ANNUAL REPORT

2020

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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Dr. Ziad Fariz

Ladies and Gentlemen,

I am pleased to present, on behalf of the Board of Directors, the Jordan Deposit Insurance Corporation’s fifteenth annual report, which covers financial performance, JODIC’s achievements and successes for the year 2020, also, the report highlights JODIC’s prospects.

For the third decade, JODIC continued to fulfill its mission, achieving its vision, committed to its core values professionally. The Corporation keeps pace with its core business achieving its main objectives successfully, protecting depositors with banks, encouraging savings, enhancing confidence in the banking system, and contributing to maintaining banking and financial stability in the Kingdom.

In 2020, the global economy experienced an unprecedented and worst recession since the Great Depression. The Covid-19 pandemic crisis severely impacted the global economy, which was followed by lockdown and stringent preventive measures that shocked the demand and supply sides, resulting in a decline in spending on investment and consumption. Also, the international economic relations were heavily impacted by the effects of the COVID-19 spread, as the volume of international trade, capital mobility, and foreign direct investment declined. The world made an effort to adapt to the pandemic consequences through redistributing public expenditures, maintaining the quality of public services, providing health care services, and protecting the public’s wealth, in conjunction with controlling the production and consumption processes to fostering the economic resilience and curb the negativities of the pandemic at the social and health care levels.

Jordan’s economy is severely burdened by the repercussions of the pandemic. The Central Bank of Jordan made an exerted effort to counter the challenges by following up any developments related to the COVID-19, in addition to rapid and proactive responses, the CBJ adopted a bundle of precautionary measures aiming at containing the negative repercussions of COVID-19 on the performance of the local economy and the social system.

Total cost of the Central Bank's measures was around JD 2.5 billion or 8.0% of the GDP, represented by additional liquidity to the banks in the amount of JD 550 million by Lowering the required reserve ratio on deposits with banks from (7%) to (5%). Also, the CBJ conducted repurchase agreements with banks in the amount of JD 850 million for maturities reaching a year. In addition, the CBJ reducing the financing cost of the CBJ’s development program to finance and support the economic sectors, and Supporting SMEs in the amount of JD 500 million aiming at sustaining their businesses. It also allowed banks to defer installments for clients of economic sectors, both individuals and companies, affected by the impacts of the pandemic without affecting the credit rating of the clients. Despite all that challenges, the Central Bank succeeded in maintaining a sound banking system with a high level of solvency and profitability, and capable of providing financing to the local economy.

In terms of institutional performance, the Corporation continued to build its reserves and maintain its capacity and readiness to face any potential risks. The JODIC’s reserves amounted to JD 928.9 million, covering (11.52%) of the insurance policy at the year-end 2020. The Corporation has continued to protect the vast majority of depositors at commercial banks under the deposit insurance umbrella, exceeding 2 million depositors (97.1%) of them are fully insured with the coverage limit of JD 50,000.

Regarding the Deposit Insurance Fund for Islamic Banks, the reserve level amounted to JD 25.8 million, covering 0.36% of eligible deposits which amounted to JD 7072,7 million belong to 1.3 million depositors (98.3%) of them are fully insured.

In conclusion, I would like to extend my sincere gratitude and appreciation to all employees at the Corporation for their exerted efforts and dedication to achieving JODIC's goals. I hope further sustained efforts to pursue the development of the Corporation, through adopting its vision, to continue as an ideal model in the field of deposit insurance system at the regional and international levels. In addition, I hope the further commitment to the JODIC’s core values aiming at providing depositors protection, encouraging savings, and contribute to maintaining banking and financial stability in the Kingdom to support our local economy under the auspices and wisdom of His Majesty King Abdullah II Ibn Al Hussein, may God protect him.

FOREWORD

Mu’taz I. Barbour

Ladies and Gentlemen,

It gives me great pleasure to once again communicate with you through the JODIC’s annual report for the year 2020, which summarizes its achievements, discloses the financial statements, and highlights JODIC’s prospects and aspirations for an upcoming year free of pandemic filled with successes to pursue the process of development.

Despite the pandemic and its negative impacts on economic growth globally during the year 2020, JODIC continued building up its financial preparedness, which can be recognized through JODIC’s reserve adequacy. This ratio remains in excess of the level stipulated in the Law, reflecting a sufficient level of reserves which enabled JODIC to reduce the annual membership fees rate, for the third year in a row, 2019, 2020, and 2021 from 2.5 per thousand to 1.75 per thousand.

As for JODIC's financial performance during the year 2020, the levying premium fees from member banks amounted to about JD 35.0 million during the year 2020, meanwhile the levying premium fees, from Islamic banks amounted to about JD 16.0 million. The net income generated from the returns on JODIC's investment portfolio amounted to JD 45.3 million. JODIC's reserves level increased to reach JD 928.9 million at the end of 2020 registering a growth rate of 9.3% compared to a year earlier.

This reserve level reflects a comfortable level that aligns with the best international levels. The efficient and prudent investment policy adopted by JODIC maintained the book value of the JODIC portfolio to register JD 915.3 million at the end of 2020 compared to JD 834.8 million a year earlier, with an average return of (5.11%) and a growth rate of (9.6%).

In terms of the main indicators of deposits and depositors with JODIC’s member banks, JODIC provides full protection to 97.1% of eligible depositors whose deposits represent 25.3% of total eligible deposits, within the coverage limit of JD 50,000 per depositor per member bank, which is approximately five times the average eligible deposit size.

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

On the regional and international levels, JODIC was keen to participate in attending the meetings of the International Association of Deposit Insurers (IADI) that were held through the audiovisual application (WEBEX), including the 19th Annual General Meeting, the meetings of the Executive Council, the Board Committees and the Regional Committee for the Middle East and North Africa (MENA), and the Strategic Plan Working Group (SPWG) meetings, where JODIC was elected to the membership of the SPWG-Fee Subgroup Committee.

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

BOARD OF DIRECTORS

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

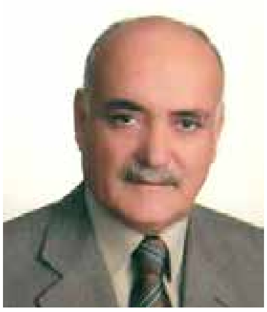
Deputy Chairman of the Board of Directors
H.E. Dr. Adel Ahmad Al-Sharkas
Deputy Governor of the Central Bank of Jordan

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

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

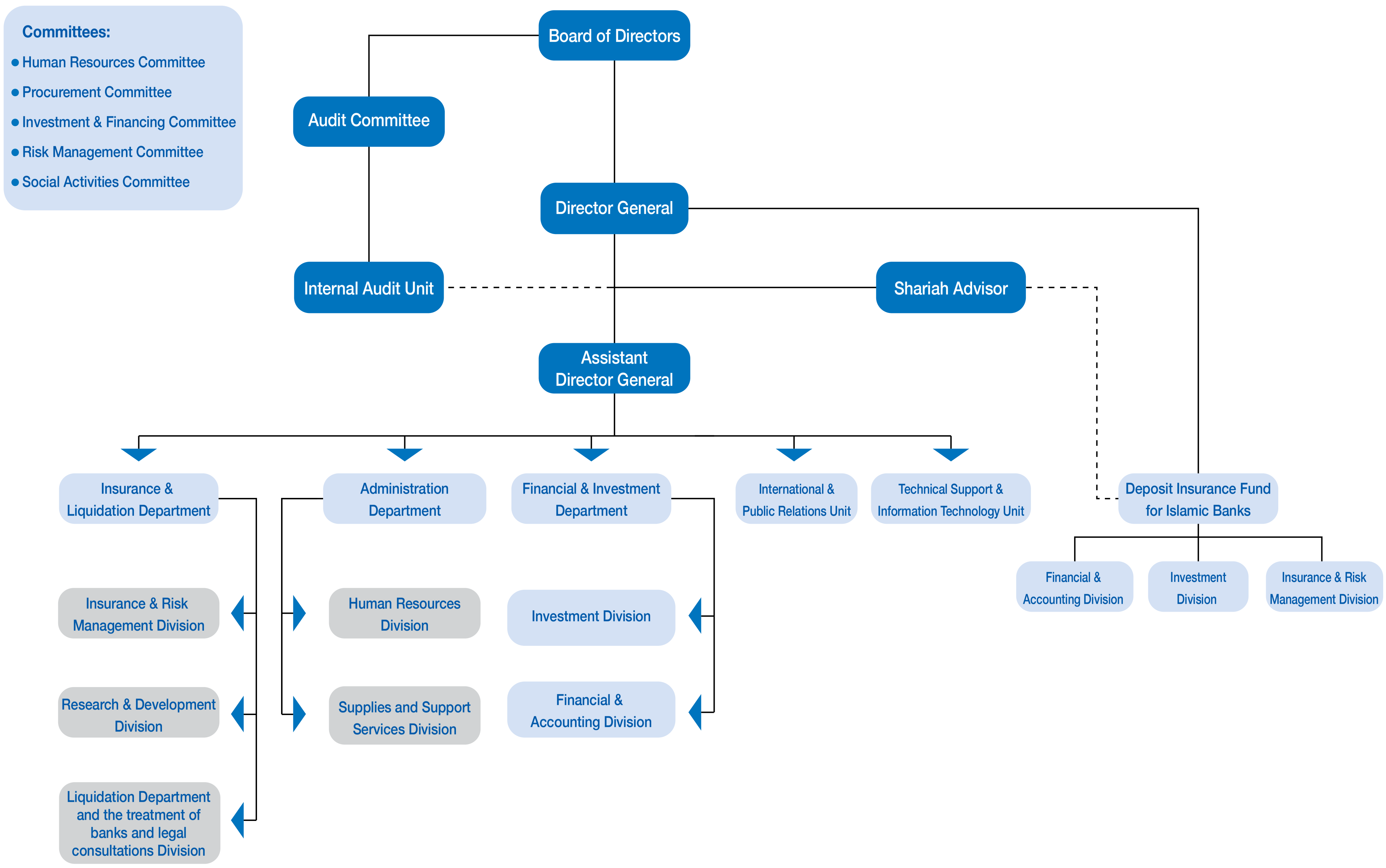
H.E. Mr. Mu'taz Ibrahim Barbour
Director General of Jordan Deposit
Insurance Corporation (JODIC)

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



H.E. Dr. Jamal Moh'd Salah
Board Member of Islamic
Microfinance Company

ORGANIZATIONAL STRUCTURE



BANKS OPERATING IN THE KINGDOM AS END OF 2020

Member Banks at the Deposit Insurance Corporation	Year of Establishment	Number of Branches Inside the Kingdom	Total Assets (JD Million)	Eligible Deposits (JD Million)
Jordanian Banks				
Arab Bank PLC	1930	81	11693.8	4650.7
The Housing Bank for Trade & Finance	1974	118	7557.5	3287.1
Jordan Kuwait Bank	1977	64	2796.6	1343.3
Jordan Ahli Bank	1956	51	2601.3	1279.6
Bank of Jordan	1960	85	2446.3	1090.4
Cairo Amman Bank	1960	95	2527.8	1196.4
Bank al Etihad	1991	53	3601.4	1746.1
Capital Bank of Jordan	1996	13	2540.1	1086.1
Jordan Commercial Bank	1978	32	1439.7	736.9
Arab Banking Corporation - Jordan	1989	26	1229.2	485.6
Invest Bank	1989	12	1094.9	592.2
Arab Jordan Investment Bank	1978	36	2178.1	747.3
Societe Generale de Banque - Jordanie	1993	19	1637.1	836.2
Branches of Foreign Banks Operating in the Kingdom				
Bank Audi S.A.L	2004	14	553.3	256.3
BLOM Bank S.A.L	2004	17	615.1	307.1
Egyptian Arab Land Bank	1951	16	586.1	317.0
Standard Chartered Bank	1969	3	449.8	147.0
Citibank N.A	1974	2	291.2	123.1
National Bank of Kuwait	2004	1	195.5	37.2
Rafidain Bank	1957	2	187.3	0.8

BANKS OPERATING IN THE KINGDOM AS END OF 2020

Member Banks at the Deposit Insurance Fund for Islamic Banks	Year of Establishment	Number of Branches Inside the Kingdom	Total Assets (JD Million)	Eligible Deposits (JD Million)
Jordanian Banks				
Jordan Islamic Bank	1979	108	4948.5	3618.7
Islamic International Arab Bank PLC	1997	45	2644.0	1878.5
Safwa Islamic Bank	2010	38	1943.8	1235.0
Branches of Foreign Islamic Banks Operating in the Kingdom				
Al Rajhi Bank	2011	10	652.7	340.5

GLOSSARY

GLOSSARY

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

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

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

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

- **Member Banks at Jordan Deposit Insurance Corporation**
  All Jordanian commercial banks and locally incorporated foreign commercial banks, except for branches of Jordanian commercial banks operating outside the Kingdom.

