

JORDAN INSURANCE COMPANY

PUBLIC SHAREHOLDING COMPANY

FINANCIAL STATEMENTS

31 DECEMBER 2022

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of the Jordan Insurance Company
Amman – Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jordan Insurance Company (the "Company"), which comprise the statement of financial position as at 31 December 2022, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then 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 Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Emphasis of a matter

Without qualifying our opinion, we draw attention to note (38) to the financial statements, the Company's solvency ratio was 182% as of 31 December 2022, which is less than the ratio determined by the Insurance Administration, which is 200%.

Other matter

The Company's financial statements for the year ended 31 December 2021 were audited by another auditor who issued an unqualified opinion for the year ended 31 December 2021 on 28 February 2022.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements . These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context .

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

1. Revenue Recognition	
Key audit matter	How the key audit matter was addressed in the audit
Revenue is an important determinant of the Company's profitability. In addition, there is a risk of improper revenue recognition, particularly with regard to revenue recognition at the cutoff date. Total written premiums revenues amounted to JD 80,624,110 for the year ended 31 December 2022.	Our audit procedures included evaluating the Company's revenue recognition accounting policies and assessing compliance with the policies in terms of International Financial Reporting Standards (IFRSs). We tested the Company's controls over revenue recognition and key controls in the revenue cycle. We also selected a representative sample and tested premiums written at either side of the revenue cutoff date to assess whether the revenue was recognized in the correct period. Analytical procedures were performed on income accounts by lines of business. We independently re-performed the revenue calculation of each line of business using data extracted from the Company's system.

	In order to rely on the data extracted, we tested a sample of transactions to their related policies to assess the accuracy of the data extracted. We also selected and tested a representative sample of journal entries at the cut off period. Disclosures of accounting policies for revenue recognition are detailed in note (2) to the financial statement.
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2. Estimates used in calculation and completeness of insurance liabilities	
Key audit matter	How the key audit matter was addressed in the audit
The Company has insurance liabilities of JD 31,743,207 representing 59% of the Company's total liabilities as of 31 December 2022. The measurement of insurance liabilities (outstanding claims, unearned premium revenue and premium deficiency reserve) involves significant judgment over uncertain future outcomes including primarily the timing and ultimate full settlement of long-term policyholders' liabilities.	Our audit procedures included, amongst others, assessing the Company's methodology for calculating the insurance liabilities and their analysis of the movements in insurance liabilities during the year, including consideration of whether the movements are in line with the accounting policy adopted by the Company. We tested management's liability adequacy testing which is a key test performed to check that the liabilities are adequate in the context of expected experience. We evaluated the competence, capabilities and objectivity of the Company's external specialist. Our audit procedures on the liability adequacy tests included assessing the reasonableness of the projected cash flows and reviewing the assumptions adopted in the context of both the Company and industry experience and specific product features. We also assessed the adequacy of the disclosures regarding these liabilities. Disclosures of assumptions and accounting policies related to insurance contracts liabilities are detailed in note (2) to the financial statement.

Other information included in the Jordan Insurance Company's 2022 annual report.

Other information consists of the information included in the Company's 2022 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2022 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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 exists. 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, 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 Company 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of accounts which are in agreement with the financial statements, taking into consideration the emphasis of a matter paragraph.

The partner in charge of the audit resulting in this auditor's report was Ali Samara; license number 503.

Amman – Jordan

28 February 2023 except for Note (5) and Note (10) on 12 April 2023.

ERNST & YOUNG
Amman - Jordan

JORDAN INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022 JD	2021 JD
<u>Assets</u>			
Investments -			
Bank deposits	3	22,207,347	26,654,164
Financial assets at fair value through statement of profit or loss	4	2,848,284	2,748,881
Financial assets at fair value through other comprehensive income	5	19,917,394	27,866,076
Investment properties	6	15,587,294	15,512,881
Life policyholder's loans	7	26,739	35,539
Total investments		60,587,058	72,817,541
Other assets -			
Cash on hand and at banks	8	4,716,326	3,536,478
Notes receivable and checks under collection	9	1,963,710	3,075,583
Accounts receivable, net	10	15,523,659	16,415,063
Reinsurance receivable, net	11	4,031,222	5,831,044
Deferred tax assets	12/d	2,802,399	2,844,555
Property and equipment, net	13	1,066,887	990,374
Intangible assets, net	14	341,579	239,895
Other assets	15	2,476,525	2,558,359
Total assets		93,509,365	108,308,892
<u>Liabilities and Equity</u>			
Technical reserves -			
Unearned premium reserve, net		13,395,557	11,365,857
Outstanding claims reserve, net		16,450,627	15,622,637
Mathematical reserve, net	16	1,599,633	1,417,919
Premium deficiency reserve		297,390	83,177
Total technical reserves		31,743,207	28,489,590
Other liabilities -			
Bank overdraft	17	9,050,549	17,763,534
Accounts payable	18	2,691,195	3,129,023
Reinsurance payables	19	7,534,486	5,254,165
Other provisions	20	1,210,701	1,174,191
Income tax provision	12/a	627,524	85,021
Deferred tax liabilities	12/d	274,982	1,446,798
Other liabilities	21	697,949	707,047
Total liabilities		53,830,593	58,049,369
Equity -			
Paid in capital	22	30,000,000	30,000,000
Statutory reserve	23	7,500,000	7,500,000
Fair value reserve	24	(4,374,701)	6,823,258
Retained earnings	25	6,542,768	5,059,826
Profit for the year		10,705	876,439
Total equity		39,678,772	50,259,523
Total liabilities and equity		93,509,365	108,308,892

