

**THE FINANCIAL PERFORMANCE OF THE  
DEPOSIT INSURANCE FUND FOR ISLAMIC  
BANKS FOR THE YEAR 2023**

## **The financial performance of the deposit insurance fund for Islamic banks**

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

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

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

The Corporation shall invest the financial sources of the Fund in Government securities complying with Shariah principles and rulings according to Article (35 bis) of JODIC's law number (33) for the year (2000).

### **The fund's financial performance**

Total owners' equity increased to reach JD 88.9 million by the end of 2023 compared with JD 65.1 million by the end of 2022. Deposit insurance fund for Islamic banks capital amounted to JD (0.550) million of which JD (0.150) million was paid by the Government out of its contribution to the JODIC's capital in the fund, and JD (0.400) million was paid by member Islamic banks (JD 100,000 as a non-refundable initiation fee paid by each Islamic member bank). The accumulated reserves by the end of 2023, generated from the annual surplus and premiums (annual membership fees), formed the bulk of total owners' equity and reached JD 88.3 million with an increase of JD 23.7 million from the previous year. Annual membership fees collected from member Islamic banks amounted to JD 21.1 million during the year 2023, compared with JD 20 million collected a year earlier and reflected 5.5% increase rate. While the investment income in Islamic Sukuk amounted to JD 2.6 million during 2023 compared with JD 1.1 million by the end of 2022.

## **Investment's Fund Portfolio**

The outstanding value of the fund's portfolio of government securities that complying with Shariah principles and rulings amounted to about JD 79.6 million by the end of 2023, distributed as follows:

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

## **Cash Account**

Deposit Insurance Fund for Islamic Banks cash balances not invested in government securities complying with Shariah principles and rulings is deposited at the Central Bank of Jordan (CBJ) in accordance with the Provisions of Article 24(b) and Article 3(b) of JODIC's Law. The balance of this account amounted to JD 8.3 million by the end of 2023.

## **Total Reserves**

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