- **Member Banks at Deposit Insurance Fund for Islamic Banks**
  All Jordanian Islamic banks and locally incorporated foreign Islamic banks, except for branches of Jordanian Islamic banks operating outside the Kingdom.

- **Fully Insured Deposits:**
  Eligible deposits that do not exceed the maximum coverage limit of JD 50,000 (fifty thousand).

- **Partially Insured Deposits:**
  Eligible deposits that exceed the coverage limit of JD 50,000 (fifty thousand).

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

- **Liquidation**

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

- **Payout**

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

- **Banks' Resolution:**

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

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

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

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

  IADI is a forum for deposit insurers from around the world constituted under Swiss Law in May 2002 and domiciled at the Bank for International Settlements (BIS) in Basel, Switzerland. IADI's objectives are to enhance the effectiveness of deposit insurance systems by promoting guidance and international cooperation, as well as exchanging expertise in the deposit insurance field; it provides training and educational programs and produces research and guidance on matters related to deposit insurance. Currently, IADI has (85) Member organizations, (8) Associates, and (16) Partners.

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 banking system, and contribute to maintaining banking and financial stability in the Kingdom.

OUR VALUES:

Loyalty	: Sense of responsibility and honesty towards the Corporation, staff and stakeholders.
Integrity	: Adherence to the highest ethical and professional standards.
Excellence	: Striving to apply the best international practices, skills,knowledge and expertise to carry out our responsibilities efficiently and effectively.
Team Spirit	: Consolidating relations among the staff and maintaining effective communication lines with related parties.
Continuous Education and Training	: Improving our professional skills and capabilities to keep up with the best international practices.

OUR OBJECTIVES:

- To provide full protection for the vast majority of depositors in the banking system.
- 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 to the resolution of banks that face problems with core effect on its financial position
- 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, and contribute to maintaining banking and financial stability in the Kingdom.

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

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

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

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

MANDATES AND POWERS

DEPOSIT INSURANCE:

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

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

LIQUIDATION:

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

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

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

RESERVES' MANAGEMENT:

Given the mandatory requirements that shall be met by JODIC in an efficient and effective manner to provide protection to depositors with member banks, JODIC must act to form reserves consisting of the membership fees (annual premiums) that are collected from member banks and the investments' income, in addition to any other surplus net of all expenses. It's worth mentioning that the Corporation adopted an integrated financial plan that had been approved by the Board of Directors, aiming at reaching the target reserve ratio within a reasonable timeframe. In accordance with the article (19/b) of JODIC's Law, and as the Corporation's reserves level exceeded the target reserve ratio stipulated in the Law, the Board of Directors issued resolution no. (7/2020) on Nov.27, 2020, for the following third year, which states to reduce the annual membership fee from (2.5) per thousand to (1.75) per thousand for the member banks in the Corporation.

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

- BANKS' RESOLUTION:

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

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

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

- MONITORING OPERATING BANKS IN THE KINGDOM:

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

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

MAIN FEATURES OF THE DEPOSIT INSURANCE SYSTEM IN JORDAN:

- MEMBERSHIP:

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

20 banks are subject to the provisions of JODIC's Law at the year-end 2020, 13 of which are Jordanian banks.

- COVERAGE LIMIT:

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

- SCOPE OF COVERAGE:

Insured Deposits:

The Corporation insures all types of deposits at member banks in the Corporation denominated in **Jordanian Dinar** for individuals, corporate, residents and non-residents, including but not limited to:
- Current and demand deposits.
- Saving deposits.
- Term and subject to notice deposits.
- Certificates of deposits issued by member banks.

Uninsured Deposits:

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

Insured Currency:

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

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

- ANNUAL PREMIUMS (MEMBERSHIP FEES):

The member bank in the Corporation shall pay an annual membership fee to the Corporation at the rate of 1.75 per thousand of eligible deposits. It's worth mentioning that the annual membership fee may be amended, and the rules for calculating same may be changed by a decision of the council of ministers based on the Board of Directors' recommendation after the banks have been rated according to the rating system applied by the Central Bank of Jordan.

JODIC's MAIN ACHIEVEMENTS AND ITS FUTURE PROSPECTS:

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

The development of deposits and depositors in 2020 showed that JODIC providing full protection to 97.1% of total eligible depositors at the member banks, while JODIC's reserves level registered JD 928.9 million, which covering 4.58% of eligible deposits, then the Board of Directors decided for the following third year to reduce annual premium fee for member banks in the Corporation from 2.5 per thousand to 1.75 per thousand of eligible deposits.

CORPORATE GOVERNANCE:

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

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

The JODIC's key elements of Corporate Governance

First: The Institutional and 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.

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 manages Banks' resolution, in addition to carries out the liquidator's functions for any bank that the Central Bank of Jordan decides to liquidate according to the provisions of JODIC's Law and to other relevant regulations and decisions. Its responsibilities as a liquidator include the design and development of policies relevant to the liquidation process so that functions be performed efficiently and effectively, the responsibilities also include developing and managing depositors' reimbursement procedures according to the provisions of JODIC's Law and to other relevant regulations and decisions.

2. Administration Department:

The department's responsibilities include managing the Corporation's demand for human resources, as well as supplying the Corporation with the needed equipment and managing maintenance's work. The department is also managing and supplying the necessary support services for the Corporation.

3. Financing and Investment Department:

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

4. International and Public Relations Unit:

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

5. Internal Audit Unit:

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

6. Technical Support and Information Technology Unit:

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

Internal committees:

Additionally, official internal committees are formed either on a temporary or permanent basis; to review and administer the Corporation's functions and thereby make necessary recommendations. Among these committees the Risk Management Committee which is the most important Committee, that carries out the responsibilities of identifying risks, their 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.

Deposit Insurance Fund for Islamic Banks

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

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

The Government has contributed to the Fund's capital with an amount of one hundred fifty thousand dinars. Also, the Fund is mainly funded through annual membership fees collected from Islamic member banks as well as the returns of its investments. Moreover; the Fund may borrow in the form of good loans (Qard Hasan) from the Corporation or from any other party that enables it to pay its obligations owed thereby according to the provisions of Law.

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

Main Features Of The Deposit Insurance Fund For Islamic Bank:

MEMBERSHIP:

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

4 Islamic banks are subject to the provisions of JODIC's Law at the year-end 2020, 3 of which are Jordanian Islamic banks.

COVERAGE LIMIT:

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

SCOPE OF COVERAGE:

Insured Deposits:

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

Uninsured Deposits:

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

Insured Currency:

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

ANNUAL PREMIUMS (MEMBERSHIP FEES):

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

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

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

FUND'S INVESTMENT:

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

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

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

DEVELOPMENT OF DEPOSITS IN THE JORDANIAN BANKING SYSTEM

DEVELOPMENT OF DEPOSITS IN THE JORDANIAN BANKING SYSTEM

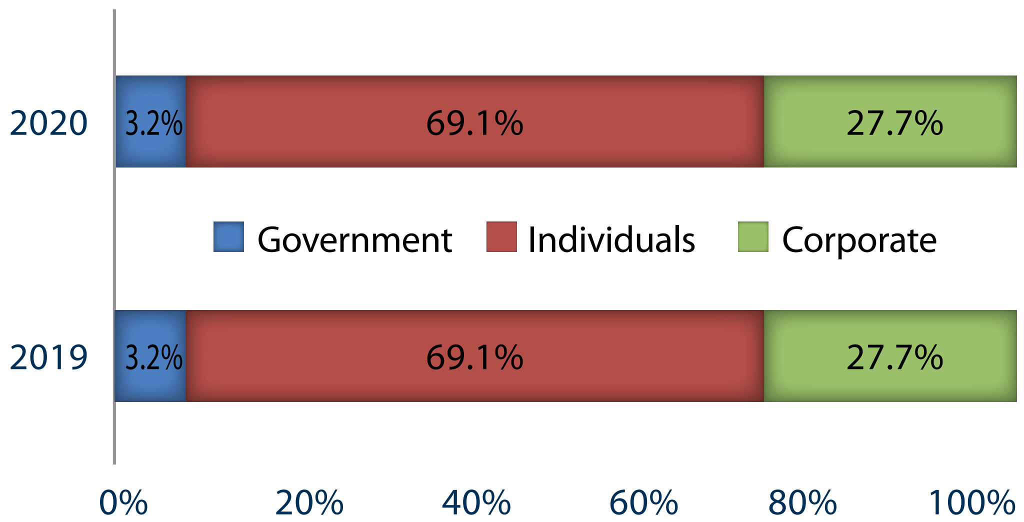
Total deposits denominated in Jordanian Dinar and Foreign Currencies in the Jordanian banking system reached JD 36789.2 million at the year-end 2020, compared to JD 35332.9 million a year earlier, increased by JD 1456.3 million (4.1%). It's worth mentioning that the compound annual growth rate of deposits for the last ten years is 5.0%.

DEPOSITS DENOMINATED IN JORDANIAN DINAR:

Total deposits denominated in Jordanian Dinar in the banking system reached JD 28233.9 million at the year-end 2020 compared to JD 27135.0 million a year earlier, increased by JD 1098.9 million (4.0%). The distribution of these deposits in the banking system shows that individuals' deposits amounted to JD 19516.9 million representing 69.1% of total deposits denominated in Jordanian Dinar in the banking system, corporate deposits amounted to JD 7822.2 million representing 27.7%, and Government deposits amounted to JD 894.8 million representing 3.2%.

