdom except the branches of Jordanian banks operating abroad. The membership for Islamic banks operating in the Kingdom is voluntary, unless any of them decides to join the scheme.

21 banks are subject to the provisions of JODIC's Law at the year-end 2014, 13 of which are Jordanian banks.

- COVERAGE LIMIT:

The maximum coverage limit is JD 50,000 (fifty thousand of deposits denominated in Jordanian Dinar) per depositor at each member bank.

- SCOPE OF COVERAGE:

• Insured Deposits:

JODIC insures all types of deposits denominated in **Jordanian Dinar** for individuals, institutions, residents and non-residents, including but not limited to:

- Current and demand deposits.
- Saving deposits.
- Term and subject to notice deposits.
- Certificates of deposits issued by member banks.
- Joint deposits accounts that belong to more than one person.

• Uninsured Deposits:

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

• Insured Currency:

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

The deposit insurance coverage limit is JD 50,000 (fifty thousand) which equals 5.6 folds of the average deposits amount held at the banking system.

OVERVIEW

- ANNUAL PREMIUMS (MEMBERSHIP FEES):

JODIC applies an annual flat fee of 2.5 per thousand of total deposits subject to the provisions of its Law paid by each member bank. However, this fee and the terms of calculating it can be adjusted by the Cabinet's approval upon the recommendation of the JODIC's Board of Directors, based on bank's rating applied by the CBJ.

CORPORATE GOVERNANCE:

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

Principle 3 (Governance) of the Core Principles for Effective Deposit Insurance Systems stipulates: The deposit insurer should be operationally independent, transparent, accountable and insulated from undue political and industry influence.

Towards this end, there exist four main thrusts of corporate governance that are applied by JODIC as follows:

First: The Institutional Legislative Framework:

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

Second: Strategic Objectives:

The Corporation's strategic objectives emerged from the national and institutional objectives designed to carry out its mission and to enhance its capabilities to be able to perform its functions efficiently and effectively. Towards that, JODIC adopted an integrated strategic plan based on the evaluation of alternative strategic plans and analysis that ultimately enhances its points of strengths and handles the points of weaknesses within the surrounding opportunities and challenges.

Within the framework of the strategic planning, JODIC adopts a medium-term financial program that contains Guiding and Performance Indicators to provide full protection for the vast majority of depositors and to build up the targeted reserves' level within a balanced time frame.

OVERVIEW

Third: JODIC'S MANAGEMENT (Board of Directors, and Administrative and Functional Apparatus):

A- Board of Directors:

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

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

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

B- Administrative and Functional Apparatus:

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

1. Insurance and Liquidation Department:

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

2. Financial and Administration Department:

The department's responsibilities include managing the Corporation's demand for human resources, as well as supplying the Corporation with the needed equipments and managing maintenance work. The department is also responsible for covering administrative expenses, handling bookkeeping tasks, as well as maintaining the central books of accounts.

3. Investment and Financing Unit:

The unit carries out the responsibilities of investing JODIC's funds which includes deposits held with banks, as well as the management of JODIC's financing operations to meet any future obligation in accordance with JODIC's Law.

OVERVIEW

4. Public Relations Division:

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

5. Internal Audit:

The Internal Audit reports directly to the Board of Directors. It carries out the responsibilities of ensuring the soundness for JODIC's various activities and business processes, and makes recommendations that are based on the analysis and evaluation of JODIC departments' performance in order to carry out their responsibilities efficiently and effectively.

Additionally, official internal committees are formed either on temporary or permanently basis; to review and administer the Corporation's functions and thereby make necessary recommendations. Among these committees is the Risk Management Committee which is the most important Committee, that carries out the responsibilities of identifying risks, its sources and impact on JODIC's performance as well as its financial position. It also recommends and develops on an ongoing basis the policies and procedures needed for managing risks, as well as ensures that JODIC's strategic objectives and operational readiness are well administered within an acceptable risk level.

Fourth: Disclosure and Transparency

In accordance with the provisions of its Law, JODIC keeps records and accounts according to the recognized accounting principles. The Corporation is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards (IFRSs). These responsibilities include designing, and maintaining an internal control in order to prepare and present the financial statements freely from any material misstatement that is resulted either from fraud or error. The financial statements are audited by an external auditor in accordance with the International Standards on Auditing, and the Corporation is accountable to the Audit Bureau. Also, JODIC discloses the closing financial statements, after being approved by the Board of Directors, in at least two daily newspapers, at JODIC's website and in its annual report. The latest is considered a key communication tool that details all the relevant information and needed knowledge about the deposit insurance system, achievements, recent and important indicators of deposits in the banking system and the financial performance of member banks in addition to the development of reserves' level, investment policy and income.



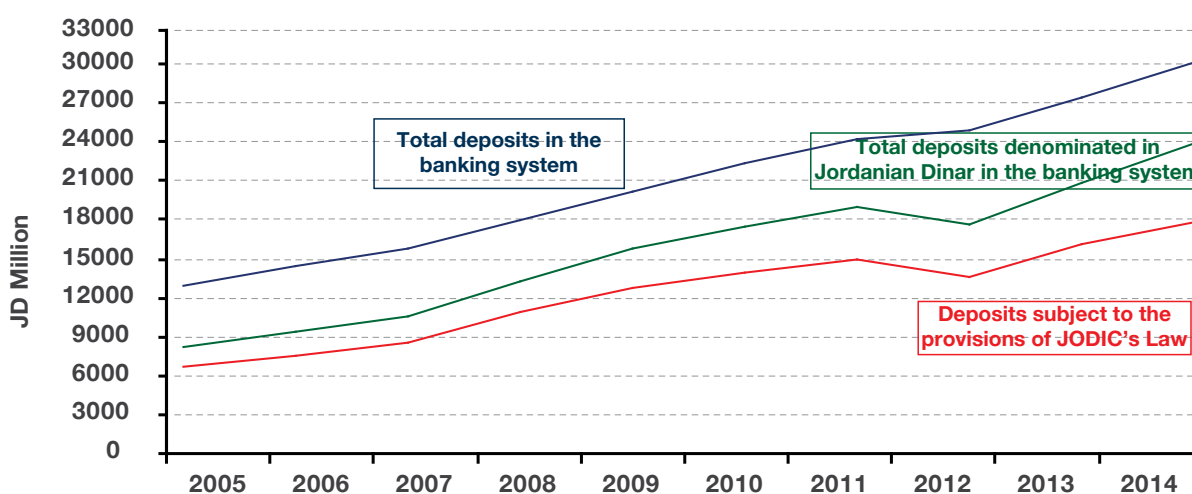
**DEVELOPMENT OF DEPOSITS
IN THE JORDANIAN BANKING SYSTEM**

DEVELOPMENT OF DEPOSITS IN THE JORDANIAN BANKING SYSTEM

Total deposits in the Jordanian banking system reached JD 30277.3 million by the end of the year 2014, compared to JD 27608.9 million a year earlier, indicating an increase of JD 2668.0 million or 9.7%. The average annual growth rate in deposits for the last five years was 8.3%.

Deposits denominated in Jordanian Dinar amounted to JD 24029.4 million, representing 79.4% of total deposits in the banking system, whereas foreign currency deposits amounted to JD 6247.9 million or 20.6% of total deposits in the banking system by the end of the year 2014. The percentage of deposits denominated in Jordanian Dinar was 76.1% compared to 23.9% of deposits denominated in foreign currencies a year earlier.

Historical Development of Deposits in the Banking System (2005-2014)



Deposits in The Jordanian Banking System

Year	2013 (JD Million)	2014 (JD Million)
Total Deposits Denominated in Jordanian Dinar and Foreign Currencies	27608.9	30277.3
Deposits Denominated in Jordanian Dinar	21018.7	24029.4
Deposits Denominated in Foreign Currencies	6590.3	6247.9

Total deposits denominated in Jordanian Dinar represented 79.4% of total deposits in the banking system by the end of 2014.

DEVELOPMENT OF DEPOSITS IN THE JORDANIAN BANKING SYSTEM

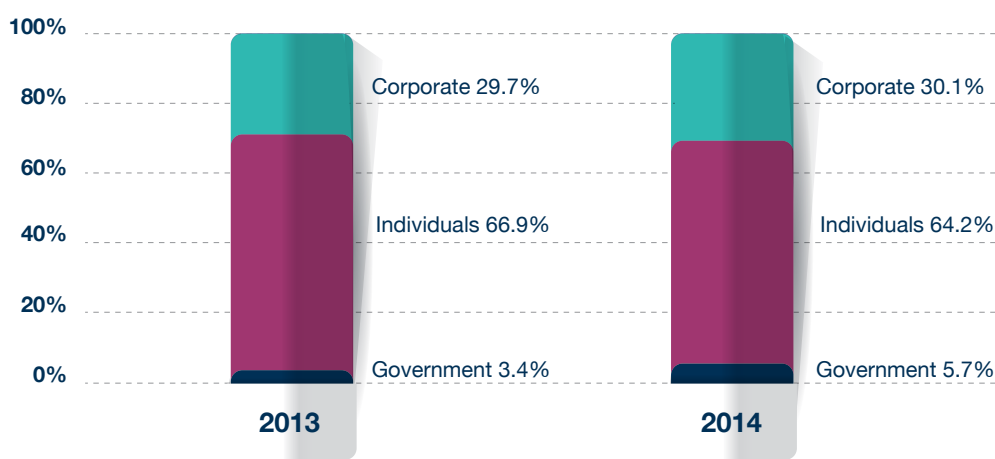
DEPOSITS DENOMINATED IN JORDANIAN DINAR:

Total deposits denominated in Jordanian Dinar in the banking system reached JD 24029.4 million by the end of 2014 compared to JD 21018.7 million a year earlier, indicating an increase of JD 3010.7 million or 14.3%.