The attached notes from 1 to 44 form part of these financial statements

JORDAN INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 JD	2021 JD
Revenues -			
Gross written premiums - general insurance		50,703,985	45,412,805
Gross written premiums - life		29,920,125	23,096,301
Less: Reinsurance share - general insurance		(23,143,429)	(21,411,467)
Less: Reinsurance share - life		(19,653,586)	(14,934,541)
Written premiums, net		37,827,095	32,163,098
Net change in unearned premiums reserve		(2,029,700)	150,629
Net change in mathematical reserve		(181,714)	54,307
Net change in premiums deficiency reserve		(214,213)	30,363
Net earned premium		35,401,468	32,398,397
Commissions income		2,506,062	2,237,656
Insurance policies issuance fees		1,741,826	1,527,788
Interest income	26	391,366	249,489
Net gains from financial assets and investments	27	1,197,529	1,518,216
Other income	28	333,829	688,928
Total revenues		41,572,080	38,620,474
Claims, losses and related expenses			
Paid claims		52,084,828	51,865,133
Less: Recoveries		(4,540,062)	(3,962,118)
Add: Incurred and matured policies		85,937	67,818
Less: Reinsurance share		(24,303,109)	(26,195,543)
Paid claims, net		23,327,594	21,775,290
Net change in outstanding claims reserve		827,990	718,754
Allocated employees' expenses	30	4,417,605	4,243,099
Allocated general and administrative expenses	31	2,641,874	2,355,811
Excess of loss premium		669,631	603,214
Paid commissions		3,008,205	3,116,109
Other expenses related to underwriting accounts		1,859,908	1,524,315
Net claims		36,752,807	34,336,592
Unallocated employees' expenses	30	790,075	749,493
Depreciation and amortization	6,13,14	347,519	288,166
Unallocated general and administrative expenses	31	434,597	462,676
Provision for expected credit losses	10,11	1,276,600	14,355
Finance costs		1,237,382	1,479,621
Other expenses	32	131,467	150,056
Total expenses		4,217,640	3,144,367
Profit for the year before income tax		601,633	1,139,515
Less: Income tax expense	12/B	(590,928)	(263,076)
Profit for the year		10,705	876,439
Basic and diluted earnings per share	34	0.0004	0.0292

The attached notes from 1 to 44 form part of these financial statements

JORDAN INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	<u>2022</u>	<u>2021</u>
	JD	JD
Profit for the year	10,705	876,439
Add: Other comprehensive income items after tax which will not be reclassified to profit or loss in subsequent periods:		
Change in fair value of financial assets at fair value through other comprehensive income	(11,197,959)	9,559,511
Gain on sale of financial assets at fair value through other comprehensive income	<u>606,503</u>	<u>19,991</u>
Total comprehensive income for the year	<u><u>(10,580,751)</u></u>	<u><u>10,455,941</u></u>