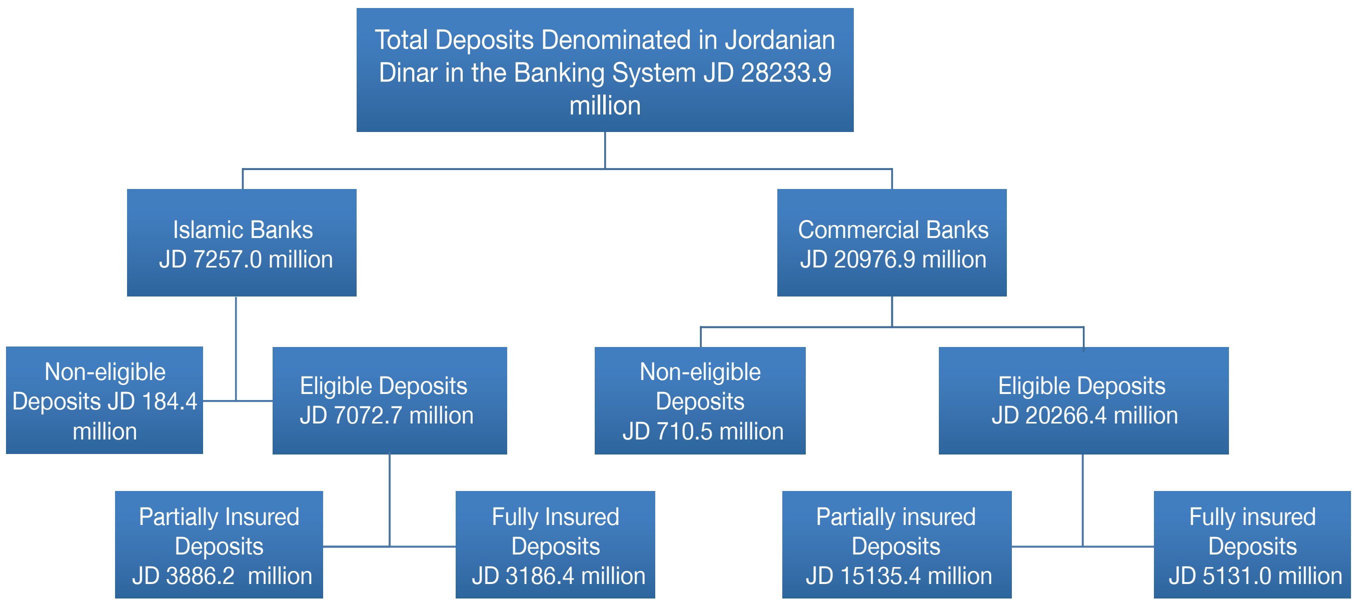
Total Deposits Denominated in Jordanian Dinar in the Banking System						
Year	Individuals		Corporate		Government	
	Deposits Amount (JD Million)	Average Deposit (JD)	Deposits Amount (JD Million)	Average Deposit (JD)	Deposits Amount (JD Million)	Average Deposit (JD)
2019	18753.4	5900.0	7526.9	71411.0	854.6	190382.0
2020	19516.9	5913.0	7822.2	74878.0	894.8	229389.0
Growth Rate	4.1%	0.2%	3.9%	4.8%	4.7%	20.5%

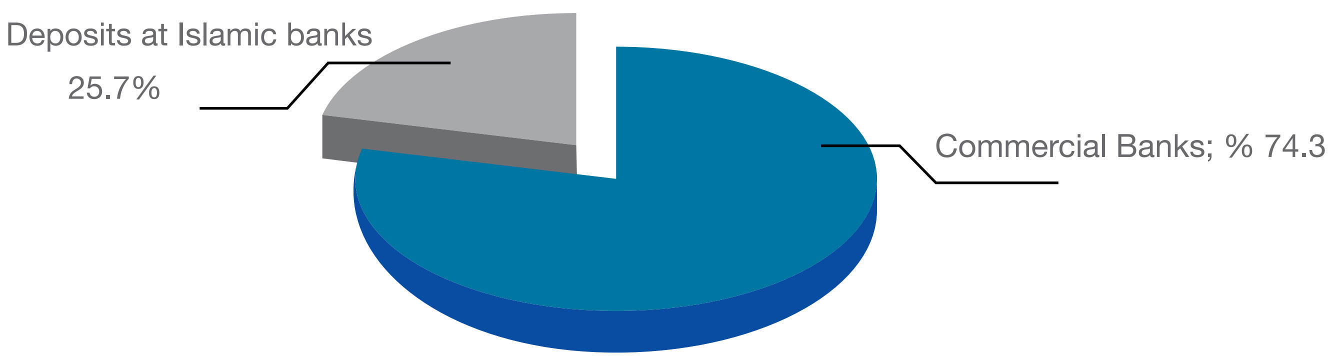
Distribution of Deposits Denominated in Jordanian Dinar Across Various Sectors



DEVELOPMENT OF DEPOSITS IN THE JORDANIAN BANKING SYSTEM

Individuals' deposits represented 69.1% of total deposits denominated in Jordanian Dinar in the banking system at the year-end 2020.

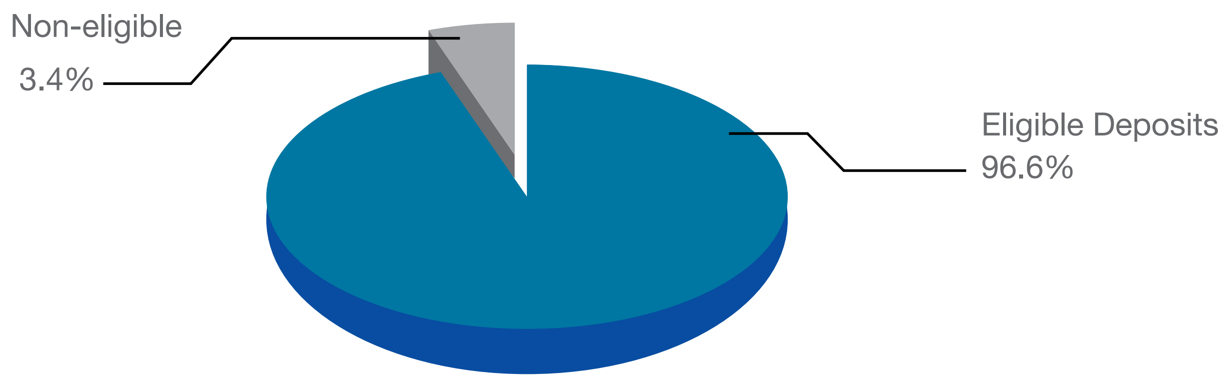




DEVELOPMENT OF DEPOSITS IN THE JORDANIAN BANKING SYSTEM

ELIGIBLE DEPOSITS AT JODIC's MEMBER BANKS:

The balance of eligible deposits at JODIC's member banks JD 20266.4 million at the year-end 2020 compared to JD 19835.4 million at the year-end 2019 rose by 2.2%. These deposits represented 96.6% of total deposits denominated in Jordanian Dinar held by commercial banks which belong to 2057.5 thousand depositors with an average deposit value of JD 9850.0 at the year-end 2020, compared to 1996.2 thousand depositors with an average deposit value of JD 9937.0 a year earlier.



Eligible deposits represented 96.6% of total deposits denominated in Jordanian currency held by JODIC's member banks at the year-end 2020.

FULLY INSURED DEPOSITS:

Fully insured deposits, equal to or less than JD Fifty thousand (50,000), amounted to JD 5131.0 million (25.3% of eligible deposits) at the year-end 2020, belong to 1998.8 thousand depositors with an average deposit value of JD 2567.0 compared to JD 4939.8 million belong to 1939.6 thousand depositors with an average deposit value of JD 2547.0 at the year-end 2019. The ratio of fully insured depositors to total eligible depositors reached 97.1% at the year-end 2020.

DEVELOPMENT OF DEPOSITS IN THE JORDANIAN BANKING SYSTEM

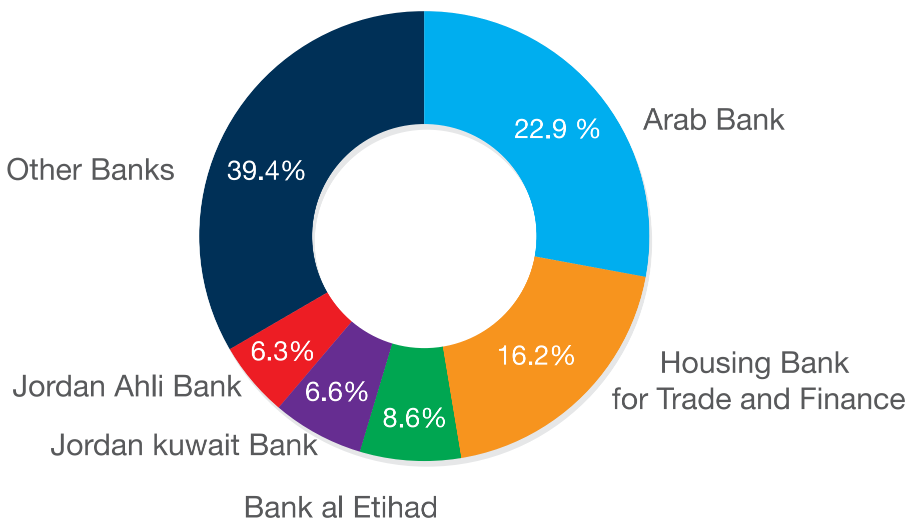
PARTIALLY INSURED DEPOSITS:

Partially insured deposits, in excess of JD 50,000, amounted to JD 15135.4 million (74.7% of eligible deposits) belong to 58.7 thousand depositors (2.9% of total eligible depositors), with an average deposit value of JD 257862.0 at the year-end of 2020, compared to JD 14895.6 million, belong to 56.6 thousand depositors with an average deposit value of JD 263192.0 a year earlier.

THE MARKET SHARE OF ELIGIBLE DEPOSITS.

The market share of eligible deposits at the largest five-member banks: Arab Bank, Housing Bank for Trade and Finance, Bank al Etihad, Jordan Kuwait Bank, and Jordan Ahli Bank represented: 22.9%, 16.2%, 8.6%, 6.6%, and 6.3% respectively at the year-end 2020.

Eligible Deposits Market Share at the Largest Five JODIC's Member Banks



JODIC's RESERVES:

The balance of JODIC's reserves reached JD 928.9 million at the year-end 2020, grew by JD 79.1 million (9.3%). These reserves cover (4.58%) of total eligible deposits and (11.52%) of the insurance policy (reimbursement amount).