The allocation of these deposits in the banking system by the end of 2014 shows that individuals' deposits amounted to JD 15417.9 million representing 64.2% of total Jordanian Dinar deposits in the banking system, corporate deposits amounted to JD 7238.6 million representing 30.1%, and Government deposits amounted to JD 1372.9 million representing the remaining 5.7%.

Total Deposits Denominated in Jordanian Dinar in the Banking System Across Various Sectors and Their Respective Growth Rates						
	Individuals		Corporate		Government	
	Deposits Amount (JD million)	Average Deposit (JD)	Deposits Amount (JD million)	Average Deposit (JD)	Deposits amount (JD million)	Average Deposit (JD)
2013	14052	5421	6237	81873	730	247244
2014	15418	5920	7239	69821	1373	492958
Growth Rate	9.7%	9.2%	16.1%	(14.7%)	88.1%	99.4%

Allocation of Deposits Denominated in Jordanian Dinar Across Various Sectors

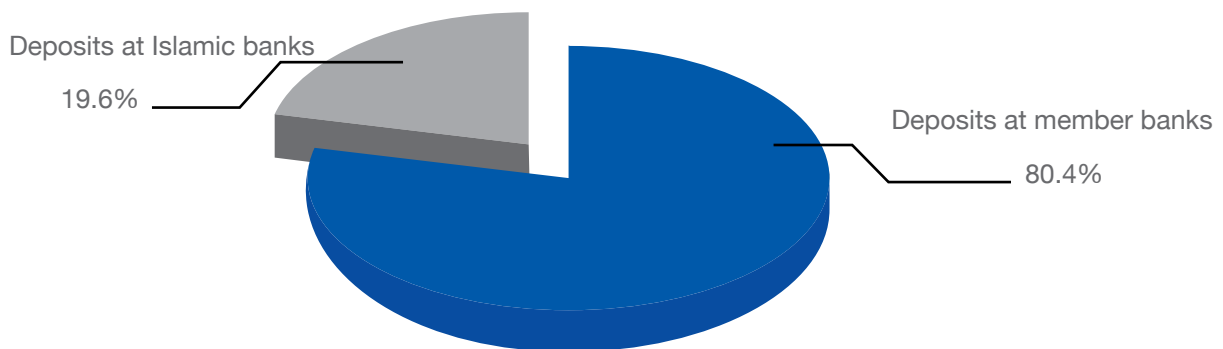


Individuals' deposits denominated in Jordanian Dinar represented 64.2% of total JD deposits in the banking system by the end of 2014.

DEVELOPMENT OF DEPOSITS IN THE JORDANIAN BANKING SYSTEM

DEPOSITS DENOMINATED IN JORDANIAN DINAR AT MEMBER BANKS:

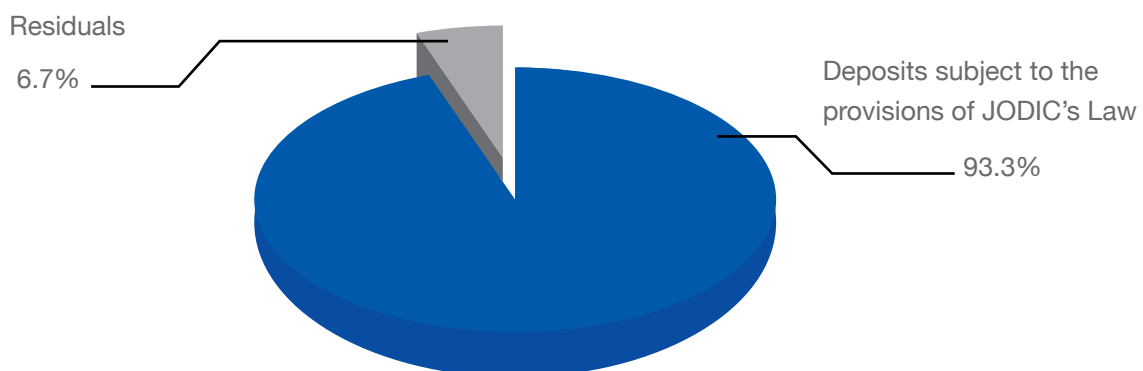
Deposits denominated in Jordanian Dinar held by member banks³ reached JD 19307.8 million by the end of 2014 compared to JD 16982.1 million by the end of 2013 with an increase of 13.7%. These deposits, which represent 80.4% of JD deposits, are due to 1692.1 thousand depositors with an average deposit value of JD 11411 compared to 1733.8 thousand depositors with an average deposit value of JD 9795 a year earlier.



Total Jordanian Dinar Deposits in The Banking System Reached JD 24029.4 Million

DEPOSITS SUBJECT TO THE PROVISIONS OF JODIC'S LAW:

The outstanding balance of deposits subject to the provisions of JODIC's Law reached JD 18018.1 million by the end of 2014 compared to JD 16324.7 million by the end of 2013, reflecting an increased rate of 10.4%. These deposits represented 93.3% of total deposits denominated in Jordanian Dinar held by member banks in the year 2014. They are due to 1689.5 thousand depositors with an average deposit value of JD 10665 by the end of 2014, compared to 1730.9 thousand depositors with an average deposit value of JD 9431 a year earlier.



Total Jordanian Dinar Deposits in The Banking System Reached JD 19307.8 Million

Deposits subject to the provisions of JODIC's Law represented 93.3% of total JD deposits held by member banks by the end of 2014.

³- All local banks and branches of foreign banks operating in the Kingdom except Islamic banks as non of them has decided to be a member at the year-end 2014.

DEVELOPMENT OF DEPOSITS IN THE JORDANIAN BANKING SYSTEM

FULLY INSURED DEPOSITS:

Fully insured deposits, equal or less than JD 50,000, accounted for 23.8% of total deposits subject to the provisions of JODIC's Law, and amounted to JD 4283.5 million by the end of 2014. They belong to 1644.3 thousand depositors with an average deposit value of JD 2605 by the end of 2014, compared to JD 4075.9 million due to 1689.2 thousand depositors with an average deposit value of JD 2413 a year earlier. The percentage of fully insured depositors to total depositors whose deposits are subject to the provisions of JODIC's Law reached 97.3% by the end of 2014.

The percentage of fully insured depositors reached 97.3% of total depositors whose deposits are subject to the provisions of JODIC's Law by the end of 2014.



Fully insured deposits accounted for 23.8% of total insured deposits by the end of 2014.

PARTIALLY INSURED DEPOSITS:

Partially insured deposits, in excess of JD 50,000, increased from JD 12248.8 million by the end of 2013 to JD 13734.5 million by the end of 2014. These deposits represent 76.2 % of total deposits subject to the provisions of JODIC's Law, and they are due to 45.2 thousand depositors representing 2.7% of total depositors whose deposits are subject to the provisions of JODIC's Law, with an average deposit value of JD 303807 by the end of 2014, compared to 41.7 thousand depositors with an average deposit value of JD 293693 a year earlier.

The percentage of partially insured depositors was 2.7% of total depositors whose deposits are subject to the provisions of JODIC's Law by the end of 2014.



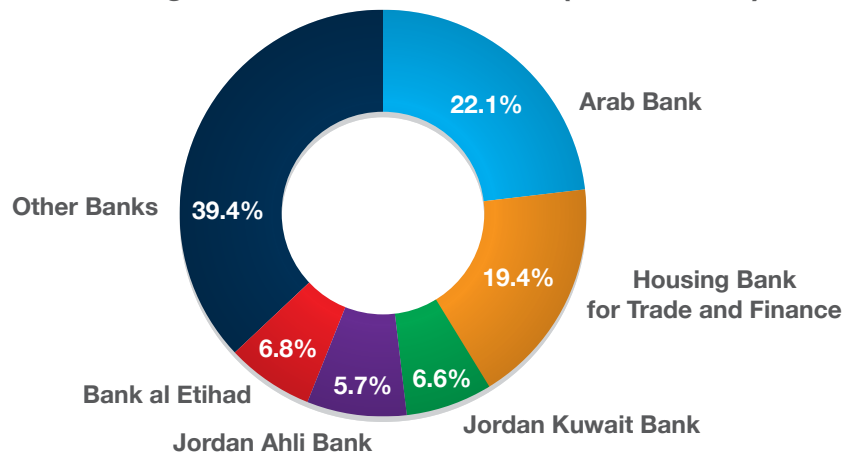
Partially insured deposits accounted for 76.2% of total deposits subject to the provisions of JODIC's Law by the end of 2014.

DEVELOPMENT OF DEPOSITS IN THE JORDANIAN BANKING SYSTEM

CONCENTRATION OF JORDANIAN DINAR (JD) DEPOSITS AT THE LARGEST FIVE MEMBER BANKS:

The largest five member banks accounted for almost two thirds of total deposits denominated in Jordanian Dinar: Arab Bank, Housing Bank for Trade and Finance, Bank al Etihad, Jordan Kuwait Bank, and Jordan Ahli Bank held 22.1%, 19.4%, 6.8%, 6.6% and 5.7% of total JD deposits respectively by the end of 2014.