The attached notes from 1 to 44 form part of these financial statements

JORDAN INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Paid in capital	Statutory reserve	Fair value reserve	Retained Earnings		Total
				Realized	Unrealized	
	JD	JD	JD	JD	JD	JD
2022-						
Balance at 1 January 2022	30,000,000	7,500,000	6,823,258	4,415,623	1,520,642	50,259,523
Profit for the year	-	-	-	10,705	-	10,705
Other comprehensive income items for the year, net	-	-	(10,591,456)	-	-	(10,591,456)
Total comprehensive income for the year	-	-	(10,591,456)	10,705	-	(10,580,751)
Transfers from fair value reserve to retained earnings	-	-	(606,503)	606,503	-	-
Balance at 31 December 2022	30,000,000	7,500,000	(4,374,701)	5,032,831	1,520,642	39,678,772
2021-						
Balance at 1 January 2021	30,000,000	7,500,000	(2,736,253)	3,719,193	1,520,642	40,003,582
Prior years adjustments (note 11)	-	-	-	(200,000)	-	(200,000)
Adjusted Balance at 1 January 2021	30,000,000	7,500,000	(2,736,253)	3,519,193	1,520,642	39,803,582
Profit for the year	-	-	-	876,439	-	876,439
Other Comprehensive Income	-	-	9,559,511	19,991	-	9,579,502
Total comprehensive income for the year	-	-	9,559,511	896,430	-	10,455,941
Balance at 31 December 2021	30,000,000	7,500,000	6,823,258	4,415,623	1,520,642	50,259,523

The attached notes from 1 to 44 form part of these financial statements

JORDAN INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 JD	2021 JD
<u>OPERATING ACTIVITIES</u>			
Profit for the year before tax		601,633	1,139,515
Adjustments:			
Depreciation and amortization	6,13,14	347,519	298,518
Provision for expected credit losses	10,11	1,276,600	14,355
Change in fair value of financial assets at fair value through statement of profit or loss		(279,400)	(497,483)
Gain on sale of financial assets at fair value through statement of profit or loss		(185,759)	283
Gain on sale of investment properties	6	-	(215,193)
Gain on sale of property and equipment	13	(14,278)	-
Net change in unearned premiums reserve		2,029,700	(150,629)
Net change in outstanding claims reserve		827,990	718,754
Net change in mathematical reserve		181,714	(54,307)
Net change in premiums deficiency reserve		214,213	(30,363)
End-of-service indemnity expense		76,467	150,945
Interest income		(391,366)	(249,489)
Cash flows from operating activities before changes in working capital		4,685,033	1,124,906
Other liabilities		(9,098)	(135,272)
Checks under collection and notes receivables		1,111,873	(89,424)
Accounts' receivable		(185,196)	(1,826,635)
Reinsurance receivable		1,599,822	(1,993,062)
Other assets		133,578	(295,122)
Accounts' payables		(437,828)	588,026
Reinsurance payables		2,280,321	(464,545)
Other provisions		57,090	10,032
Net cash flows from (used in) operating activities before income tax and end of service provisions paid		9,235,595	(3,081,096)
Income tax paid	12	(51,893)	(371,993)
End of service provision paid		(97,047)	(186,152)
Net cash flows from (used in) operating activities		9,086,655	(3,639,241)
<u>INVESTING ACTIVITIES</u>			
Bank deposits maturing after three months	3	476,510	(52,487)
Life policyholders' loans		8,800	9,000
Purchase of property and equipment	13	(150,049)	(40,691)
Purchase of intangible assets	14	(259,829)	(109,858)
Proceeds from sale of property and equipment	3	14,279	-
Purchase of investments properties	6	(190,252)	(210,845)
Purchase of financial assets at fair value through other comprehensive income		(6,618,185)	(243,065)
Proceeds from sale of investment properties	6	-	1,200,000
Proceeds from sale of financial assets at fair value through comprehensive income		2,849,219	42,800
Proceeds from sale of financial assets at fair value through statement of profit or loss		365,756	-
Interest received		339,622	219,456
Net cash flows (used in) from investing activities		(3,164,129)	814,310
Net increase (decrease) in cash and cash equivalent		5,922,526	(2,824,931)
Cash and cash equivalents at the beginning of the year		9,940,998	12,557,670
Foreign currency exchange		-	208,259
Cash and cash equivalents at the end of the year	34	15,863,524	9,940,998

The attached notes from 1 to 44 form part of these financial statements

JORDAN INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING REVENUES FOR THE GENERAL INSURANCE – INSIDE JORDAN
FOR THE YEAR ENDED 31 DECEMBER 2022