DEVELOPMENT OF DEPOSITS IN THE JORDANIAN BANKING SYSTEM

Main Indicators of Jordanian Dinar Deposits and Depositors at JODIC´s Member Banks										
Item	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total deposits at member banks (JD million)	15680.5	14304.4	16982.1	19307.8	20676.0	20203.2	19816.9	19794.4	20547.1	20976.9
Total depositors at member banks (in thousand)	1707.0	1687.0	1733.8	1692.1	1726.3	1821.2	1883.8	1935.7	2000.3	2061.0
Average deposit value for total depositors at member banks (JD)	9186	8479	9795	11411	11977	11094	10520	10226	10272	10178
Eligible deposits (JD million)	15099.7	13730.0	16324.7	18018.1	19489.8	19312.8	19094.2	19067.1	19835.4	20266.4
Insurance policy(Estimated reimbursement amount) (JD million)	5790.4	5567.1	6161.2	6543.9	6896.9	7299.4	7464.3	7328.4	7769.6	8065.8
Estimated reimbursement amount to total deposits at member banks	36.9%	38.9%	36.3%	33.9%	33.4%	36.1%	37.7%	37.0%	37.8%	38.5%
Estimated reimbursement amount to total eligible deposits	38.3%	40.5%	37.7%	36.3%	35.4%	37.8%	39.1%	38.4%	39.2%	39.8%
Number of eligible depositors (in thousand)	1704.6	1684.3	1730.9	1689.5	1722.9	1817.6	1880.0	1931.8	1996.2	2057.5
Average deposit value for eligible depositors (JD)	8858	8152	9431	10665	11312	10625	10156	9870	9937	9850
Fully insured deposits (JD million)	3858.7	3791.2	4075.9	4283.5	4461.4	4703.3	4878.9	4808.6	4939.8	5131.0
Number of fully insured depositors (in thousand)	1666.0	1648.8	1689.2	1644.3	1674.2	1765.7	1828.3	1881.4	1939.6	1998.8
Average deposit value for fully insured depositors (JD)	2316	2299	2413	2605	2665	2664	2669	2556	2547	2567
Partially insured deposits (JD million)	11,241.0	9,938.9	12,248.8	13,734.5	15,028.4	14,609.4	14,215.2	14,258.5	14,895.6	15135.4
Number of partially insured depositors (in thousand)	38.6	35.5	41.7	45.2	48.7	51.9	51.7	50.4	56.6	58.7
Average deposit value for partially insured depositors (JD)	290961	279827	293693	303,807	308,521	281,378	274,919	282,929	263,192	257862
Insurance Policy (Estimated reimbursement amount for partially insured deposits) (JD million)	1931.7	1775.9	2085.3	2260.4	2435.6	2596.1	2585.4	2519.8	2829.8	2934.8
Fully insured deposits to total eligible deposits	25.6%	27.6%	25.0%	23.8%	22.9%	24.4%	25.6%	25.2%	24.9%	25.3%
Partially insured deposits to total eligible deposits	74.4%	72.4%	75.0%	76.2%	77.1%	75.6%	74.4%	74.8%	75.1%	74.7%
Estimated reimbursement amount for partially insured deposits to total partially insured deposits	17.2%	17.9%	17.0%	16.5%	16.2%	17.8%	18.2%	17.7%	19.0%	19.4%
Fully insured deposits to total deposits at member banks	24.6%	26.5%	24.0%	22.2%	21.6%	23.3%	24.6%	24.3%	24.0%	24.5%
Partially insured deposits to total deposits at member banks	71.7%	69.5%	72.1%	71.1%	72.7%	72.3%	71.7%	72.0%	72.5%	72.2%
Number of fully insured depositors to total depositors at member banks	97.6%	97.7%	97.4%	97.2%	97.0%	97.0%	97.1%	97.2%	97.0%	97.0%
Number of partially insured depositors to total depositors at member banks	2.3%	2.1%	2.4%	2.7%	2.8%	2.9%	2.7%	2.6%	2.8%	2.8%
Number of fully insured depositors to total eligible depositors	97.7%	97.9%	97.6%	97.3%	97.2%	97.1%	97.2%	97.4%	97.2%	97.1%
Number of partially insured depositors to total eligible depositors	2.3%	2.1%	2.4%	2.7%	2.8%	2.9%	2.8%	2.6%	2.8%	2.9%
The market share of eligible deposits held by member banks (the largest share)	25.9%	23.5%	23.1%	21.8%	21.5%	22.1%	20.3%	20.3%	21.3%	22.9%
The market share of eligible deposits held by member banks (the largest two shares)	45.2%	43.7%	42.7%	41.8%	41.7%	42.0%	40.4%	39.9%	39.5%	39.2%
The market share of eligible deposits held by member banks (the largest five shares)	63.9%	62.8%	61.6%	61.9%	63.2%	62.3%	60.7%	60.8%	61.1%	60.7%
Corporation's reserves (JD million)	278.4	334.2	393.6	463.1	537.2	612.4	690.9	774.5	849.8	928.9
Corporation's reserves to eligible deposits	1.8%	2.4%	2.4%	2.6%	2.8%	3.17%	3.62%	4.06%	4.28%	4.58%
Corporation's reserves to Insurance policy (estimated reimbursement amount)	4.8%	6.0%	6.4%	7.1%	7.8%	8.4%	9.3%	10.6%	10.9%	11.52%

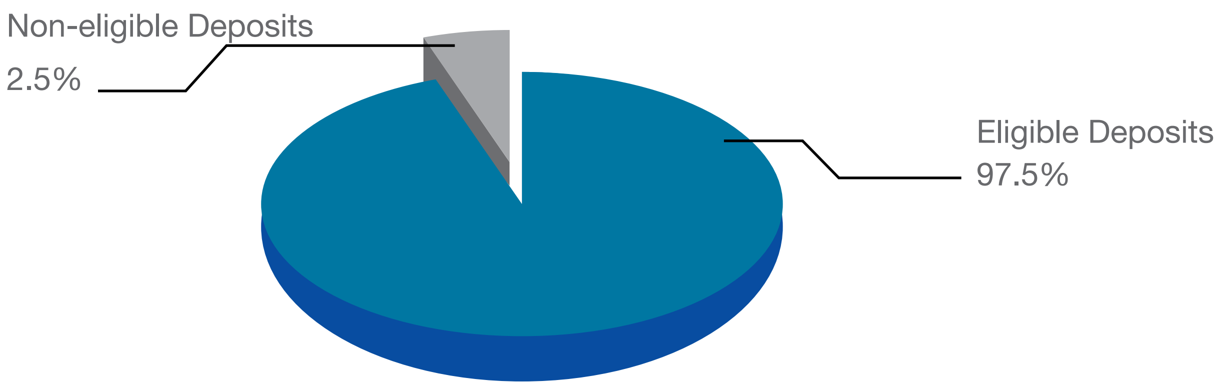
DEPOSIT INSURANCE FUND FOR ISLAMIC BANKS:

Development of Deposits at the Islamic Banks

Total deposits at the Islamic Banks reached JD 7257.0 million at the year-end 2020 compared to JD 6587.7 million a year earlier, which increased by JD 669.2 million (10.2%). These deposits belong to 1347.9 thousand depositors at the year-end 2020 compared with 1288.1 thousand depositors a year earlier.

ELIGIBLE DEPOSITS AT ISLAMIC BANKS:

Total eligible deposits at Islamic Banks amounted to JD 7072.7 million (25.9% of total eligible deposits in the banking system), belong to 1347.6 thousand depositors (39.6% of the total eligible depositors in the banking system) at the year-end 2020.



FULLY INSURED DEPOSITS:

Fully insured deposits, equal or less than JD 50,000, reached JD 3186.4 million (45.1% of total eligible deposits) at the year-end 2020, they belong to 1325.2 thousand depositors (98.3% of total eligible depositors), with an average deposit value of JD 2404.0, compared to JD 2939.1 million belong to 1267.4 thousand depositors with an average deposit value of JD 2319.0 a year earlier.

DEVELOPMENT OF DEPOSITS IN THE JORDANIAN BANKING SYSTEM

PARTIALLY INSURED DEPOSITS:

Partially insured deposits, in excess of JD 50,000, reached JD 3886.2 million (54.9% of total eligible deposits) at the year-end 2020, they belong to 22.4 thousand depositors (1.7% of total eligible depositors) with an average deposit value of JD 173803.0, compared to JD 3505.9 million belong to 20.3 thousand depositors with an average deposit value of JD 172416.0 a year earlier.

THE FUND's RESERVES:

The reserves of the Deposit Insurance Fund for Islamic Banks amounted to JD 25.8 million at the year-end 2020. These reserves cover 0.36% of total eligible deposits and 0.60% of the Insurance policy.

Deposits Denominated in Foreign Currencies[1]

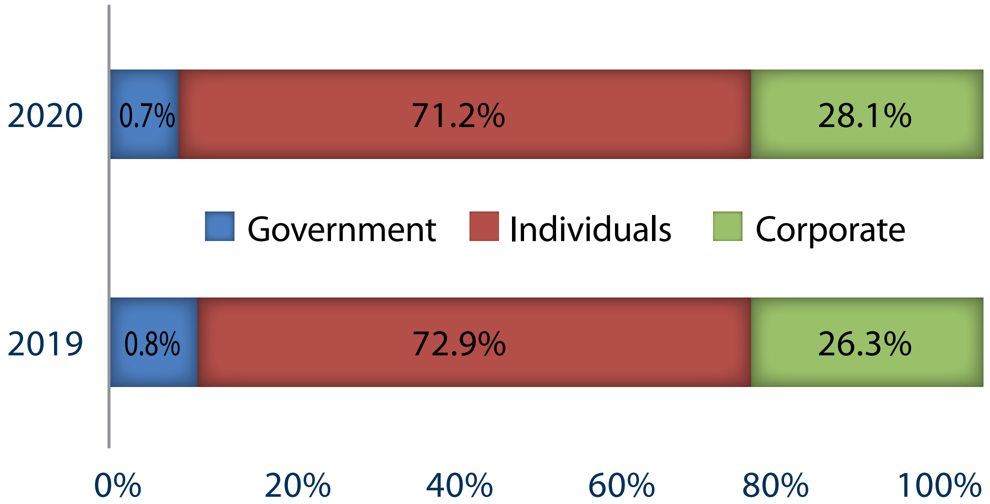
Deposits denominated in foreign currencies in the banking system reached JD 8555.3 million at the year-end 2020 compared to JD 8198.0 million a year earlier, increased by 4.4%. These deposits belong to 258.2 thousand depositors at the year-end 2020, compared to 258.9 thousand depositors a year earlier. The average deposit value of foreign currency deposits increased to JD 33138.0 at the year-end 2020 compared to JD 31668.0 a year earlier.

Total individuals' deposits represented 71.2% of total foreign currencies deposits in the banking system at the year-end 2020.

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

Total Deposits Denominated in Foreign Currencies in the Jordanian Banking System						
Sector	Individuals		Corporate		Government	
	Deposits Amount (JD Million)	Average Deposit (JD)	Deposits Amount (JD Million)	Average Deposit (JD)	Deposits Amount (JD Million)	Average Deposit (JD)
2019	5979.7	25791.0	2157.4	80048.0	60.8	908188.0
2020	6094.6	26379.0	2399.6	88656.0	61.1	899000.0
Growth Rate	1.9%	2.3%	11.2%	10.8%	0.5%	-1.0%

Distribution of Deposits denominated in Foreign Currencies Across Various Sectors

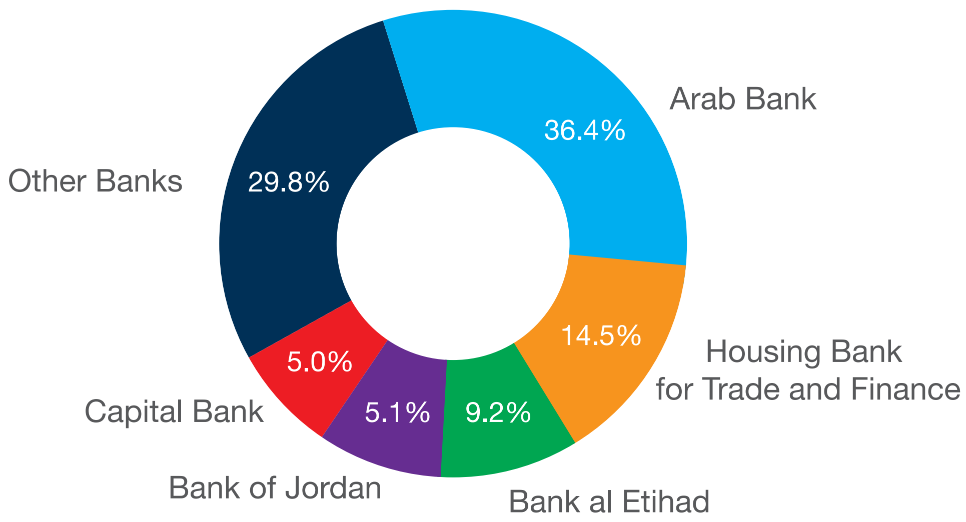


Deposits denominated in foreign currencies held at JODIC's member banks reached JD 7708.9 million (90.1% of total foreign currency deposits in the banking system) at the year-end 2020, compared to JD 7385.6 million a year earlier, which increased by 4.4%. These deposits belong to 219.3 thousand depositors at the year-end 2020 with an average deposit value of JD 35146.0 compared to 220.2 thousand depositors with an average deposit value of JD 33539.0 a year earlier.