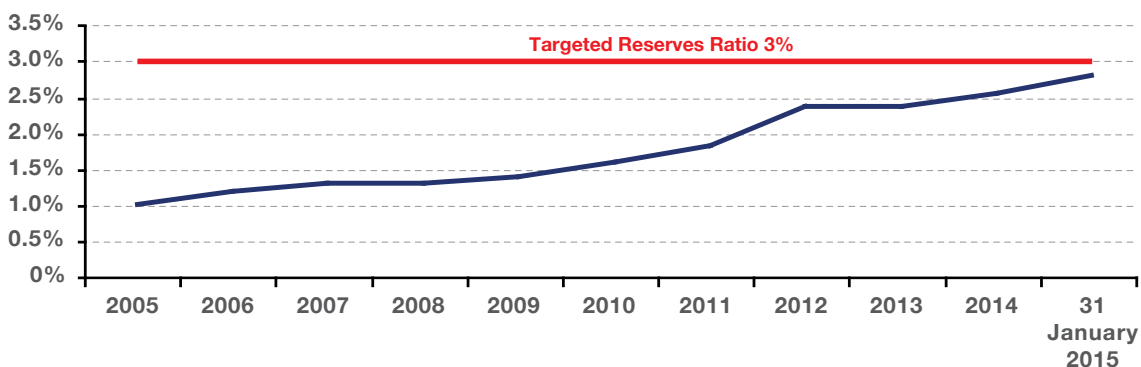
Concentration of Deposits Denominated in Jordanian Dinar At The Largest Five Member Banks (End of 2014)



CORPORATION'S RESERVES:

During 2014 JODIC continued to build up its reserves aiming to strike its targeted ratio of 3% of total deposits subject to the provisions of JODIC's Law. Reserves increased from JD 393.6 million by the end of the year 2013 to JD 463.1 million representing 2.57% of total deposits subject to the provisions of JODIC's Law by the end of the year 2014. The Corporation collected JD 45.8 million in premiums during January 2015, which brings the total reserves to JD 511.2 million and the said ratio to 2.84% of total deposits subject to the provisions of JODIC's Law as of 31 December 2014.

The Historical Development of Reserves to Deposits Subject to the Provisions of JODIC's Law



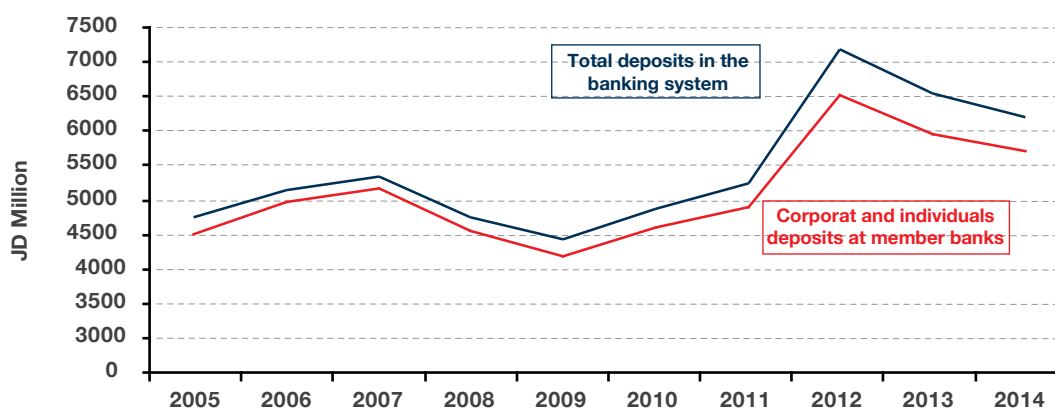
DEVELOPMENT OF DEPOSITS IN THE JORDANIAN BANKING SYSTEM

DEPOSITS DENOMINATED IN FOREIGN CURRENCIES⁴:

Deposits denominated in foreign currencies in the banking system reached JD 6247.9 million by the end of 2014 compared to JD 6590.3 million by the end of 2013, with a decrease of 5.2%.

Number of depositors decreased to reach 245.6 thousand depositors by the end of 2014, compared to 255.0 thousand depositors a year earlier. Meanwhile, the average deposit value of foreign currency deposits decreased from JD 25842 by the end of 2013 to JD 25444 by the end of 2014.

Historical Development of Deposits Denominated in Foreign Currencies in the Banking System (2005-2014)



The allocation of foreign currency deposits in the banking system by the end of 2014 shows that individuals' deposits amounted to JD 4283.8 million representing 68.6% of total foreign currency deposits. Corporate and Government deposits amounted to JD 1957.0 and JD 7.1 million representing 31.3% and 0.1% of total foreign currency deposits respectively.

Total individuals' deposits denominated in foreign currencies represented 68.6% of total foreign currencies deposits in the banking system at the end of 2014.

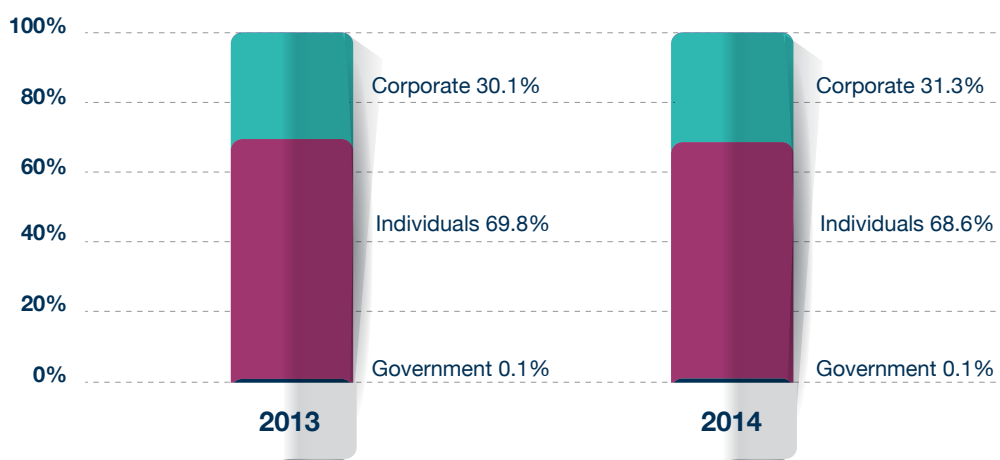
4- Deposits denominated in foreign currencies are not insured by the Corporation. However, in accordance with the Article 32 (a) of JODIC's Law, these deposits may be insured upon the decision of the Central Bank of Jordan (CBJ).

DEVELOPMENT OF DEPOSITS IN THE JORDANIAN BANKING SYSTEM

Total Deposits Denominated in Foreign Currencies in the Jordanian Banking System Across Various Sectors and Their Respective Growth Rates

	Individuals		Corporate		Government	
	Deposits Amount (JD million)	Average Deposit (JD)	Deposits Amount (JD million)	Average Deposit (JD)	Deposits amount (JD thousand)	Average Deposit (JD)
2013	4599	20672	1983	61074	8368	110100
2014	4284	20123	1957	60017	7139	97797
Growth Rate	(6.9%)	(2.7%)	(1.3%)	(1.7%)	(14.7%)	(11.2%)

Allocation of Deposits Denominated in Foreign Currencies Across Various Sectors

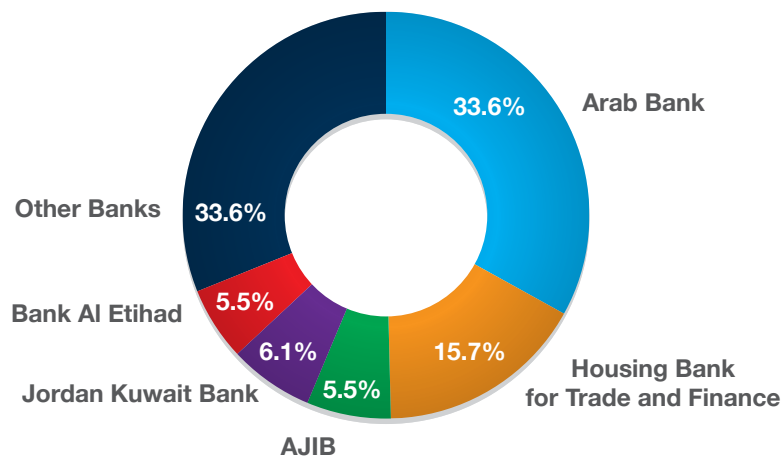


Deposits denominated in foreign currencies held at member banks reached JD 5737.2 million by the end of 2014, compared to JD 5991.5 million by the end of 2013 with a decline rate of 4.2%. These deposits represented 91.8% of total foreign currency deposits in the banking system. The number of foreign currency depositors at member banks reached 206.0 thousand by the end of 2014 with an average deposit value of JD 27852, compared to 216.3 thousand depositors with an average deposit value of JD 27703 by the end of 2013.

The largest five member banks of total deposits denominated in foreign currencies: Arab Bank, Housing Bank for Trade and Finance, Jordan Kuwait Bank, Bank alEtihad, and Arab Jordan Investment Bank, held 33.6%, 15.7%, 6.1%, 5.5%, 5.5%, respectively by the end of 2014.