	Motor		Marine and transportation		Fire and property		Civil responsibility		Medical		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Written premium:														
Direct insurance	15,453,759	12,462,818	853,583	941,977	13,692,162	11,751,818	698,200	743,729	9,448,555	9,218,754	52,080	58,376	40,198,339	35,177,472
Facultative inward reinsurance	967,989	478,463	261,350	212,752	2,709,682	2,929,535	37,778	31,740	-	-	761	-	3,977,560	3,652,490
Total premiums	16,421,748	12,941,281	1,114,933	1,154,729	16,401,844	14,681,353	735,978	775,469	9,448,555	9,218,754	52,841	58,376	44,175,899	38,829,962
Less: Local reinsurance share	-	-	174,249	185,248	3,898,257	3,544,506	37,440	31,200	-	-	-	-	4,109,946	3,760,954
Less: Foreign reinsurance share	544,147	433,081	747,144	802,425	12,070,924	10,694,559	673,192	716,099	3,319,565	3,190,244	21,435	26,127	17,376,407	15,862,535
Net written premiums	15,877,601	12,508,200	193,540	167,056	432,663	442,288	25,346	28,170	6,128,990	6,028,510	31,406	32,249	22,689,546	19,206,473
Add: Unearned premiums reserve - beginning of the year	6,558,589	6,511,859	277,217	195,325	5,516,778	5,529,699	413,466	352,176	3,677,017	3,557,676	15,612	40,016	16,458,679	16,186,751
Less: Reinsurance share - beginning of the year	190,755	154,928	235,025	158,471	5,427,171	5,430,957	410,160	346,339	1,250,395	1,220,931	4,321	18,229	7,517,827	7,329,855
Net unearned premiums reserve - beginning of the year	6,367,834	6,356,931	42,192	36,854	89,607	98,742	3,306	5,837	2,426,622	2,336,745	11,291	21,787	8,940,852	8,856,896
Less: Unearned premiums reserve - end of the year	8,361,295	6,558,589	311,998	277,217	5,763,083	5,516,778	275,050	413,466	3,821,214	3,677,017	18,987	15,612	18,551,627	16,458,679
Reinsurance share - end of the year	249,871	190,755	262,100	235,025	5,664,415	5,427,171	271,813	410,160	1,302,450	1,250,395	5,536	4,321	7,756,185	7,517,827
Net unearned premiums reserve - end of the year	8,111,424	6,367,834	49,898	42,192	98,668	89,607	3,237	3,306	2,518,764	2,426,622	13,451	11,291	10,795,442	8,940,852
Net premiums deficiency reserve – end of the year	220,000	-	-	-	-	-	-	-	-	-	-	-	220,000	-
Net earned revenues from written premiums	13,914,011	12,497,297	185,834	161,718	423,602	451,423	25,415	30,701	6,036,848	5,938,633	29,246	42,745	20,614,956	19,122,517

The attached notes from 1 to 44 form part of these financial statements

JORDAN INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CLAIMS COST FOR THE GENERAL INSURANCE – INSIDE JORDAN
FOR THE YEAR ENDED 31 DECEMBER 2022

	Motor		Marine and transportation		Fire and property		Civil Responsibility		Medical		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	13,510,887	12,040,101	216,791	254,709	400,608	1,628,485	17,057	14,895	8,108,762	6,386,994	53,647	126,686	22,307,752	20,451,870
Less: Recoveries	3,460,058	2,911,115	56,439	42,136	21,061	8,596	3,048	3,590	-	-	2,975	-	3,543,581	2,965,437
Local reinsurance share	(177)	(324)	-	-	21,250	98,498	-	-	-	-	-	-	21,073	98,174
Foreign reinsurance share	241,298	144,406	119,328	149,687	275,163	1,459,873	10,183	8,438	3,456,781	2,700,255	35,470	88,680	4,138,223	4,551,339
Net paid claims	9,809,708	8,984,904	41,024	62,886	83,134	61,518	3,826	2,867	4,651,981	3,686,739	15,202	38,006	14,604,875	12,836,920
 Add: Reported claims reserve - end of the year	 12,929,577	 11,513,119	 398,137	 584,403	 4,042,435	 3,676,743	 487,600	 413,300	 505,451	 794,562	 180,099	 230,599	 18,543,299	 17,212,726
Incurred but not reported claims reserve (IBNR)	2,670,000	2,670,000	17,000	18,000	18,000	5,000	7,000	6,000	576,060	606,508	1,000	-	3,289,060	3,305,508
Less: Re-insurers share - end of the year	413,088	364,348	340,997	492,653	3,852,148	3,468,415	458,823	399,689	467,369	595,655	140,194	175,544	5,672,619	5,496,304
Recoveries	2,545,198	2,686,436	-	-	-	-	-	-	-	-	-	-	2,545,198	2,686,436
Net claims reserve - end of the year	12,641,291	11,132,335	74,140	109,750	208,287	213,328	35,777	19,611	614,142	805,415	40,905	55,055	13,614,542	12,335,494
 Less: Reported claims reserve - beginning of the year	 11,513,119	 9,894,976	 584,403	 936,012	 3,676,743	 9,804,972	 413,300	 1,419,037	 794,562	 301,205	 230,599	 221,310	 17,212,726	 22,577,512
Incurred but not reported claims reserve (IBNR)	2,670,000	2,670,000	18,000	18,000	5,000	5,000	6,000	6,000	606,508	534,532	-	-	3,305,508	3,233,532
Less: Re-insurers' share - beginning of the year	364,348	302,345	492,653	755,610	3,468,415	9,592,044	399,689	1,403,739	595,655	354,219	175,544	166,042	5,496,304	12,573,999
Recoveries	2,686,436	2,367,608	-	-	-	-	-	-	-	-	-	-	2,686,436	2,367,608
Net claims reserve - beginning of the year	11,132,335	9,895,023	109,750	198,402	213,328	217,928	19,611	21,298	805,415	481,518	55,055	55,268	12,335,494	10,869,437
 Net claims cost	 11,318,664	 10,222,216	 5,414	 (25,766)	 78,093	 56,918	 19,992	 1,180	 4,460,708	 4,010,636	 1,052	 37,793	 15,883,923	 14,302,977