DEVELOPMENT OF DEPOSITS IN THE JORDANIAN BANKING SYSTEM

The market share of deposits denominated in foreign currencies at the largest five JODIC's member banks: Arab Bank, Housing Bank for Trade and Finance, Bank al Etihad, Bank of Jordan, and Capital Bank, represented: 36.4%, 14.5%, 9.2%, 5.1%, 5.0% respectively at the year-end 2020.

Foreign Currency Deposits Market Share at the largest Five JODIC`s Member Banks



Total deposits denominated in foreign currencies at Islamic Banks reached JD 846.4 million (9.9%of total foreign currency deposits in the banking system) at the year-end 2020, compared to JD 812.4 million a year earlier, which increased by 4.2%. These deposits belong to 38.8 thousand depositors with an average deposit value of JD 21794.0 compared to JD 21011.0 a year earlier.

THE CORPORATION'S FINANCIAL PERFORMANCE, CAPITAL AND INVESTMENTS

JODIC continued throughout the year 2020 to boost its reserves' level to ultimately achieve its mandatory requirements efficiently and effectively as deposit insurer and liquidator, and in protecting depositors by insuring their deposits, encouraging savings, as well as enhancing confidence in the Jordanian banking system.

JODIC's financial resources consist mainly of the annual membership fees contributed by member banks (annual flat fee of 2.5 per thousand of total eligible deposits), in addition to the returns on its investments, and any obtained loans or financial grants given to the Corporation in accordance with the provisions of JODIC's Law. The percentage of annual membership fees that will be collected during the year 2020 has continued modified to 1.75 per thousand Accordance with the provisions of Article (12/c) of JODIC's Law and its amendments.

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

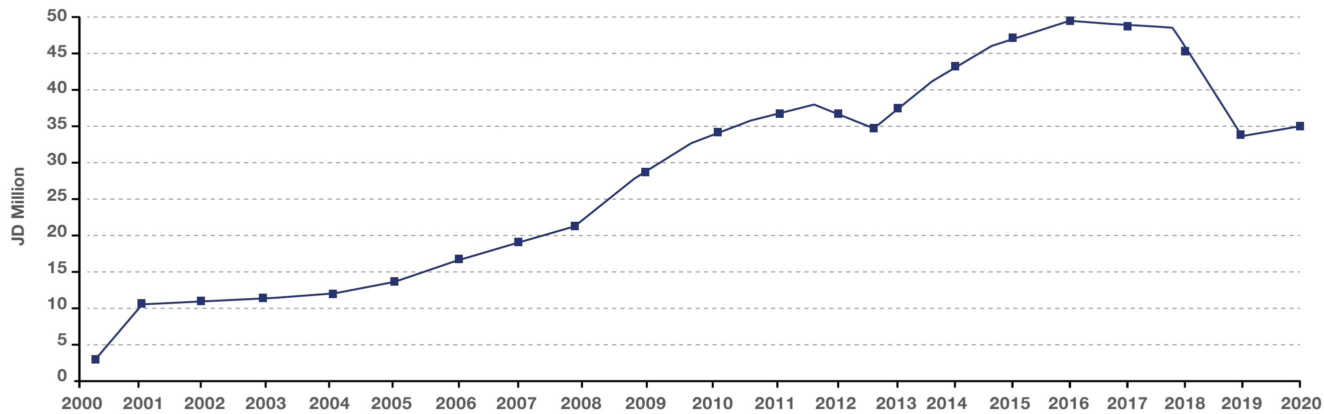
The interest rate structure in the market is closely monitored when diversifying portfolio investments in order to achieve the best possible returns in both the medium and long terms.

The Financial Performance

Total owners' equity increased to reach JD 932 million by the end of 2020 compared with JD 853 million by the end of 2019. JODIC's capital amounted to JD 3.15 million of which JD (0.85) million was paid by the Government and JD 2.3 million was paid by member banks (JD 100,000 as a non-refundable initiation fee paid by each member bank).The accumulated reserves by the end of 2020, generated from the annual surplus and premiums (annual membership fees), formed the bulk of total owners' equity and reached JD 929 million with an increase of JD 79 million from the previous year. Annual membership fees collected from member banks amounted to JD 35 million during the year 2020, compared with JD 33.8 million collected a year earlier and reflected 3.5% increase rate, while the net investments income amounted to JD 44 million during 2020, compared with JD 41.6 million during 2019 with an increase of 5.8%.

THE CORPORATION'S FINANCIAL PERFORMANCE, CAPITAL AND INVESTMENTS

The Annual Membership Fees (2000-2020)



To further mange its overhead expenses and enhance the reserves buildup, JODIC adopts a medium term financial program with the assumption of decreasing the ratio of total overhead expenses to investments income, this ratio reached to 3% by the end of 2020. Furthermore, JODIC's revenues and expenses are monitored and evaluated on an ongoing basis to ensure the effective implementation of the annual budget that has been approved by the Board of Directors (BOD) in accordance with the Provisions of Article 7 (a/5) of JODIC's Law, as well as to ensure compliance with the performance indicators adopted in its medium term financial program.

Investment's Portfolio and Investment's Income

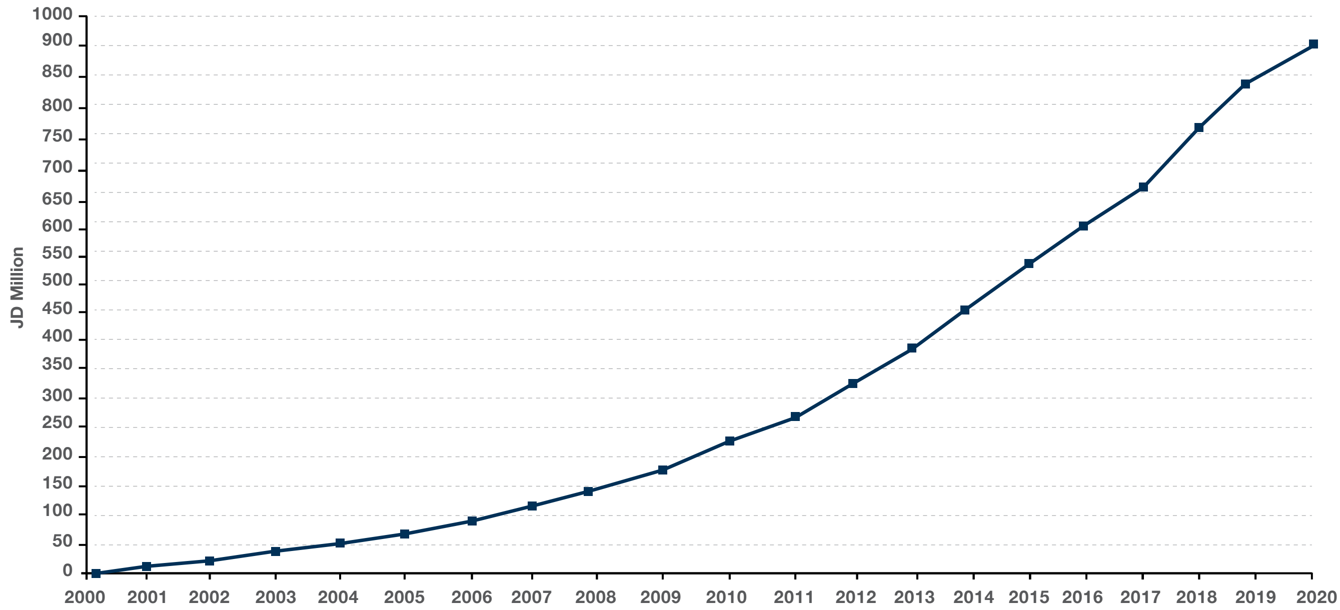
The outstanding value of JODIC's Held-to-Maturity bonds portfolio increased to reach JD 915.3 million by the end of 2020 compared with JD 834.8 million a year earlier, with an increase of JD 80.5 million and a growth rate of 9.6%.

The portfolio consists of:

- Treasury bonds with a value of JD 849.1 million; representing 92.8% of total value of the portfolio.
- Public entities bonds with a value of JD 54 million; representing 5.9% of total value of the portfolio.
- Treasury bills with a value of JD 12.2 million; representing 1.3% of total value of the portfolio.

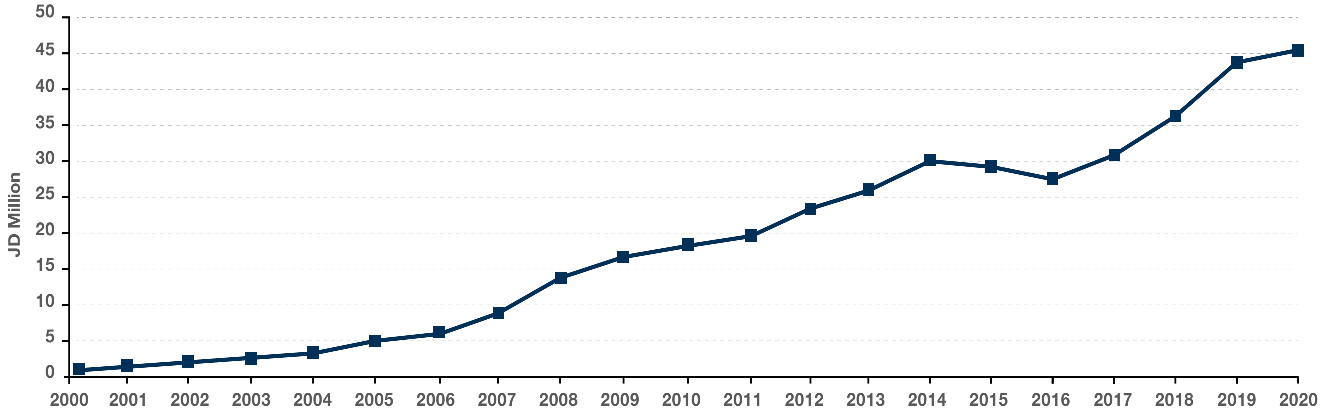
Outstanding balance of public debt instruments portfolio amounted to JD 915.3 million representing 98.2% of the Corporation's total assets by the end of 2020.

JODIC's Investments Portfilio (2000-2020)



JODIC's total investments portfolio income amounted to approximately JD 45.3 million during the year 2020 compared with JD 42.9 million during the year 2019, with an increase of 5.6%.