DEVELOPMENT OF DEPOSITS IN THE JORDANIAN BANKING SYSTEM

Concentration of Deposits Denominated in Foreign Currencies at the Largest Five Member Banks (End of 2014)





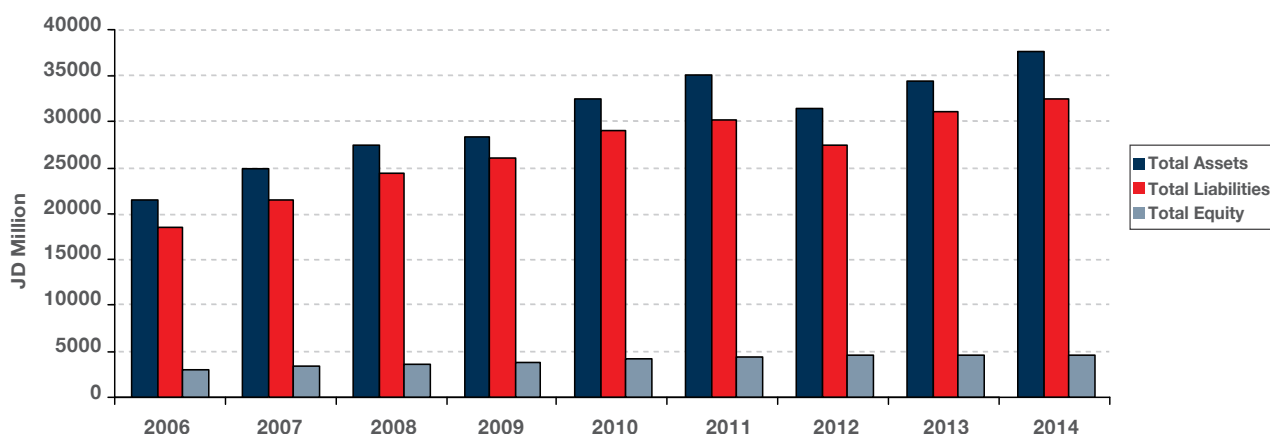
**FINANCIAL PERFORMANCE
OF MEMBER BANKS**

FINANCIAL PERFORMANCE OF MEMBER BANKS

It was obvious that the wise practices belongs the procedures of regulating the banking sector, in addition to the effective banking management and corporate governance regulations for banks that have been issued in 2014, is looking forward to mitigate various types of risks as well as being flexible and interactive with the Central Bank monetary policy and its prudential regulations led to maintain safe and sound banking sector, that became more stable and efficient in promoting economic growth. The main financial indicators for member banks –which represent 21 banks out of 25 banks operating in the kingdom- for the year 2014, showed that provisions are better off covering the non performing loans, and the nonperforming loans itself decreased compared to the previous year, and the high capital adequacy ratios are maintained, which support the stability and the solvency for these banks against any external and internal shocks, and next are some of these indicators.

- Member banks' total assets reached JD 36846.9 million by the end of 2014 compared to JD 35004.1 million a year earlier, with an increase of JD 1842.8 million or 5.3% compared to an increase of JD 2865.5 million or 8.9% by the end of the year 2013.
- Total liabilities reached JD 31894.5 million by the end of 2014 compared to JD 30306.1 million by the end of 2013, with an increase of JD 1588.4 million or 5.2% compared to an increase of JD 2609.4 million or 9.4% by the end of the year 2013.
- Total owner's equity reached JD 4952.5 million by the end of 2014 compared to JD 4698.0 million by the end of 2013, with an increase of JD 254.4 million or 5.4% compared to an increase of JD 255.8 million or 5.8% a year earlier.

Historical Development of Total Assets, Liabilities and Owners' Equity



Structure of Assets and Liabilities

- Total deposits at member banks reached JD 25035.1 million by the end of 2014 compared to JD 22998.3 million by the end of 2013, with an increase of JD 2036.7 million or 8.9%. Deposits represented approximately 78.5% of total liabilities by the end of 2014 compared to 75.9% by the end of 2013.
- Direct credit facilities (net) granted by member banks reached JD 13911.3 million by the end of 2014 compared to JD 13299.5 million by the end of 2013, with an increase of JD 611.8 million or 4.6%. Direct credit facilities to total assets ratio decreased to reach approximately 37.8% by the end of 2014 compared to 38.0% a year earlier.

FINANCIAL PERFORMANCE OF MEMBER BANKS

- Investments in amortized cost financial assets (held to maturity bonds) reached JD 9655.3 million by the end of 2014 compared to JD 8865.5 million by the end of 2013, with an increase of JD 789.9 million or 8.9%. The ratio of these assets to total assets increased to reach about 26.2% of total assets at the end of 2014 compared to 25.3% for the year 2013.
- Off balance sheet items (indirect credit facilities) reached JD 7634.0 million by the end of 2014 compared to JD 7684.1 million by the end of 2013, with a decrease of JD 54.7 million or 0.7%, representing approximately 20.7% of total assets at member banks by the end of 2014 compared to 22.0% by the end of 2013.

Credit Facilities

- The ratio of non-performing loans, suspended interests, and written off debts to total direct credit facilities granted by member banks reached 9.5% by the end of 2014 compared to 10.6% by the end of 2013.
- Loan loss provisions to gross loans reached 87.3% by the end of 2014 compared to 83.1% a year earlier.
- Loan loss provisions deducted during the year to interest revenues reached 10.3% by the end of 2014 compared to 14.2% by the end of 2013.
- Direct credit facilities granted to related parties to gross credit facilities reached 2.2% by the end of 2014 compared to 2.1% a year earlier.

Capital Adequacy Ratio

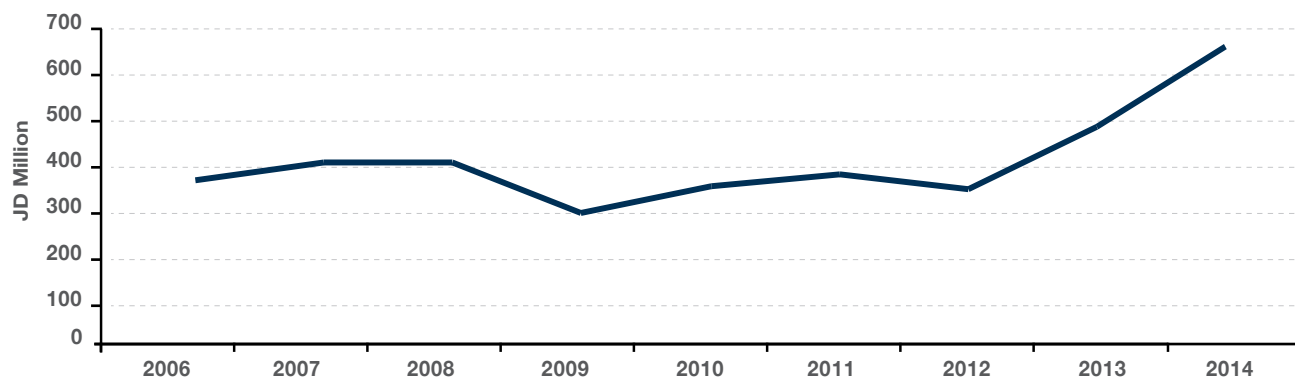
Member banks recorded a capital adequacy ratio of 17.9% by the end of the year 2014 compared to 18.2% by the end of the year 2013, whereas the minimum requirement ratio set by the Central Bank of Jordan is 12% and by Basel II is 8%.

Profitability Indicators

- With regard to income statement indicators; the net profit before taxes reached JD 733.8 million by the end of 2014 compared to JD 628.5 million by the end of 2013, with an increase of JD 105.3 million or 16.8%.
- The income before taxes to average total assets at member banks (return on average assets (ROAA)) reached 2.0% during the year 2014 compared to 1.9% during the year 2013.
- The income before taxes to average owner's equity at member banks (return on average equity (ROAE)) reached 15.2% during the year 2014 compared to 13.8% during the year 2013.
- The net interest income to average direct credit facilities (net) granted by member banks reached 8.0% by the end of the year 2014 compared to 8.1% by the end of the year 2013.

FINANCIAL PERFORMANCE OF MEMBER BANKS

Net Income for Member Banks



Key Indicators for Member Banks' Financial Performance (2009-2014)

Financial Performance Ratios	2009	2010	2011	2012	2013	2014
Direct Credit Facilities (Net) to Total Assets	38.5%	37.6%	33.3%	39.4%	38.0%	37.8%
Investments in Held to Maturity Financial Assets to Total Assets	7.5%	6.0%	20.1%	21.9%	25.3%	26.2%
Non-Performing Loans, Suspended Interest, and Written off Debts to total Credit Facilities	8.4%	9.9%	9.6%	12.0%	10.6%	9.5%
Loan Loss Provisions to Net Interest Income	21.2%	22.1%	25.7%	24.5%	14.2%	10.3%
Cash and Quasi Cash to Deposits (More than 100,000)	69.9%	69.8%	61.0%	66.3%	51.3%	54.4%
Capital Adequacy Ratio	19.8%	19.8%	18.6%	18.4%	18.0%	17.9%
Return on Average Assets (Before Tax)	1.6%	1.7%	1.5%	1.6%	1.9%	2.0%



**THE CORPORATION'S CAPITAL,
INVESTMENTS AND FINANCIAL PERFORMANCE**

THE CORPORATION'S CAPITAL, INVESTMENTS AND FINANCIAL PERFORMANCE

JODIC continued to boost its reserves' level during the year 2014 to fulfill its mandatory requirements as a deposit insurer and to ultimately achieve its objectives efficiently and effectively in protecting depositors by insuring their deposits, encouraging savings, as well as enhancing confidence in the Jordanian banking system. JODIC's investment portfolio is managed on methodological basis that is reflected in adopting an integrated plan oriented towards striking the targeted reserves' level of 3% of total eligible deposits within a balanced time frame, taking into consideration to keep pace with recent developments and best international practices.

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.

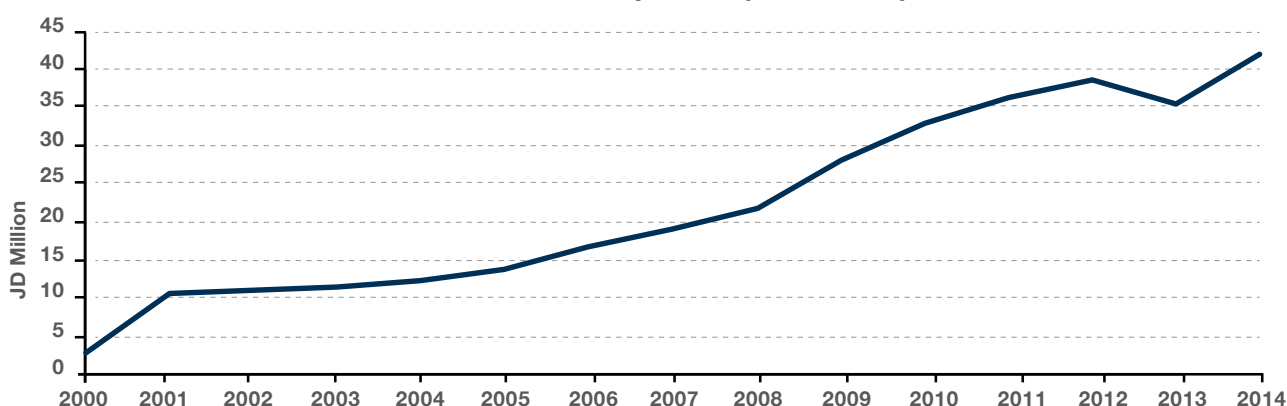
JODIC invests its funds in securities issued or guaranteed by the Government in accordance with the provisions of Article 24 (a) of JODIC's Law. It utilizes the best investment opportunities available in the primary market for Government securities taking into account their term, yield-to-maturity (YTM) 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 and the prevailing YTM are closely monitored when diversifying the portfolio's investments in order to achieve the best possible returns in both the medium and long terms.