The attached notes from 1 to 44 form part of these financial statements

JORDAN INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING PROFITS FOR THE GENERAL INSURANCE – INSIDE JORDAN
FOR THE YEAR ENDED 31 DECEMBER 2022

	Motor		Marine and transportation		Fire and property		Civil responsibility		Medical		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net earned revenues from written premiums	13,914,011	12,497,297	185,834	161,718	423,602	451,423	25,415	30,701	6,036,848	5,938,633	29,246	42,745	20,614,956	19,122,517
Less: Net claims cost	<u>11,318,664</u>	<u>10,222,216</u>	<u>5,414</u>	<u>(25,766)</u>	<u>78,093</u>	<u>56,918</u>	<u>19,992</u>	<u>1,180</u>	<u>4,460,708</u>	<u>4,010,636</u>	<u>1,052</u>	<u>37,793</u>	<u>15,883,923</u>	<u>14,302,977</u>
	2,595,347	2,275,081	180,420	187,484	345,509	394,505	5,423	29,521	1,576,140	1,927,997	28,194	4,952	4,731,033	4,819,540
Add: Commissions received	136,006	108,196	262,052	238,286	1,661,579	1,436,586	103,587	111,768	-	-	7,973	9,736	2,171,197	1,904,572
Policies issuance fees	774,284	713,298	14,276	15,121	156,266	140,170	10,029	9,591	284,209	270,116	1,237	1,184	1,240,301	1,149,480
Other underwriting revenues	<u>94,439</u>	<u>91,895</u>	<u>58,968</u>	<u>38,141</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,695</u>	<u>3,693</u>	<u>-</u>	<u>-</u>	<u>155,102</u>	<u>133,729</u>
Total revenues	<u>3,600,076</u>	<u>3,188,470</u>	<u>515,716</u>	<u>479,032</u>	<u>2,163,354</u>	<u>1,971,261</u>	<u>119,039</u>	<u>150,880</u>	<u>1,862,044</u>	<u>2,201,806</u>	<u>37,404</u>	<u>15,872</u>	<u>8,297,633</u>	<u>8,007,321</u>
Less: Commissions paid	532,815	507,696	45,255	34,212	140,497	173,126	1,439	5,737	183,432	189,122	3,309	3,250	906,747	913,143
Excess of loss premium	251,564	189,331	38,065	34,251	240,438	240,490	-	-	-	-	-	-	530,067	464,072
Administrative expenses related to underwriting accounts	1,120,035	990,091	78,959	146,007	1,118,320	1,072,130	50,197	59,208	644,450	719,227	3,604	4,452	3,015,565	2,991,115
Other expenses	<u>464,047</u>	<u>381,131</u>	<u>4,350</u>	<u>6,758</u>	<u>77,387</u>	<u>68,019</u>	<u>-</u>	<u>-</u>	<u>686,544</u>	<u>682,165</u>	<u>-</u>	<u>-</u>	<u>1,232,328</u>	<u>1,138,073</u>
Total expenses	<u>2,368,461</u>	<u>2,068,249</u>	<u>166,629</u>	<u>221,228</u>	<u>1,576,642</u>	<u>1,553,765</u>	<u>51,636</u>	<u>64,945</u>	<u>1,514,426</u>	<u>1,590,514</u>	<u>6,913</u>	<u>7,702</u>	<u>5,684,707</u>	<u>5,506,403</u>
Net underwriting profit	<u>1,231,615</u>	<u>1,120,221</u>	<u>349,087</u>	<u>257,804</u>	<u>586,712</u>	<u>417,496</u>	<u>67,403</u>	<u>85,935</u>	<u>347,618</u>	<u>611,292</u>	<u>30,491</u>	<u>8,170</u>	<u>2,612,926</u>	<u>2,500,918</u>