JODIC's Total Investments Portfolio Income (2000-2020)

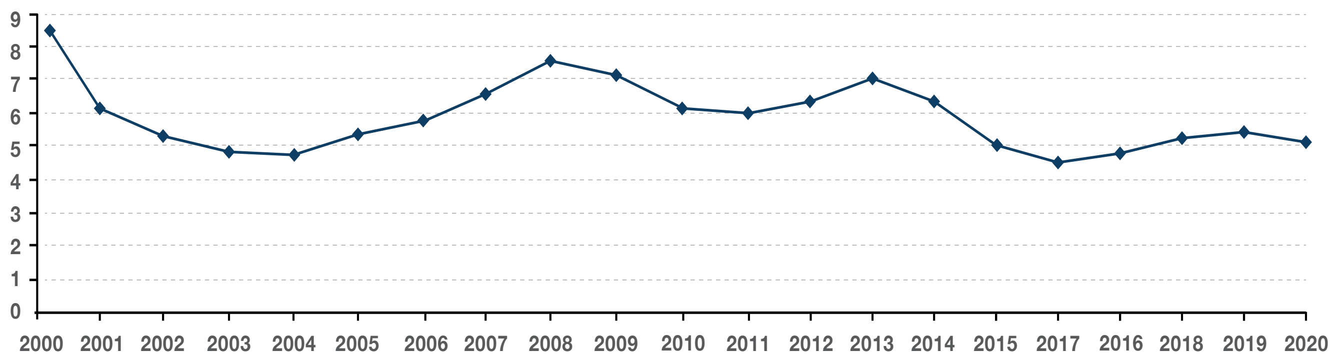


JODIC's investments income from public debt instruments amounted to approximately JD 45.3 million during the year 2020.

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

The Yield-to-Maturity (YTM) of the portfolio decrease by 0.144% to reach 5.111% by the end of 2020 compared with 5.255% a year earlier, and the modified duration increased to reach 4.234 year by the end of 2020 compared with 3.073 year from the previous year.

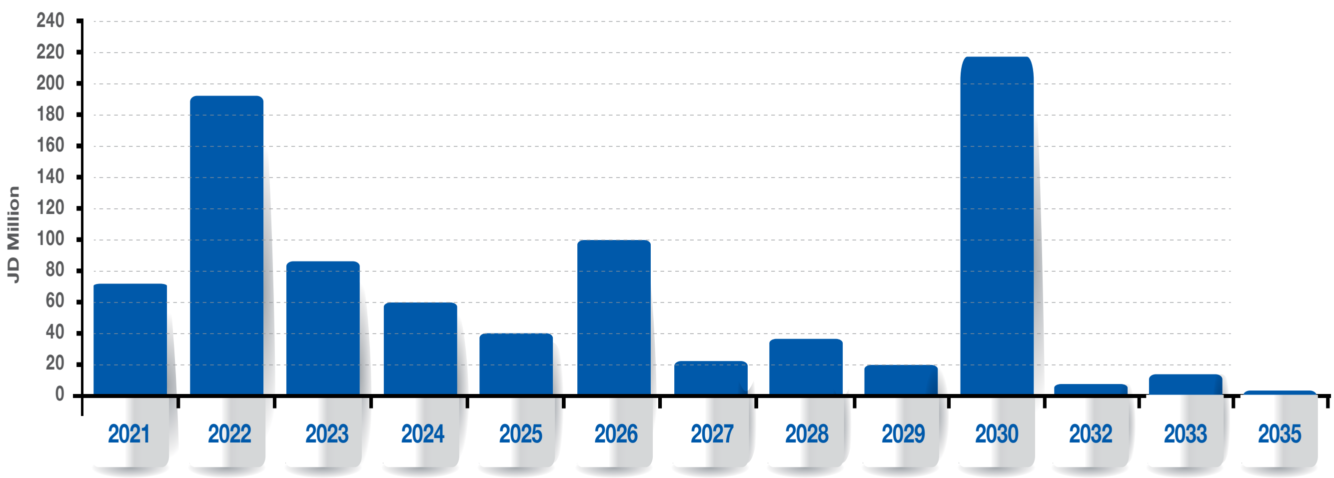
Yield- To- Maturity of the Corportation's Portfolio (2000-2020)



Maturities of Financial Instruments:

By the end of 2020, the value of the redeemed bonds and bills amounted to approximately JD 120.1 million. However, short term investments in JODIC's portfolio amounted to JD 73.7 million by the end of 2020.

Corporation's Portfolio Redemption Schedule by the End of 2020

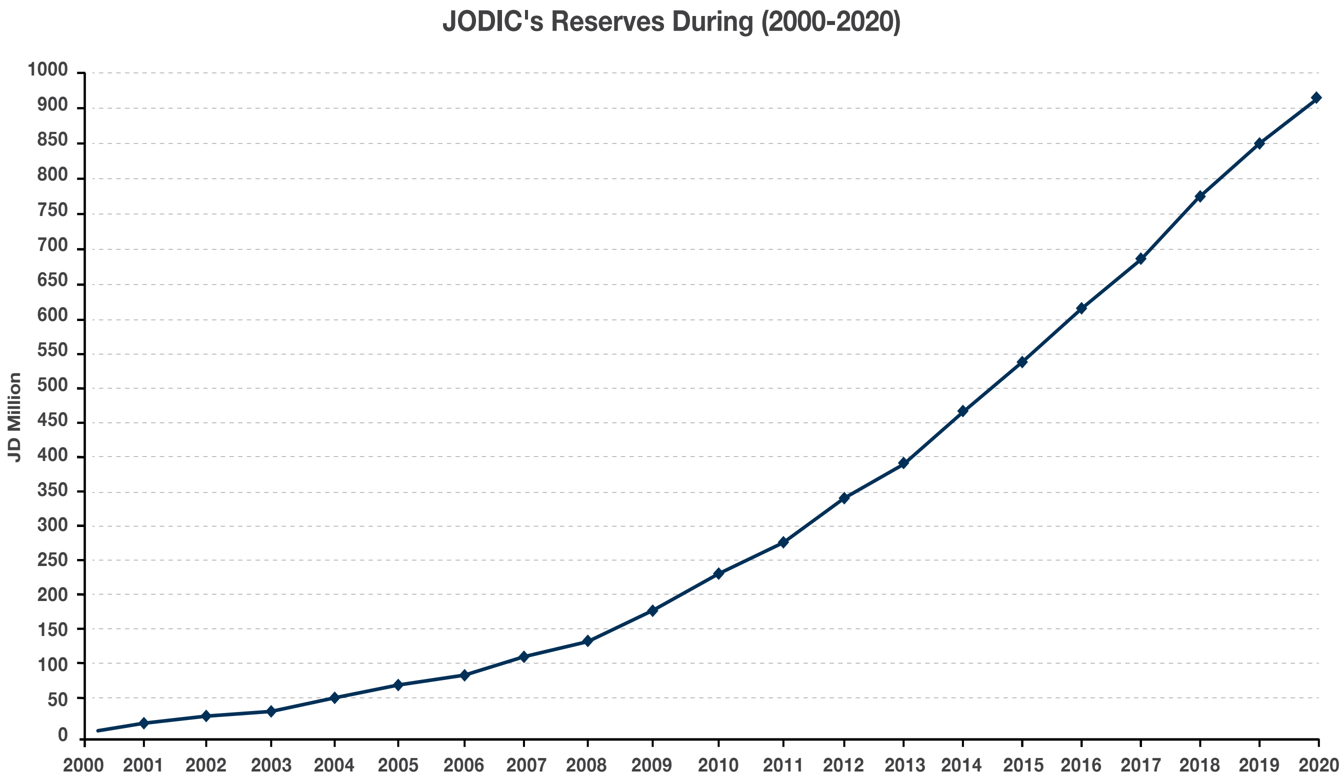


Cash Account:

JODIC's cash balances not invested in public debt instruments is deposited at the Central Bank of Jordan (CBJ) in accordance with the Provisions of Article 24(b) of JODIC's Law. The balance of this account amounted to JD 1.02 million by the end of 2020.

Total Reserves:

The premiums contributed by member banks and investments income resulted in raising JODIC's total reserves from JD 849.8 million by the end of 2019 to JD 929 million by the end of 2020 With an increase of JD 79.2 million, or by 9,3%. This level of reserves formed 4.58% of total eligible deposits amounting to JD 20266.4 million by the end of 2020, and 11.52% of estimated reimbursement amount being JD 8065.8 million.


JODIC's Reserves During (2000-2020)
JD Million
1000
900
850
800
750
700
650
600
550
500
450
400
350
300
250
200
150
100
50
0
2000
2001
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2011
2012
2013
2014
2015
2016
2017
2018
2019
2020

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

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

FINANCIAL PROGRAM - THE CORPORATION'S STRATEGIC PLAN

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 4.58% by the end of 2020 compared to 4.28% by the end of 2019, it's expected to increase annually under the assumption that long-term average annual growth rate of deposits denominated in Jordanian Dinar is approximately 3.7%.

2- Reserves to estimated reimbursement amount:

This ratio reached 11.5% by the end of 2020 compared to 10.9% by the end of 2019. Moreover, this reserve ratio is expected to increase annually which is harmonized with achieving JODIC's objectives in providing protection for the vast majority of depositors, encouraging savings, enhancing confidence in the banking system, and thus contributing to the financial stability in the Kingdom.

3- Overhead expenses to net and total investments income:

These two ratios are decreased to 3.1% and 3.0% by the end of 2020 compared to 3.2% and 3.1% respectively by the end of the year 2019.

4- Overhead expenses to cash flow from operations:

This ratio decreased to 3.0% by the end of 2020 compared to 3.3% by the end of the year 2019, this ratio is expected to decrease annually as a result of cost-cutting policy adopted by JODIC.

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 results, by 2020, indicate the possibility to increase reserves ratio annually.

FINANCIAL PROGRAM - THE CORPORATION'S STRATEGIC PLAN

Medium Term Financial Program - Performance indicators:

Item	Actual				Expected						
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Deposits subject to the provisions of JODIC's Law (JD million).	19,094	19,067	19,835	20,266	21,250	22,034	22,847	23,691	24,565	25,471	26,411
Estimated reimbursement amount (JD million).	7,464	7,328	7,770	8,066	8,654	9,284	9,961	10,687	11,466	12,301	13,198
JODIC's reserves (JD million).	691	774	850	929	1029	1138	1258	1388	1530	1684	1851
JODIC's reserves to deposits subject to the provisions of the Law (%).	3.6	4.1	4.3	4.6	4.8	5.2	5.5	5.9	6.2	6.6	7.0
JODIC's reserves to estimated reimbursement amount (%).	9.3	10.6	10.9	11.5	11.9	12.3	12.6	13.0	13.4	13.7	14.0
Estimated reimbursement amount to deposits subject to the provisions of JODIC's Law (%).	39.1	38.4	39.2	39.8	40.7	42.1	43.6	45.1	46.7	48.3	50.0
Overhead expenses to total revenues from investments (%).	3.8	3.4	3.1	3.0	2.3	2.2	2.1	2.0	2.0	1.9	1.9
Overhead expenses to net investments income (%).	4.0	3.5	3.2	3.1	2.3	2.2	2.1	2.0	2.0	2.0	1.9
Overhead expenses to cash flow from operations (%).	4.3	3.7	3.3	3.0	2.6	2.3	2.2	2.1	2.1	2.0	2.0

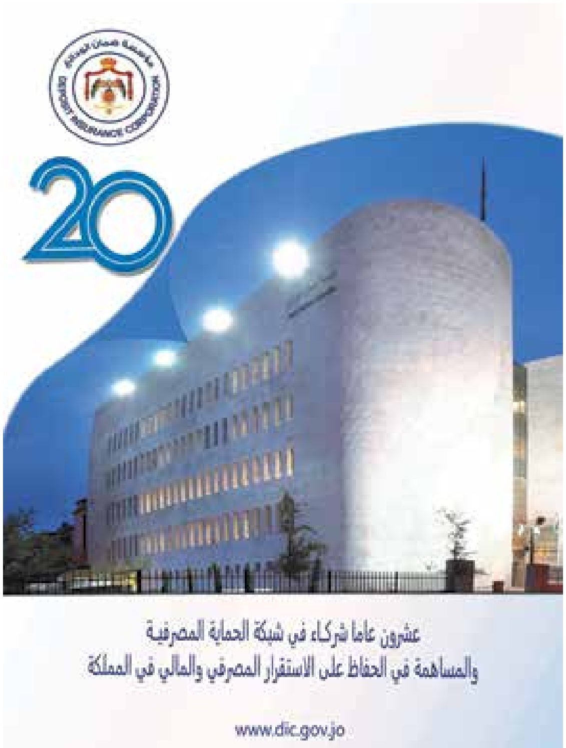
PUBLIC AWARENESS & REGIONAL AND INTERNATIONAL CONTRIBUTIONS

PUBLIC AWARENESS & REGIONAL AND INTERNATIONAL CONTRIBUTIONS

The year 2020 marked the twenty-year anniversary of JODIC's establishment, crowning its achievements of developing the Corporation's mandates as stipulated in the amended version of JODIC's Law, and enhancing public awareness efforts about the deposit insurance system in the Kingdom despite the limitations to reach the target audience due to coronavirus pandemic.