JODIC continued to enhance its reserves' level towards striking the targeted level of 3%. It represented 2.6% by the end of 2014.

The Financial Performance of JODIC's Portfolio:

Total owners' equity increased to reach JD 466.4 million by the end of 2014 compared with JD 396.9 million by the end of 2013. JODIC's capital amounted to JD 3.3 million of which JD 1 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 2014, generated from the annual surplus and premiums (annual membership fees), formed the bulk of total owners' equity and reached JD 463.1 million with an increase of JD 69.5 million from the previous year. Annual membership fees collected from member banks amounted to JD 41.1 million during the year 2014, compared with JD 34.8 million collected a year earlier and reflected 18.1% growth rate, while the net investments' income amounted to JD 28.4 million, compared with JD 24.6 million during 2013 with an increase of approximately 15.4%.

The Annual Membership Fees (2000-2014)



THE CORPORATION'S CAPITAL, INVESTMENTS AND FINANCIAL PERFORMANCE

To further manage its overhead expenses and enhance the reserves' buildup, JODIC adopts a medium term financial program with the assumption of decreasing the ratio of total overhead expenses to investments' income, this ratio was reduced from 3.7% by the end of 2013 to 3.5% by the end of 2014. Furthermore, JODIC's revenues and expenses are monitored and evaluated on an ongoing basis to ensure the effective implementation of the annual budget that has been approved by the Board of Directors (BOD) in accordance with the Provisions of Article 7 (a/5) of JODIC's Law, as well as to ensure compliance with the performance indicators adopted in its medium term financial program.

Investment Portfolio:

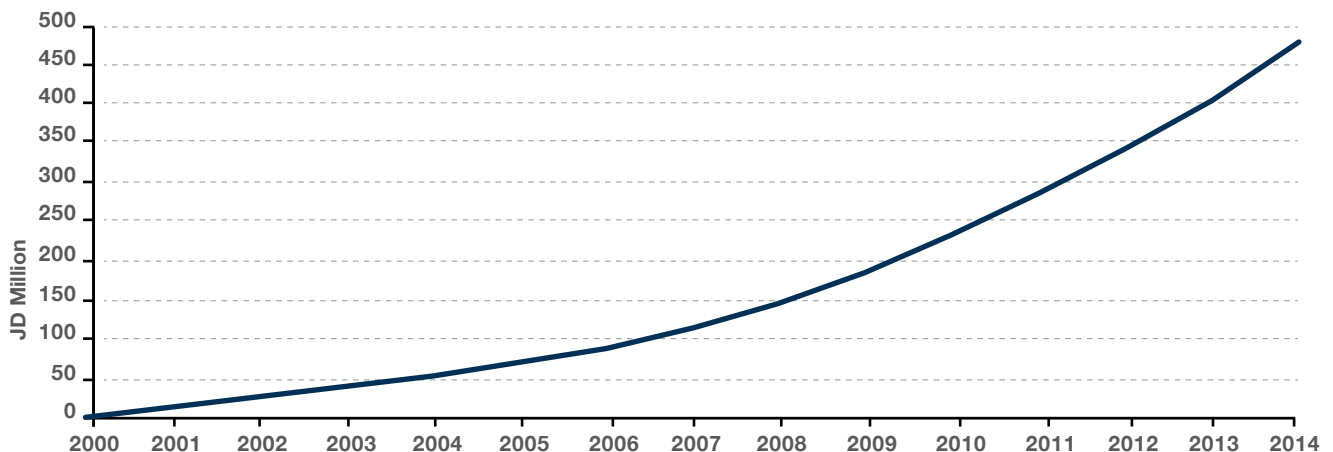
The outstanding value of JODIC's Held-to-Maturity bonds portfolio increased to reach JD 453.8 million by the end of 2014 compared with JD 384.2 million a year earlier, with an increase of JD 69.6 million and a growth rate of 18.1%.

The portfolio consists of:

- Treasury bonds with a value of JD 436.7 million; representing 96.2% of total value of the portfolio.
- Public entities bonds with a value of JD 17.1 million; representing 3.8% of total value of the portfolio.

Outstanding balance of public debt instruments portfolio amounted to JD 453.8 million representing 97.3% of the Corporation's assets by the end of 2014.

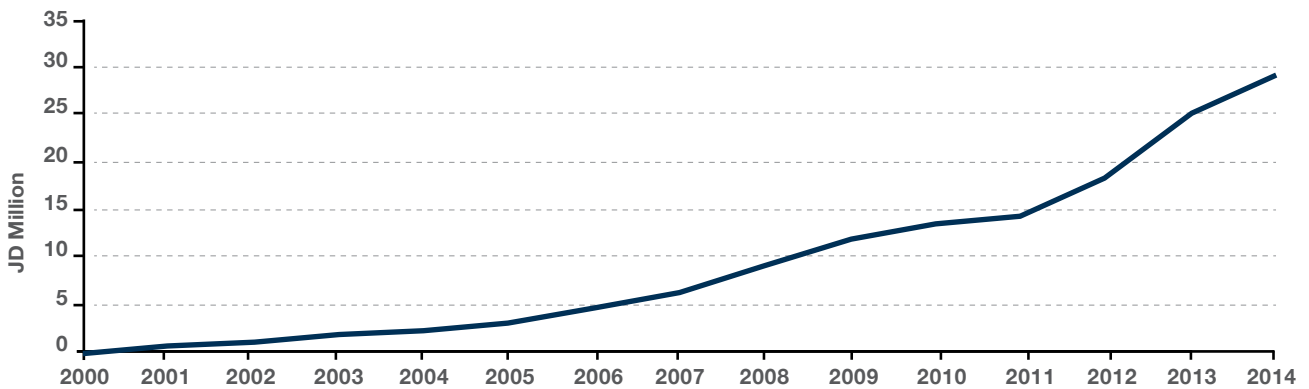
JODIC's Investments Portfolio (2000-2014)



THE CORPORATION'S CAPITAL, INVESTMENTS AND FINANCIAL PERFORMANCE

JODIC's total investments portfolio income amounted to approximately 29.5 million during the year 2014 compared with JD 25.6 million during the year 2013, with an increase of 15.2%.

JODIC's Total Investments Portfolio Income (2000-2014)

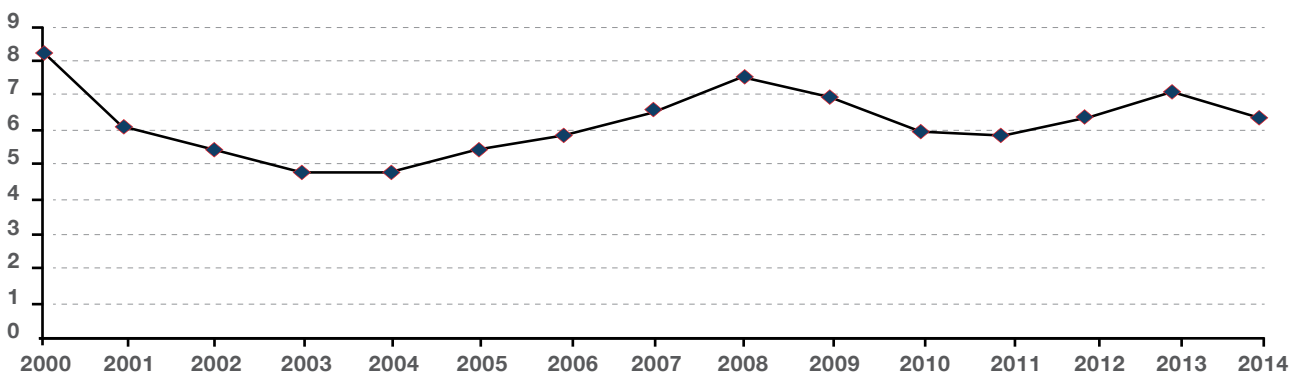


JODIC's investments income from public debt instruments amounted to approximately JD 29.5 million during the year 2014.

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

The Yield-to-Maturity (YTM) of the portfolio decreased by 0.845% to reach 6.309% by the end of 2014 compared with 7.154% a year earlier, due to the decrease in interest rates for public debt instruments, and the modified duration increased to reach 2.1310 year by the end of 2014 compared with 1.4480 year from the previous year.