The attached notes from 1 to 44 form part of these financial statements

JORDAN INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING REVENUES FOR THE GENERAL INSURANCE – OUTSIDE JORDAN
FOR THE YEAR ENDED 31 DECEMBER 2022

	Motor		Marine and transportation		Fire and property		Civil responsibility		Medical		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Written premium:														
Direct operations	4,117,354	4,055,198	225,112	394,602	551,341	587,978	89,529	87,142	1,422,995	1,325,691	97,296	99,876	6,503,627	6,550,487
Facultative inward reinsurance	-	-	-	-	24,459	32,356	-	-	-	-	-	-	24,459	32,356
Total premiums	4,117,354	4,055,198	225,112	394,602	575,800	620,334	89,529	87,142	1,422,995	1,325,691	97,296	99,876	6,528,086	6,582,843
Less: Local re-insurers' share	-	-	-	-	-	-	-	-	697	494	-	-	697	494
Foreign re-insurers' share	<u>161,172</u>	<u>143,658</u>	<u>164,426</u>	<u>317,785</u>	<u>462,002</u>	<u>499,670</u>	<u>81,766</u>	<u>76,543</u>	<u>776,494</u>	<u>739,464</u>	<u>10,519</u>	<u>10,364</u>	<u>1,656,379</u>	<u>1,787,484</u>
Net written premiums	3,956,182	3,911,540	60,686	76,817	113,798	120,664	7,763	10,599	645,804	585,733	86,777	89,512	4,871,010	4,794,865
Add: Unearned premiums reserve - beginning of the year	2,120,996	2,284,964	89,688	89,988	279,250	401,253	49,688	44,620	607,661	619,499	46,198	53,602	3,193,481	3,493,926
Less: Re-insurers share - beginning of the year	70,607	57,215	68,641	73,256	245,158	349,649	43,972	39,357	337,120	390,835	2,978	2,442	768,476	912,754
Impact of foreign currency exchange difference	-	68,250	-	691	-	3,427	-	94	-	5,189	-	767	-	78,418
Net unearned premiums reserve - beginning of the year	<u>2,050,389</u>	<u>2,295,999</u>	<u>21,047</u>	<u>17,423</u>	<u>34,092</u>	<u>55,031</u>	<u>5,716</u>	<u>5,357</u>	<u>270,541</u>	<u>233,853</u>	<u>43,220</u>	<u>51,927</u>	<u>2,425,005</u>	<u>2,659,590</u>
Premium deficiency reserve	-	22,023	19,200	8,901	35,850	55,515	-	-	28,127	27,101	-	-	83,177	113,540
Less: Unearned premiums reserve - end of the year	2,288,652	2,120,996	60,167	89,688	248,013	279,250	56,966	49,688	685,118	607,661	45,965	46,198	3,384,881	3,193,481
Re-insurers' share - end of the year	<u>89,135</u>	<u>70,607</u>	<u>45,523</u>	<u>68,641</u>	<u>218,601</u>	<u>245,158</u>	<u>51,951</u>	<u>43,972</u>	<u>376,472</u>	<u>337,120</u>	<u>3,084</u>	<u>2,978</u>	<u>784,766</u>	<u>768,476</u>
Net unearned premiums reserve - end of the year	<u>2,199,517</u>	<u>2,050,389</u>	<u>14,644</u>	<u>21,047</u>	<u>29,412</u>	<u>34,092</u>	<u>5,015</u>	<u>5,716</u>	<u>308,646</u>	<u>270,541</u>	<u>42,881</u>	<u>43,220</u>	<u>2,600,115</u>	<u>2,425,005</u>
Premiums deficiency reserve - end of the year	47,000	-	850	19,200	20,940	35,850	-	-	8,600	28,127	-	-	77,390	83,177
Net revenue earned from the underwritten premiums - end of the year	<u>3,760,054</u>	<u>4,179,173</u>	<u>85,439</u>	<u>62,894</u>	<u>133,388</u>	<u>161,268</u>	<u>8,464</u>	<u>10,240</u>	<u>627,226</u>	<u>548,019</u>	<u>87,116</u>	<u>98,219</u>	<u>4,701,687</u>	<u>5,059,813</u>

The attached notes from 1 to 44 form part of these financial statements

JORDAN INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CLAIMS COST FOR THE GENERAL INSURANCE – OUTSIDE JORDAN
FOR THE YEAR ENDED 31 DECEMBER 2022