In celebration of the 20th year anniversary, JODIC presented a shield of appreciation to H.E. Mr. Fayez H. Kalboneh, the Assistant Director General for his efforts and dedicated work throughout his professional career since JODIC's establishment. Also, JODIC honored distinguished employees for the year 2019, and pins holding JODIC's logo were distributed to the employees.

Furthermore, introductory materials were prepared: animated video about JODIC's business nature was published on the Corporation's Facebook page and an introductory pop up page was designed on the homepage of JODIC's website along with a printed banner on this occasion.



Also, over the year 2020, JODIC continued its public awareness efforts in enhancing collaboration with member banks and relevant parties, and diversifying its means of communication to achieve public awareness objectives. An interview with JODIC's Director General was published in the Union of Arab Banks magazine that highlighted the Corporation's objectives, mandates, and the amendments to JODIC's Law, in addition to publishing its annual report for the year 2019 along with publishing advertisements for bank membership and the financial statements of both the Corporation and the Deposit Insurance Fund for Islamic banks. Furthermore, JODIC is always keen to interact with the audience and update information uploaded on its main electronic channel; the website and the e-government portal.

At the international and regional levels, JODIC participated in many events held virtually and organized by the International Association of Deposit Insurers (IADI), such as the 19th Annual General Meeting (AGM), during which Mr. Yury Isaev the General Director of the State Corporation Deposit Insurance Agency (DIA)- Russian Federation was elected as Chairman of IADI, the meetings of the Executive Council, Council Committees, technical committees, as well as the meetings of the Middle East and North Africa (MENA) Regional Committee.

In september 2020, JODIC participated in the webinar organized jointly by the Financial Stability Institute (FSI) and the IADI about the risks to the banking sector during Covid-19 pandemic and its impacts on deposit insurers and the actions adopted for addressing that negativities and the measures that the resolution authorities were taking to ensure that they are ready to effectively respond to bank failures during the pandemic. Also, there were discussions about the impact on FinTech growth, challenges and opportunities for deposit insurers and resolution authorities.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR JODIC FOR THE YEAR ENDED 31 DECEMBER 2020

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Deposit Insurance Corporation
Legal Entity with Financial and Administrative Independence
Amman- Jordan

Opinion

We have audited the financial statements of Deposit Insurance Corporation, Legal Entity with Financial and Administrative Independence, (the Corporation), which comprise the statement of financial position as at 31 December 2020, the statement of revenues and expenses, statement of changes in equity and statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

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

- I dentify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

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

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

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

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

Amman – Jordan
16 May 2021

Statement of Financial Position as at 31 December 2020

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

Statement of Revenues and Expenses for the Year Ended 31 December 2020

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

Statement of Changes in Equity for the Year Ended 31 December 2020

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

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

Statement of Cash Flows for the Year Ended 31 December 2020

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

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

Notes to the Financial Statements 31 December 2020

(1) GENERAL

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

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

The following deposits are not subject to the provisions of law:

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

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

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

The Corporation sources of fund consist of the following:

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

(2) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standard Board.
The financial statements have been prepared on a historical cost basis.
The financial statements are presented in Jordanian Dinar, which represents the functional currency of the corporation.

(3) CHANGES IN ACCOUNTING POLICIES

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

Amendments to IFRS 3: Definition of a Business

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

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

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

Amendments to IAS 1 and IAS 8: Definition of “Material”

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

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

Amendments to IFRS 7, IFRS 9 Interest Rate Benchmark Reform

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

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

Amendments to IFRS 16 Covid-19 Related Rent Concessions

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

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

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

(4) SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Offsetting

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

Property and equipment

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

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

When the recoverable amount of any property and equipment is less than its net book value, its value is reduced to its recoverable value and the impairment value is recorded in the statement of comprehensive income.
The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are commensurate with the expected economic benefits from property and equipment

Fair value

The Fund measures it investments in subsidiaries and investments in associates at fair value at each reporting date.
For investments and derivatives quoted in an active market, fair value is determined by reference to quoted market prices.

For financial instruments where there is no active market, fair value is normally based on one of the following methods:
- Comparison with the current market value of a highly similar financial instrument.
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics.
- Options pricing models.

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

A. FINANCIAL ASSETS AT AMORTIZED COST

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

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

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

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

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

B. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

- Equity investments that are not held for sale in the near future.
- These financial assets are initially measured at their fair value plus transaction costs. Subsequently, they are measured at fair value. Gains or losses arising on subsequent measurement of these equity investments including the change in fair value arising from non-monetary assets in foreign currencies are recognized in other comprehensive income in the statement of changes in equity. The gain or loss on disposal of these asset are reclassified from fair value reserve to retained earnings and not through income statement.

These financial assets are not subject to impairment testing.

Dividend income is recognized in the statement of income.

Accounts payable

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

Revenue recognition

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

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

Other income is recognized according to the accrual basis.

Expenses are recognized according to the accrual basis.

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

Impairment of non-financial assets

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

Housing loans

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

(5)SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

(6) FINANCING AND HOUSING LOANS GRANTED TO EMPLOYEES

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

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

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

(7) FINANCIAL ASSETS AT AMORTIZED COST

	31 December 2020		
	Short Term JD	Long term JD	Total JD
Treasury bonds	61,497,483	787,531,213	849,028,696
Treasury bills	12,246,525	-	12,246,525
Water Authority Bonds	-	30,000,000	30,000,000
National Electricity Corporation Bonds	-	24,000,000	24,000,000
	73,744,008	841,531,213	915,275,221
	31 December 2019		
	Short Term JD	**Long term JD**	**Total JD**
Treasury bonds	96,800,000	657,434,494	754,234,494
Treasury bills	23,551,570	-	23,551,570
Water Authority Bonds	-	33,000,000	33,000,000
National Electricity Corporation Bonds	-	24,000,000	24,000,000
	120,351,570	714,434,494	834,786,064

- The average interest rates on bonds ranging between 2,983%-7,999% per year for 2020 (between 3,47%-7,999% for 2019).
- The average interest rate on treasury bills ranging between 2,212%-4,441% for 2020 (between 3,571%-4,441% for 2019).
- The details of total financial assets in the extinguished cost by credit rating categories are as follows:

	31 December 2020			
	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
FINANCIAL ASSETS AT AMORTIZED COST	915,275,221	-	-	**915,275,221**

(8) Property and Equipment

2020	Land	Building	Furniture and decorations	Computers and telecommunication	Vehicles	Projects in progress	Total
	JD	JD	JD	JD	JD	JD	JD
Cost							
As at 1 January 2020	1,157,050	3,796,769	183,440	118,865	57,657	18,000	5,331,781
Additions	-	-	300	1,583	-	4,000	5,883
Disposals	-	-	(131)	(15,393)	-	-	(15,524)
As at 31 December 2020	1,157,050	3,796,769	183,609	105,055	57,657	22,000	5,322,140
Accumulated Depreciation -							
As at 1 January 2020	-	1,436,043	181,267	89,604	57,655	-	1,764,569
Deprecation charge for the year	-	113,903	325	8,023	-	-	122,251
Disposals	-	-	(131)	(15,375)	-	-	(15,506)
As at 31 December 2020	-	1,549,946	181,461	82,252	57,655	-	1,871,314
Net book value - As at 31 December 2020	1,157,050	2,246,823	2,148	22,803	2	22,000	3,450,826

2019	Land	Building	Furniture and decorations	Computers and telecommunication	Vehicles	Projects in progress	Total
	JD	JD	JD	JD	JD	JD	JD
Cost							
As at 1 January 2019	1,157,050	3,796,769	185,922	120,416	57,657	-	5,317,814
Additions	-	-	399	13,979	-	18,000	32,378
Disposals	-	-	(2,881)	(15,530)	-	-	(18,411)
As at 31 December 2019	1,157,050	3,796,769	183,440	118,865	57,657	18,000	5,331,781
Accumulated Depreciation -							
As at 1 January 2019	-	1,322,140	183,856	98,593	57,655	-	1,662,244
Deprecation charge for the year	-	113,903	291	6,524	-	-	120,718
Disposals	-	-	(2,880)	(15,513)	-	-	(18,393)
As at 31 December 2019	-	1,436,043	181,267	89,604	57,655	-	1,764,569
Net book value - As at 31 December 2019	1,157,050	2,360,726	2,173	29,261	2	18,000	3,567,212

9) CAPITAL

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

(10) RESERVES

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

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

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

(11) MEMBERSHIP FEES

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

- Government deposits,
- Interbank deposits,
- Cash collaterals within the limits of the value of the extended facilities guaranteed by the said collaterals,
- Pursuant to the Corporation's Board of Directors decision number (15/2019) on November 27, 2019, the annual subscription fees paid by the banks to the corporation under the provision of paragraph (A) of article no, (12) of Deposit Insurance Corporation law have been continued to be collected by (1,75) per thousand of the total deposits subject to the provisions of the law.

(12) ADMINISTRATIVE EXPENSES

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

(13) CONTINGENT LIABILITIES

Credits and guarantees

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

Law suits against the corporation:

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

(14) INCOME TAX

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

(15) RISK MANAGEMENT

Interest rate risk

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

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

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

Credit risk

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

Liquidity risk

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

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

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

(16) CAPITAL MANAGEMENT

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

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

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

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

(17) STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 -Insurance Contracts, The standard applies to all types of insurance contracts (i,e, life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features, The standard general model is supplemented by the variable fee approach and the premium allocation approach,

The new standard will be effective for annual periods beginning on or after 1 January 2023 with comparative figures required, Early application is permitted provided that the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

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

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

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

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

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

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

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework, The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

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

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

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

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

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

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”, The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities.