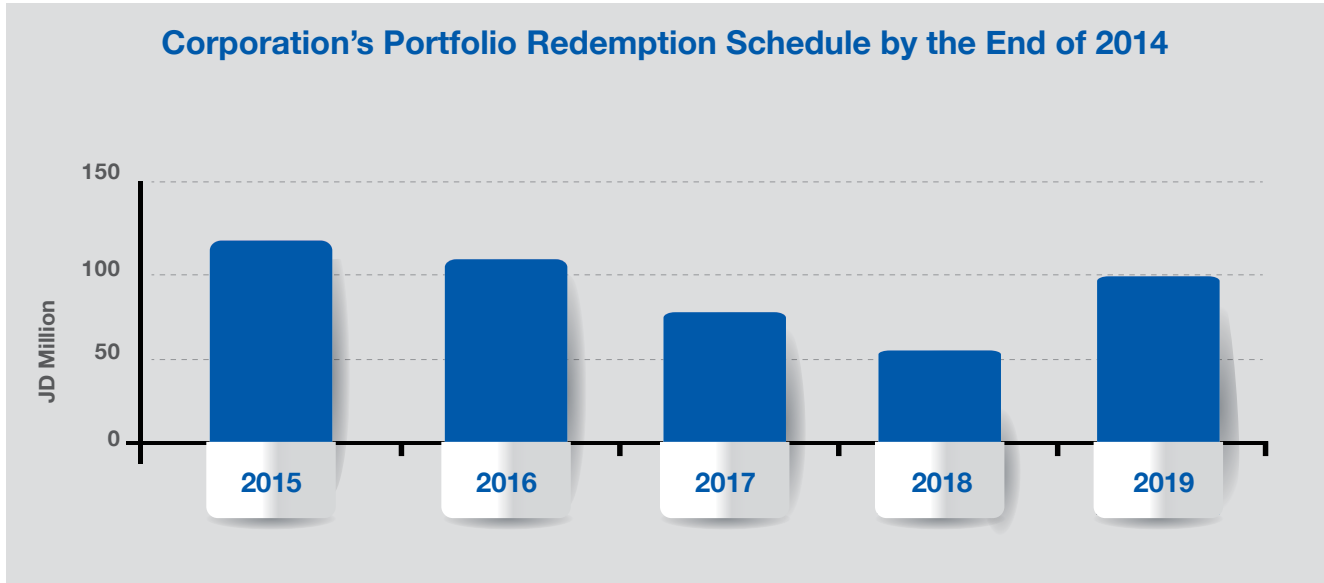
Yield-To-Maturity of the Corporation's Portfolio (2000-2014)



THE CORPORATION'S CAPITAL, INVESTMENTS AND FINANCIAL PERFORMANCE

Maturities of Financial Instruments:

By the end of 2014, the value of the redeemed bonds and bills amounted to approximately JD 158.8 million. However, short term investments that mature in 2015 in JODIC's portfolio amounted to JD 117 million by the end of 2014 compared with JD 158.8 million a year earlier.



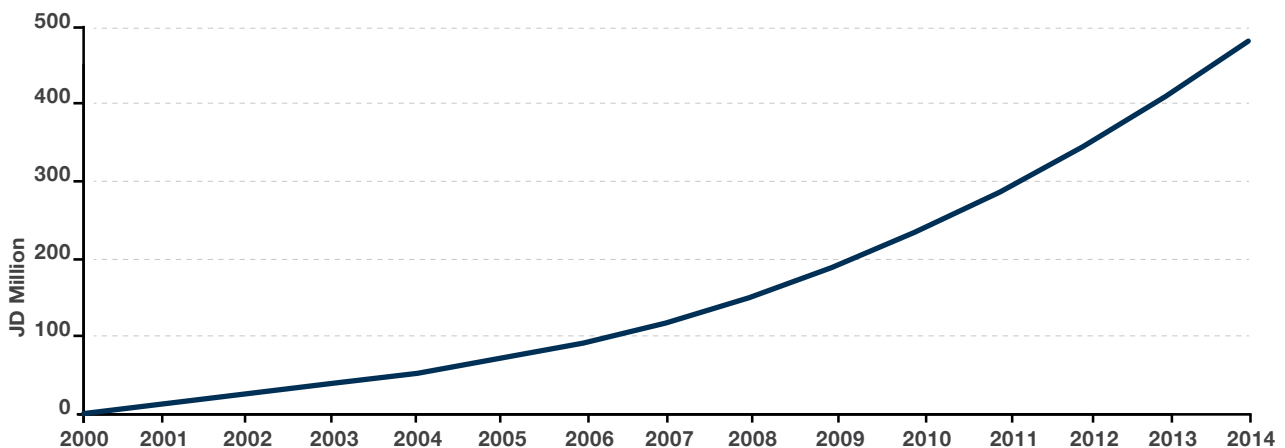
Cash Account:

JODIC's cash account not subject to investment 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 0.41 million by the end of 2014.

Total Reserves:

The premiums received from member banks and the investments' proceeds resulted in raising JODIC's total reserves from JD 393.6 million by the end of 2013 to JD 463.1 million by the end of 2014 or by 17.7%. This level of reserves formed 2.6% of total eligible deposits amounting to JD 18018.1 million by the end of 2014, and 7.1% of estimated reimbursement amount being JD 6543.9 million.

JODIC's Reserves During (2000-2014)



THE CORPORATION'S CAPITAL, INVESTMENTS AND FINANCIAL PERFORMANCE

It is worth mentioning that despite JODIC was established 14 years ago, the reserves' level has not yet reached the target ratio of 3% of total eligible deposits within the assumed time frame according to the provisions of the Law due to the following reasons:

- The exceptional hike in the growth rate of the deposits subject to the provisions of JODIC's Law during the years 2005 and 2008 which reached 23% and 28% respectively, meanwhile its average annual growth reached 10%.
- The decrease in the average rate of returns on investments during the years 2004, 2009, 2010, 2011, and this year.

In view of the above mentioned indicators, JODIC's Board of Directors in charge of reviewing annually the reserves' level has recommended since the year 2011 not to increase the annual membership fees, based on several factors the most important of which is to maintain the macroeconomic and financial stability in the Kingdom and the persisting prudent regulations and sound measures adopted by the CBJ, as well as to mitigate increasing any burdens on member banks existing due to the global financial crisis that affected negatively the profitability of the banking sector. The Board's recommendation was also backboned by the sufficiency of reserves' level, which covers estimated reimbursement amount at 9 member banks at the same time and all member banks individually except for the largest four member banks, 95% of deposits at the middle sized banks and approximately 30% of the deposits at the large sized banks.



**FINANCIAL PROGRAM -
THE CORPORATION'S STRATEGIC PLAN**

FINANCIAL PROGRAM - THE CORPORATION'S STRATEGIC PLAN

FINANCIAL PROGRAM:

With the aim of evaluating and monitoring its institutional performance, JODIC update its medium term financial program during the year 2014, as part of its strategic plan, to ultimately achieve its national and strategic objectives stipulated in protecting the vast majority of depositors, encouraging savings, as well as enhancing confidence in the banking sector.

The financial program adopts both Guiding and Performance Indicators which operate through an integrated system that sets the relationship between the inputs and the outputs. Inputs are represented in relevant variables affecting JODIC's performance and based on subjective and qualitative assumptions to project the program's financial indicators that estimate achieving JODIC's objectives within a balanced time frame, particularly those pertaining to JODIC's ability to build up a sufficient reserves level and to provide full protection for the vast majority of depositors according to its mandates.

The financial program and relevant assumptions are reviewed annually in the light of macroeconomic changes and JODIC's performance, with the purpose of projecting the future values for relevant variables such as the annual growth rate of deposits and annual fees collected from member banks, as well as the expected levels of interest rate on different debt instruments.

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

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

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

As per the Performance Indicators, they include the following key indicators:

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

This ratio reached 2.5% by the end of 2014 compared to 2.4% by the end of 2013, where as the expectation to strike the targeted level of 3% still by the end of 2017, under the assumption that long term average annual growth rate of deposits denominated in Jordanian Dinar is approximately 10%.

FINANCIAL PROGRAM - THE CORPORATION'S STRATEGIC PLAN

2- Reserves to estimated reimbursement amount:

This ratio reached 7.1% by the end of 2014 compared to 6.4% by the end of 2013, noting that estimated reimbursement amount increase from JD 6,161 million by the end of the year 2013 to JD 6,544 million by the end of the year 2014.

Moreover, this reserves' ratio is expected to increase annually which is harmonized with achieving JODIC's objectives in providing protection for the vast majority of depositors, encouraging savings, enhancing confidence in the banking system, and thus contributing in the financial stability in the Kingdom.

3- Overhead expenses to total and net investments income:

These two ratios continued to decrease and reached 3.6% and 3.5% by the end of 2014 compared to 3.9% and 3.7% respectively by the end of the year 2013, as a result of cost cutting policy adopted by JODIC as well as the registered increase in investments income.

4- Overhead expenses to cash flow from operations:

This ratio reached 3.7% by the end of 2014 compared to 4% by the end of 2013.

The desired Outcome

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

The financial program initial results indicate the possibility to achieve the targeted reserves level of 3% by 2017.