	Motor		Marine and transportation		Fire and property		Civil responsibility		Medical		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	6,619,938	3,873,895	108,343	297,627	14,964	66,877	-	-	823,454	861,508	10,666	3,180	7,577,365	5,103,087
Less: Recoveries	996,097	927,384	-	69,122	384	175	-	-	-	-	-	-	996,481	996,681
Foreign reinsurance share	2,929,206	264,037	71,140	216,716	9,466	14,987	-	-	579,732	594,983	-	-	3,589,544	1,090,723
Net paid claims	<u>2,694,635</u>	<u>2,682,474</u>	<u>37,203</u>	<u>11,789</u>	<u>5,114</u>	<u>51,715</u>	<u>-</u>	<u>-</u>	<u>243,722</u>	<u>266,525</u>	<u>10,666</u>	<u>3,180</u>	<u>2,991,340</u>	<u>3,015,683</u>
Add: Incurred and reported claims reserve														
- end of the Year	1,765,543	5,459,863	696,650	610,435	44,461	83,161	-	-	63,564	64,128	84,290	123,564	2,654,508	6,341,151
Incurred but not reported claims reserve	434,000	461,850	21,607	45,090	60,208	81,955	-	-	101,729	88,267	14,835	19,990	632,379	697,152
Less: Reinsurance share - end of the year	81,715	3,496,752	619,640	576,568	98,767	142,019	-	-	115,026	104,621	-	-	915,148	4,319,960
Recoveries	927,194	689,373	-	-	-	-	-	-	-	-	-	-	927,194	689,373
Net claims reserve - end of the year	<u>1,190,634</u>	<u>1,735,588</u>	<u>98,617</u>	<u>78,957</u>	<u>5,902</u>	<u>23,097</u>	<u>-</u>	<u>-</u>	<u>50,267</u>	<u>47,774</u>	<u>99,125</u>	<u>143,554</u>	<u>1,444,545</u>	<u>2,028,970</u>
Less: Incurred and reported claims reserve - beginning of the year	5,459,863	2,723,977	610,435	758,155	83,161	147,592	-	-	64,128	70,474	123,564	113,931	6,341,151	3,814,129
Incurred but not reported claims reserve	461,850	683,411	45,090	53,980	81,955	105,860	-	-	88,267	116,967	19,990	21,478	697,152	981,696
Less: Reinsurance share - beginning of the year	3,496,752	466,697	576,568	711,576	142,019	214,355	-	-	104,621	131,824	-	-	4,319,960	1,524,452
Currency differences effect	-	82,361	-	3,120	-	224	-	-	-	638	-	428	-	86,771
Recoveries	689,373	702,210	-	-	-	-	-	-	-	-	-	-	689,373	702,210
Net claims reserve - beginning of the year	<u>1,735,588</u>	<u>2,320,842</u>	<u>78,957</u>	<u>103,679</u>	<u>23,097</u>	<u>39,321</u>	<u>-</u>	<u>-</u>	<u>47,774</u>	<u>56,255</u>	<u>143,554</u>	<u>135,837</u>	<u>2,028,970</u>	<u>2,655,934</u>
Net claims cost	<u>2,149,681</u>	<u>2,097,220</u>	<u>56,863</u>	<u>(12,933)</u>	<u>(12,081)</u>	<u>35,491</u>	<u>-</u>	<u>-</u>	<u>246,215</u>	<u>258,044</u>	<u>(33,763)</u>	<u>10,897</u>	<u>2,406,915</u>	<u>2,388,719</u>

The attached notes from 1 to 44 form part of these financial statements

JORDAN INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING PROFITS FOR THE GENERAL INSURANCE – OUTSIDE JORDAN
FOR THE YEAR ENDED 31 DECEMBER 2022