General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022, The Corporation will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

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

IFRS 9 Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9, The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability, These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf, An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

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

IBOR reform Phase 2

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

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

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

(18) COMPARATIVE FIGURES

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

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

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

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

FINANCIAL STATEMENTS & INDEPENDENT AUDITOR'S REPORT FOR THE DEPOSIT INSURANCE FUND FOR ISLAMIC BANKS FOR THE YEAR ENDED 31 DECEMBER 2020

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Deposit Insurance Fund for Islamic Banks
Legal Entity
Amman- Jordan

Opinion

We have audited the financial statements of Deposit Insurance Fund for Islamic Banks, (the Fund), which comprise the statement of financial position as at 31 December 2020, and the statement of revenues and expenses and statement of changes in equity and statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Islamic Financial Accounting Standards as issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

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

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

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

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

Amman – Jordan
16 May 2021

Statement of Financial Position As at 31 December 2020

	Notes	2020	2019
		JD	JD
ASSETS			
Current Assets			
Current account at Central Bank of Jordan		26,342,068	10,401,172
TOTAL ASSETS		26,342,068	10,401,172
LIABILITIES AND EQUITY			
Liabilities			
Accrued expenses		1,000	1,000
TOTAL LIABILITIES		**1,000**	**1,000**
EQUITY			
Paid in Capital	4	550,000	550,000
Reserves	5	25,791,068	9,850,172
Total Equity		26,341,068	10,400,172
TOTAL LIABILITIES AND EQUITY		**26,342,068**	**10,401,172**

Statement of Revenues and expenses For the year ended 31 December 2020

	Notes	2020	For the period since inception 1 April 2019 until 31 December 2019
		JD	JD
Membership fees	6	15,953,571	9,857,611
Administrative expenses	7	(12,675)	(7,439)
Excess of revnues over expenses for the year		15,940,896	9,850,172

Statement of Changes in equity For the year ended 31 December 2020

	Paid in Capital* JD	Reserves JD	Total JD
For year ended 31 December 2020 Balance at 1 January 2020			
Capital paid	550,000	9,850,172	10,400,172
Excess of revnues over expenses	-	15,940,896	15,940,896
Balance as at December 31, 2020	550,000	25,791,068	26,341,068
For period ended 31 December 2019 Balance as on 1 April 2019 (upon incorporation)	-	-	-
Capital paid	550,000	-	550,000
Excess of revnues over expenses	-	9,850,172	9,850,172
Balance as at December 31, 2019	550,000	9,850,172	10,400,172

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

Statement of Cash flows For the year ended 31 December 2020

	2020	For the period since inception 1 April 2019 until 31 December 2019
	JD	JD
Excess of revnues over expenses	15,940,896	9,850,172
Operating activities		
Working Capital Changes-		
Accrued expenses	-	1,000
Net cash from operating activities	15,940,896	9,851,172
Financing activities		
Capital paid	-	550,000
Net cash from financing activities	-	550,000
Net cash in cash and cash equivalents	15,940,896	10,401,172
Cash and cash equivalents, beginning of the year	10,401,172	-
Cash and cash equivalents, end of the year	26,342,068	10,401,172

Notes to the financial statements 31 December 2020

(1) GENERAL

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

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

The financial resources of the Fund consist of the following:

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

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

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

(2) BASIS of PREPARATION of FINANCIAL STATEMENT

The accompanying financial statements of the Fund have been prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and in the absence of Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions relating to financial statements items, the International Financial Reporting Standards and related interpretations are applied in conformity with the Shari'a standards, pending the promulgation of Islamic Standards therefor.

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

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

CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Fund financial statements for the year ended 31 December 2019, except for the adoption of the following standards:

Islamic Financial Accounting Standard 30 (Impairment and Credit Losses and Onerous Commitments)

The 2014 International Financial Reports Standard (9) was implemented on the date of the mandatory application of the standard on January 1, 2018, where the Fund applied the requirements of the expected credit loss model under the instructions of the Central Bank of Jordan No. (13/2018) on June 6, 2018.

On January 1, 2020, the Fund applied the requirements of The Islamic Financial Accounting Standard (30) in compliance with the instructions of the Central Bank of Jordan (6/2020) on 5 July 2020 and did not result in any material differences from the International Financial Reporting Standard (9).

This standard defines accounting principles and disclosure requirements for reduced financial assets and expected credit losses on various credit exposures, investments, and other assets of Islamic financial institutions and related allocations in accordance with the best practices followed globally.

This standard also resulted in recommendations for changes and improvements in reserve accounting represented by risk reserves in accordance with Financial Accounting Standard 35", which must be adopted simultaneously with the same effective date as the

30 th financial accounting standard. Both financial accounting standard 30 and Financial Accounting Standard 35 replace the previous financial accounting standard No. 11 for "allocations and reserves."

Islamic Financial Accounting Standard 35 (Risk Reserves)

The standard provides a comprehensive model for recognition, measurement, presentation and clarification sought regarding risk reserves. The standard applies to risk reserves of Islamic financial institutions to mitigate exposure to credit risk, market risk, equity investment risk, rate of return or movable business risks face stakeholders.

The Fund has implemented the requirements of Financial Accounting Standard 35 on risk reserves and the implementation did not have an impact on the Fund's financial statements.

Islamic Financial Accounting Standard 33 (Investing in Sukuk, Shares and Similar Instruments)

Financial Accounting Standard (33) "Investing in Sukuk, Shares and Similar Instruments" replaces Islamic Financial Accounting Standard No. 25, which identifies the types of main instruments for Shariah compliant investments and identifies accounting processes in accordance with the characteristics of the fund's business model under which investments are managed, and aims to establish principles for classification, recognition, measurement, presentation, disclosure of investment in sukuk, shares and other similar instruments.

The Fund has implemented the requirements of Islamic Financial Accounting Standard 33 for investments in sukuk, shares and similar instruments and the implementation did not have an impact on the Fund's financial statements.

Financial Accounting Standard 34 for the preparation of financial reports for sukuk-holders

This standard defines the accounting principles and financial reporting requirements for the underlying assets of the Sukuk instrument. It requires the source to prepare funding reports or asking to prepare it as needed under this standard.

The Fund has implemented the requirements of Islamic Financial Accounting Standard 34 for the preparation of financial reports for sukuk holders and the implementation did not have an impact on the Fund's financial statements.

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents:

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

Revenues and expenses recognition:

It is recognized that the annual membership fees collected from banks by law is two and a half per thousand of total deposits subject to the provisions of the law.
Other income is recognized according to the accrual basis.
Expenses are recognized according to the accrual basis.

Foreign Currencies:

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

Any gains or losses are recognized within the income statement.

Provisions

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

Fair value

The closing prices (purchase of assets / sale of liabilities) on the date of the financial statements in active markets represent the fair value of the instruments that have market prices. In the absence of advertised prices, no active trading of some instruments, or inactivity of the market, their fair value is estimated in a number of ways, including:

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

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

Offsetting

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

(3) Use of ESTIMATES

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

(4) CAPITAL

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

(5) RESERVES

This item consists of the following:

	31 December 2020	31 December 2019
	JD	JD
"Takaful" portfolio of Mutual Fund Accounts	13,755,168	5,248,317
"Takaful" portfolio of Credit Accounts	12,035,900	4,601,855
Total	**25,791,068**	**9,850,172**

(6) MEMBERSHIP FEES

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

	31 December 2020	For the period since inception 1 April 2019 until 31 December 2019
	JD	JD
Membership fees of "Takaful" portfolio of Mutual Fund Accounts	8,513,615	5,252,281
Membership fees of "Takaful" portfolio of Credit Accounts	7,439,956	4,605,330
Total	**15,953,571**	**9,857,611**

(7) ADMINISTRATIVE EXPENSES

	31 December 2020	For the period since inception 1 April 2019 until 31 December 2019
	JD	JD
Wakalah bi al ajr "agency with fee" for Deposit Insurance Corporation *	5,000	3,750
Professional fees	6,000	3,083
Advertisments and subscribtion to local newspapers	**1,654**	**550**
Stationery and printings	21	56
Total	12,675	7,439

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

(8) INCOME TAX

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

(9) CONTINGENT LIABILITIES

Credits and guarantees

The Fund does not have potential liabilities for credits and guarantees as of December 31, 2020 and December 31, 2019.

Cases against the Fund:

There are no cases brought against the Fund as of December 31, 2020 and December 31, 2019.

(10) Risk MANAGEMENT

Interest rate risk

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

The sensitivity of the comprehensive income list represents the impact of expected assumed interest rate changes on the Fund's one-year profit, calculated based on financial assets with a variable interest rate as at December 31, 2020 and 2019.

Credit risk

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

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

Liquidity risk

The Fund limits its liquidity risk by ensuring bank facilities are available.
The table below summarises the maturities of the Fund's financial liabilities undiscounted as at 31 December 2020 and 2019 based on remaining contractual maturity and current market interest rates:

	Less than 3 months	Total
	JD	JD
As at 31 December 2020		
Accrued expenses	1,000	1,000
Total	1,000	1,000
	Less than 3 months	**Total**
	JD	**JD**
As at 31 December 2019		
Accrued expenses	1,000	1,000
Total	1,000	1,000

(11) CAPITAL MANAGEMENT

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

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

The items included in the capital structure are paid-up capital, reserves totalling JD 26,341,068 as of December 31, 2020 compared to JD 10,400,172 as of December 31, 2019.

(12) STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the financial statements are disclosed below.

Financial Accounting Standard 31 Investment Agency (Al-Wakala Bi Al-Istithmar)

This standard intends to define the accounting principles and reporting requirements for investment agency (Al-Wakala Bi AlIstithmar) transactions and instruments, in the hands of both the Rab Al-Mal and the (Wakeel). this standard shall be effective beginning on or after 1 January 2021, with early adoption permitted.

The standard requires the Rab Al-Mal to evaluate the nature of the investment as either

a) a pass-through investment or
b) wakala venture.

A pass-through investment is an investment in which the involvement of the Wakeel, as well as, the options for transferability of the instrument are limited and the investor (Muakel) principally takes a direct exposure on the underlying assets. An investor (Muakel) shall apply the pass-through investment approach for its investments in an investment agency instruments; unless it opts to apply the wakala venture approach.

Under this approach, the principal (Muakel) shall initially recognize the assets underlying the wakala arrangement in its books of account applying the initial recognition principles as applicable in line with respective FAS.

The principal (Muakel) may opt to apply the wakala venture approach if, and only if, the investment agency contract meets any of the conditions required under certain conditions.

Under this approach, an investment shall be accounted for in the books of the investor (Muakel) who applying the "equity method of accounting"; where the investment shall be recognized initially at cost and subsequently shall be measured at the end of the financial period at carrying amount and shall be adjusted to include the investor's share (Muakel) in profit or loss of the wakala venture.

From the agent (Wakeel) perspective, the standard requires that at inception of the transaction the agent (Wakeel) shall recognize an agency arrangement under off-balance sheet approach since the agent does not control the related assets / business. However, there are exceptions to off-balance sheet approach where by virtue of additional considerations attached to the instrument based on investment agency may mandate the same to be accounted for as on-balance sheet.

Financial Accounting Standard FAS 32 (Ijarah)

This standard supersedes FAS 8 "Ijarah and Ijarah Muntahia Bittamleek". The standard aims at setting out principles for the classification, recognition, measurement, presentation and disclosure of Ijarah type transactions including their different forms entered into by an institution, in both the capacities of lessor and lessee.

This standard shall be effective beginning or after 1 January 2021, with early adoption permitted.

(13) IMPACT of the CORONA PANDEMIC (COVID-19) ON THE FUND

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

The COVID pandemic has not had a substantial impact on the FUND's activities. The Fund's management considers that it retains the liquidity necessary to meet its obligations upon maturity for at least one year from the date of these financial statements.

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