FINANCIAL PROGRAM - THE CORPORATION'S STRATEGIC PLAN

Medium Term Financial Program - Performance indicators:

Item	Actual		Expected								
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Deposits subject to the provisions of JODIC's Law (JD million)	16,434	18,333	20,167	22,184	24,402	26,842	29,526	32,479	35,727	39,299	43,229
Estimated reimbursement amount (JD million).	6,161	6,544	7,131	7,771	8,469	9,229	10,057	10,960	11,943	13,015	14,183
JODIC's reserves (JD million)	394	463	539	624	719	825	942	1,073	1,219	1,382	1,553
JODIC's reserves to deposits subject to the provisions of the Law (%).	2.4	2.5	2.7	2.8	3.0	3.1	3.2	3.3	3.4	3.5	3.6
JODIC's reserves to estimated reimbursement amount (%).	6.4	7.1	7.6	8.0	8.5	8.9	9.4	9.8	10.2	10.6	11.0
Targeted reserves to estimated reimbursement amount (%).	8.0	8.4	8.5	8.6	8.6	8.7	8.8	8.9	9.0	9.1	9.1
Estimated reimbursement amount to deposits subject to the provisions of JODIC's Law (%)	37.5	35.7	35.4	35.0	34.7	34.4	34.1	33.7	33.4	33.1	32.8
Overhead expenses to total revenues from investments (%).	3.7	3.5	3.6	3.4	3.2	3.1	2.9	2.8	2.7	2.6	2.8
Overhead expenses to net investments income (%).	3.9	3.6	3.7	3.5	3.3	3.2	3.0	2.9	2.7	2.6	2.8
Overhead expenses to cash flow from operations (%).	4.0	3.7	3.8	3.6	3.4	3.3	3.1	3.0	2.8	2.7	2.8



**PUBLIC AWARENESS & REGIONAL AND
INTERNATIONAL CONTRIBUTION**

PUBLIC AWARENESS & REGIONAL AND INTERNATIONAL CONTRIBUTION

JODIC continued its endeavors towards increasing the awareness level of the targeted audience about the deposit insurance system in the Kingdom, which aims at protecting depositors with member banks by insuring their deposits in order to encourage savings as well as enhancing confidence in the Jordanian banking system; being one of the main effective pillars in the financial safety-net.

Over the course of the year 2014, JODIC's awareness plan included various means of communication included but not limited to the direct communications in conducting lectures to students at public and private Jordanian universities such as the University of Jordan, the Hashemite University, the Yarmouk University and Al-Zaytoonah University of Jordan, in addition to conducting regular lectures at the Institute of Banking Studies addressed to the employees of the banking sector with the purpose of increasing the knowledge and awareness about the Corporation's mission, objectives, establishment, legal mandates as well as its role in enhancing the financial stability in the Kingdom, in addition to the most important developments and achievements that JODIC has realized since its establishment. Moreover, it is worth pointing out that JODIC in collaboration with the Ministry of Information and Communications Technology - Jordan E-Government Program - has sent an electronic message via e-mail multiple times to the employees at the public sector during the year 2014 which included information about the JODIC as well as the member banks.



JODIC is always keen to enhance collaboration and maintain a solid partnership with member banks; being the principal and substantial channel to the depositors. These communication means included distributing flyers about the deposit insurance system attached with the clients' bank statements. Also, JODIC has worked closely with the Central Bank of Jordan who is in turn addressed the member banks to include the clients' bank statements with the statement of: "Your deposits with the bank are insured by Deposit Insurance Corporation with prompt reimbursement up to JD 50,000". Moreover, JODIC participated in events and activities such as "the First International Conference on Islamic Banking and Finance" which was held at the University of Jordan and sponsored by the Jordan Islamic Bank.

Throughout the upcoming year 2015, JODIC looks towards enhancing its communication means with the target audience in furtherance of promoting the vital role and objectives of the deposit insurance system as well as the remarkable role of JODIC at both the national and regional levels.

PUBLIC AWARENESS & REGIONAL AND INTERNATIONAL CONTRIBUTION

REGIONAL AND INTERNATIONAL CONTRIBUTION

JODIC maintained its membership in the Executive Council of the International Association of Deposit Insurers (IADI), Chairing the Middle East and North Africa Regional Committee (MENA), in addition to its membership in the IADI Standing Committees of the Research and Guidance Committee (RGC), the Membership and Communications Committee (MCC), the Data and Survey Committee (DSC), and the IADI's Subcommittees for instance the Islamic Deposit Insurance Group (IDIG). Moreover, JODIC is a member at the Steering Committee for the Review and Update of the Core Principles for Effective Deposit Insurance System issued by the International Association of Deposit Insurers (IADI) and Basel Committee on Banking Supervision (BCBS).

The Corporation strives constantly to keep abreast of the latest developments in the field of deposit insurance through participating in various activities that were held in 2014 such as: the "13th IADI Annual General Meeting and Annual Conference" held in Trinidad and Tobago, the Steering Committee Meetings emanated from the International Association of Deposit Insurers (IADI) to discuss the final version of the Core Principles of the Deposit Insurance Systems (USA), "Deposit Insurance Funding: Key Questions, Diverse Approaches" (USA), "Bank Resolution, Crisis Management and Deposit Insurance Issues" (Switzerland), "Protecting Country's Financial System: Global Trends and Future Challenges" (Indonesia), "Bail-in and Deposit Insurance System Interaction" (Poland), and the Annual Arab Banking Conference 2014 "What Arab Economy Lies Ahead" (Lebanon).

As per the regional endeavors which aim at enhancing collaborations with deposit insurers in the MENA region, JODIC hosted at its premises the General Manager of Palestine Deposit Insurance Corporation (PDIC) and a delegation from the Deposit Insurance Fund- Central Bank of Oman to learn more about the Corporation's Law, regulations, business nature and to benefit from JODIC's enriched experience in the deposit insurance field.

EVENTS AND ACTIVITIES

JODIC will organize in collaboration with the International Association of Deposit Insurers (IADI) the regional conference for the Middle East and Africa regions entitled "Building upon the Revised IADI Core Principles: DIS Compliance Lessons" during the first quarter of 2015. The Conference will cover several working papers in the area of key issues in the revised version of the Core Principles issued by the IADI and the BCBS. The Conference will serve the purpose of sharing expertise and information in the deposit insurance industry.

Also the Middle East and North Africa Regional Committee, and the Africa Regional Committee will hold their first annual regional meetings. The meetings will cover regional interests and common issues that are reflected through sharing information, ideas and experiences in both regions.

In conjunction with the event, JODIC will sign a memorandum of understanding with the Palestine Deposit Insurance Corporation (PDIC). This step marks an important achievement that includes the exchange of experiences, capacity building and information sharing to enhance financial stability in Jordan and Palestine and to achieve effectiveness of both deposit insurance systems in line with the best international practices.



**FINANCIAL STATEMENTS & INDEPENDENT
AUDITOR'S REPORT FOR THE YEAR ENDED
31 DECEMBER 2014**

FINANCIAL STATEMENTS & INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

INDEPENDENT AUDITOR'S REPORT

To The Board Of Directors Of Deposit Insurance Corporation

Report on the financial statements

We have audited the financial statements of Deposit Insurance Corporation (Legal Corporation with financial and administrative independence) which comprise the statement of financial position as at 31 December 2014 and the statements of revenues and expenses, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the corporation as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

PricewaterhouseCoopers "Jordan" L.L.C.

Osama Marouf
License No. (718)

Amman, Jordan
19 April 2015

FINANCIAL STATEMENTS & INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Statement Of Financial Position At 31 December 2014

	Note	2014	2013
		JD	JD
Assets			
Cash at Central Bank of Jordan		413,211	425,411
Accrued interest on bonds		7,280,974	7,286,282
Investment in held to maturity bonds	4	453,800,000	384,195,100
Employees' housing loans		921,858	849,722
Other debit balances		5,803	5,830
Property and equipment, net	5	4,010,126	4,149,672
Total Assets		466,431,972	396,912,017
Liabilities And Equity			
Liabilities			
Other credit balances		32,425	29,134
Equity			
Capital	6	3,300,000	3,300,000
Reserves	7	463,099,547	393,582,883
Total Equity		466,399,547	396,882,883
Total Liabilities And Equity		466,431,972	396,912,017

Statement Of Revenues And Expenses For The Year Ended 31 December 2014

	Note	2014	2013
		JD	JD
Revenues			
Membership fees	8	41,085,979	34,772,821
Interest on held to maturity bonds		29,451,460	25,550,935
Employees' housing loans revenues		10,555	14,641
Interest on employees' loans		3,799	3,898
Total Income		70,551,793	60,342,295
Less: administrative expenses	9	1,035,129	951,750
Net revenues		69,516,664	59,390,545

The notes from 1 to 11 are an integral part of these financial statements

FINANCIAL STATEMENTS & INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Statement Of Changes In Equity For The Year Ended 31 December 2014

	Capital	Reserves	Total
	JD	JD	JD
2014			
Balance at 1 January 2014	3,300,000	393,582,883	396,882,883
Net revenues	-	69,516,664	69,516,664
Balance at 31 December 2014	3,300,000	463,099,547	466,399,547
2013			
Balance at 1 January 2013	3,300,000	334,192,338	337,492,338
Net revenues	-	59,390,545	59,390,545
Balance at 31 December 2013	3,300,000	393,582,883	396,882,883

Statement of Cash Flows for the Year Ended 31 December 2014

	2014	2013
	JD	JD
Operating Activities		
Net revenues	69,516,664	59,390,545
Adjustments for:		
Depreciation	140,831	140,612
Interest on held to maturity bonds	(29,451,460)	(25,550,935)
Changes in operating assets and liabilities:		
Other debit balances	27	(17)
Accrued expenses and other credit balances	3,291	2,136
Net cash from operating activities	40,209,353	33,982,341
Investing Activities		
Maturity of held to maturity bonds	158,795,100	111,435,290
Purchases investment in financial assets held to maturity	(228,400,000)	(170,395,100)
Employees' housing loans	(72,136)	(34,542)
Interest received	29,456,768	24,892,064
Purchases of property and equipment	(1,285)	(2,228)
Net cash used in investing activities	(40,221,553)	(34,104,516)
Net decrease in cash and cash equivalents	(12,200)	(122,175)
Cash and cash equivalents at 1 January	425,411	547,586
Cash and cash equivalents at 31 December	413,211	425,411

The notes from 1 to 11 are an integral part of these financial statements

FINANCIAL STATEMENTS & INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2014

(1) General

The Corporation was established by virtue of law number 33 for the year 2000 on 17 September 2000 (the Corporation Law).

The major purpose of the Corporation is to protect depositors with banks by insuring their deposits accordance with the provisions of the Corporation Law in order to encourage savings and strengthen confidence in the Kingdom's banking system. Consequently, the Corporation would promptly reimburse depositors of member banks within certain limits, if any member bank is liquidated, by reimbursing all depositors up to JD 50,000 while encouraging large depositors to monitor banks with which they hold their deposits alongside the continuous supervision by the Central Bank of Jordan.

All deposits in Jordanian Dinars held with member banks are fully insured if the amount deposited is JD 50,000 or less, and up to JD 50,000 if the deposit exceeds JD 50,000, except for branches of Jordanian banks operating outside the Kingdom and Islamic banks licensed to operate in the Kingdom unless any one of the Islamic banks decides to join the Corporation.

The Corporation is the sole liquidator and legal representative of any bank under liquidation.

(2) Summary Of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below, These policies have been consistently applied to all the years presented, unless otherwise stated,

2.1 Basis of preparation

- The financial statements of Deposit Insurance Corporation, have been prepared in accordance with International Financial Reporting Standards (IFRS).
- The financial statements have been prepared under the historical cost convention.
- The financial statements are presented in Jordanian Dinars.

2.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the corporation:

The following standards have been adopted by the corporation the first time for the financial year beginning on or after 1 January 2014, which had material impact on the financial statements of the corporation:

Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the corporation financial statements.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the corporation.

FINANCIAL STATEMENTS & INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2014

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the corporation, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The group is yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The corporation did not assess the impact of IFRS 15.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the corporation.

2.3 Cash and Cash equivalents

Cash and cash equivalents comprise current account at Central Bank of Jordan.

2.4 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

FINANCIAL STATEMENTS & INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2014

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to revenues and expenses during the period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives based on depreciation rate as follows:

	Depreciation Rate %
Building	3
Vehicles	15
Computer and Telecommunication	10 – 25
Furnitures and Decorations	10 – 15

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains – net' in the statement of revenues and expenses.

2.5 Revenue recognition

Revenue from membership fees, interest on financial assets held to maturity and interest on housing loans granted to employees are recognised when accrued.

2.6 Financial assets held to maturity

Held-to-maturity financial investments are those which carry fixed or determinable payments and have fixed maturities and which the corporation has the positive intention and ability to hold to maturity.

When investments are classified as held to maturity they are initially recognised at cost, being the fair value of consideration given including directly attributable transaction costs. After initial measurement, held-to-maturity financial investments are subsequently measured at amortised cost using the effective interest method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest method.

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NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2014

(3) Financial Risk Management

3.1 Financial risk factors

The corporation activities expose it to a variety of financial risks: market risk (comprising: currency risk and Cash flow and fair value interest rate risk), liquidity risk and credit risk. The corporation overall risk management programme focuses on minimising potential adverse effects on the Corporation's financial performance.

a. Market risk

- *Foreign Currency Risk*

All corporation transactions are in Jordanian Dinar. Accordingly it is not exposed to foreign exchange risk

- *Cash flow and fair value interest rate risk*

The corporation has interest bearing bonds and bills. All bonds and bills carry fixed interest rate risk.

b. Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The corporation is not exposed to liquidity risk.

c. Credit risk

Credit risk in the corporation arises from the employees' loans and other debit balances. Cash is maintained in the Central Bank of Jordan and financial assets held to maturity are issued or guaranteed by the Jordanian government. Accordingly the corporation is not exposed to credit risk.

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NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2014

3.2 Financial instruments by category

	2014	2013
	JD	JD
Assets as per statement of financial position		
Financial assets held to maturity	453,800,000	384,195,100
Loans and receivables and cash		
Employees' housing loans	921,858	849,722
Accrued interest on bonds	7,280,974	7,286,282
Cash at Central Bank of Jordan	413,211	425,411
	462,416,043	392,756,515
Liabilities as per statement of financial position		
Financial liabilities at amortized cost		
Other credit balances	32,425	29,134

(4) Investment in held to maturity bonds

Financial assets held to maturity consist of the following:

	Maturity					Total	
	2015	2016	2017	2018	2019	2014	2013
	JD	JD	JD	JD	JD	JD	JD
Treasury bonds	111,000,000	100,200,000	73,800,000	53,100,000	98,600,000	436,700,000	353,800,000
Treasury bills	-	-	-	-	-	-	1,895,100
Public institutions Bonds	6,000,000	6,000,000	3,000,000	2,100,000	-	17,100,000	28,500,000
	117,000,000	106,200,000	76,800,000	55,200,000	98,600,000	453,800,000	384,195,100

- Interest rates on bonds are fixed and range between 3.772% to 8.6% (2013: 4.346% to 8.6%).
- None of these financial assets either past due nor impaired.

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NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2014

(5) Property And Equipment

2014	Land	Building	Vehicles	Computers & Tele-communication equipment	Furniture & decoration	Total
	JD	JD	JD	JD	JD	JD
Cost						
At 1 January 2014	1,157,050	3,689,559	57,657	112,989	183,482	5,200,737
Additions	-	-	-	768	517	1,285
At 31 December 2014	1,157,050	3,689,559	57,657	113,757	183,999	5,202,022
Accumulated depreciation						
At 1 January 2014	-	764,377	50,680	97,447	138,561	1,051,065
Depreciation	-	110,687	6,000	6,490	17,654	140,831
At 31 December 2014	-	875,064	56,680	103,937	156,215	1,191,896
Net book value						
At 31 December 2014	1,157,050	2,814,495	977	9,820	27,784	4,010,126

2013	Land	Building	Vehicles	Computers & Tele-communication equipment	Furniture & decoration	Total
	JD	JD	JD	JD	JD	JD
Cost						
At 1 January 2013	1,157,050	3,687,965	57,657	112,459	183,378	5,198,509
Additions	-	1,594	-	530	104	2,228
At 31 December 2013	1,157,050	3,689,559	57,657	112,989	183,482	5,200,737
Accumulated depreciation						
At 1 January 2013	-	653,718	44,680	91,252	120,803	910,453
Depreciation	-	110,659	6,000	6,195	17,758	140,612
At 31 December 2013	-	764,377	50,680	97,447	138,561	1,051,065
Net book value						
At 31 December 2013	1,157,050	2,925,182	6,977	15,542	44,921	4,149,672

FINANCIAL STATEMENTS & INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2014

(6) Capital

This item consists of the following:

- a. JD 1 million paid by the Government of Jordan.
- b. A non-refundable initiation fee of JD 100,000 paid by each member bank. Total initiation fees amounted to JD 2,300,000 as of 31 December 2014 and 2013.

(7) Reserves

According to articles (18) and (19) of the Corporation's law, the corporation must form reserves for itself amounting to 3% of total deposits that are subject to the provision of this law. If the corporation reserves do not reach the limit established by its laws within 10 years of the law's effective date, or if a bank liquidation is decided, the corporation Board of Directors may increase the banks' annual membership fee to not more than double of the annual membership fee. However, if the corporation reserves exceed the established limit, the corporation Board of Directors may decrease the annual membership fee or exempt banks from paying the fee for one year or more as the circumstance require.

The corporation reserves consist of the annual membership fees paid by banks, the return on the investments and any other returns, net of the corporation expenses.

(8) Membership Fees

This item represents the amount of the bank annual membership fee paid to the corporation at the rate of 0.25% of the total deposits that are subject to the provisions of the law as of 31 December 2013.

The following are excluded from the deposits subject to the provisions of the law:

- a. Government deposits.
- b. Inter bank deposits.
- c. Cash collaterals within the limits of the value of the extended facilities guaranteed by the said collaterals.
- d. Credit balances of overdraft facilities.

Total deposits subject to the provisions of the law amounted to JD 16,434,316,011 as of 31 December 2013(2012: JD13,908,967,353).

FINANCIAL STATEMENTS & INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2014

(9) General And Administrative Expense

	2014	2013
	JD	JD
Salaries and wages	415,869	396,568
Contribution to social security	43,962	43,178
End of service indemnity	128,685	78,790
Contribution to saving fund	33,270	31,713
Training and conferences	18,611	20,032
Depreciation	140,831	140,612
Medical	51,186	45,626
Media campaigns	20,491	16,125
Electricity and water	56,855	53,086
Security	16,961	14,934
Travel and transportation	5,980	11,323
Board of Directors remuneration	18,619	18,419
Cleaning	12,597	11,479
Subscriptions	15,441	15,443
Stationery	3,547	1,568
Maintenance	9,712	8,870
Postage, telephone, and internet	3,778	4,377
Insurance	7,003	6,697
Professional fees	8,583	9,000
Fuel	8,562	9,756
Overtime	3,430	3,186
Buildings fees	2,381	2,314
Hospitality	3,173	3,056
Social committee	3,600	2,932
Consumables	278	404
Vacations payment	0	505
Miscellaneous	1,724	1,757
	1,035,129	951,750

FINANCIAL STATEMENTS & INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2014

(10) Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Government of the Hashemite Kingdom of Jordan and public institutions in Jordan are related parties to the Corporation.

Deposit Insurance Corporation had transactions with Central Bank of Jordan within the ordinary course of business.

The following transactions were entered into with related parties:

	2014	2013
	JD	JD
Interest on bonds held to maturity	29,451,460	25,550,935
Maturity of bonds held to maturity	158,795,100	111,435,290
Purchases of investments in bond held to maturity	(228,400,000)	(170,395,100)
Year-end balances were as follows		
Cash at Central Bank	413,211	425,411
Accrued interest income on bonds	7,280,974	7,286,282
Investments in held to maturity bonds	453,800,000	384,195,100
	461,494,185	391,906,793

The corporation has compensation of key management as at 31 December 2014 amounting to JD 174,285 (2013: JD163,605).

(11) Contractual Commitment

The contractual commitment balance for purchasing held to maturity investments during 2015 amounted to JD 9,100,000 as at 31 December 2014(2013: 33,000,000).

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