	Motor		Marine and transportation		Fire and property		Civil responsibility		Medical		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net earned revenues from the written premium	3,760,054	4,179,173	85,439	62,894	133,388	161,268	8,464	10,240	627,226	548,019	87,116	98,219	4,701,687	5,059,813
Less: Net claims cost	2,149,681	2,097,220	56,863	(12,933)	(12,081)	35,491	-	-	246,215	258,044	(33,763)	10,897	2,406,915	2,388,719
	1,610,373	2,081,953	28,576	75,827	145,469	125,777	8,464	10,240	381,011	289,975	120,879	87,322	2,294,772	2,671,094
Add: Commissions received	40,294	35,906	61,376	82,387	128,225	141,829	26,865	25,016	-	-	3,944	3,886	260,704	289,024
Policies issuance fees	1,080	1,171	1,305	1,140	1,908	1,785	153	153	43	29	135	154	4,624	4,432
Other underwriting revenues	23,847	16,403	-	-	-	-	-	-	-	30,323	-	-	23,847	46,726
Total revenues	<u>1,675,594</u>	<u>2,135,433</u>	<u>91,257</u>	<u>159,354</u>	<u>275,602</u>	<u>269,391</u>	<u>35,482</u>	<u>35,409</u>	<u>381,054</u>	<u>320,327</u>	<u>124,958</u>	<u>91,362</u>	<u>2,583,947</u>	<u>3,011,276</u>
Less: Commissions paid	535,737	512,671	20,271	45,442	45,133	58,207	10,662	9,561	134,461	82,693	11,401	13,135	757,665	721,709
Excess of loss premium	62,681	59,207	11,935	15,749	64,948	64,186	-	-	-	-	-	-	139,564	139,142
General and administrative expenses related to underwriting accounts	1,328,285	1,237,605	65,705	87,176	204,767	163,957	23,442	20,266	319,576	320,076	23,077	16,164	1,964,852	1,845,244
Other expenses	102,430	95,700	-	-	115	1,570	-	-	104,090	106,266	-	-	206,635	203,536
Total expenses	<u>2,029,133</u>	<u>1,905,183</u>	<u>97,911</u>	<u>148,367</u>	<u>314,963</u>	<u>287,920</u>	<u>34,104</u>	<u>29,827</u>	<u>558,127</u>	<u>509,035</u>	<u>34,478</u>	<u>29,299</u>	<u>3,068,716</u>	<u>2,909,631</u>
(Loss) profit of underwriting	<u>(353,539)</u>	<u>230,250</u>	<u>(6,654)</u>	<u>10,987</u>	<u>(39,361)</u>	<u>(18,529)</u>	<u>1,378</u>	<u>5,582</u>	<u>(177,073)</u>	<u>(188,708)</u>	<u>90,480</u>	<u>62,063</u>	<u>(484,769)</u>	<u>101,645</u>

The attached notes from 1 to 44 form part of these financial statements

JORDAN INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING REVENUES FOR THE LIFE INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2022

	Life	
	2022	2021
	JD	JD
Written premiums -		
Direct insurance	29,920,125	23,096,301
Inward facultative reinsurance	-	-
Total Premiums	<u>29,920,125</u>	<u>23,096,301</u>
Less: Local reinsurance share	360,237	190,325
Less: Foreign reinsurance share	19,293,349	14,744,216
Net written premiums	<u>10,266,539</u>	<u>8,161,760</u>
Add: mathematical reserve at the beginning of the year	2,098,997	2,071,353
Less: reinsurance share	681,078	599,127
Net mathematical reserve at the beginning of the year	<u>1,417,919</u>	<u>1,472,226</u>
Less: Mathematical reserve at the end of the year	2,897,069	2,098,997
Less: reinsurance share	1,297,436	681,078
Net mathematical reserve at the end of the year	<u>1,599,633</u>	<u>1,417,919</u>
Net earned revenues from written premiums	<u><u>10,084,825</u></u>	<u><u>8,216,067</u></u>

The attached notes from 1 to 44 form part of these financial statements

JORDAN INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CLAIMS COST FOR THE LIFE INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2022

	Life	
	2022	2021
	JD	JD
Paid Claims	22,199,711	26,310,176
Maturity and surrender of policies	85,937	67,818
Less: Local reinsurance share	218,008	256,665
Foreign reinsurance share	16,336,261	20,198,642
Net paid claims	<u>5,731,379</u>	<u>5,922,687</u>
Add: Reported claims reserve at the end of the year	7,480,425	7,376,480
Less: reinsurance share	6,088,885	6,118,308
Net outstanding claims reserve at the end of the year	<u>1,391,540</u>	<u>1,258,172</u>
Add: Reported claims reserve - beginning of the year	7,376,480	7,408,318
Less: reinsurance share	6,118,308	6,029,807
Net outstanding claims reserve at the beginning of the year	<u>1,258,172</u>	<u>1,378,511</u>
Net claims cost	<u><u>5,864,747</u></u>	<u><u>5,802,348</u></u>

The attached notes from 1 to 44 form part of these financial statements

JORDAN INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING PROFITS (LOSSES) FOR THE LIFE INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2022

	Life	
	2022	2021
	JD	JD
Net earned revenue from written premiums	10,084,825	8,216,067
Less: Net claims cost	5,864,747	5,802,348
	<u>4,220,078</u>	<u>2,413,719</u>
Add: Commissions received	74,161	44,060
Policies issuance fees	496,901	373,876
Revenue from investment related to underwriting accounts	200,000	100,000
Other revenues	43,829	91,989
Total revenues	<u>5,034,969</u>	<u>3,023,644</u>
Less: Commissions paid	1,343,793	1,481,257
Less: Administrative expenses related to underwriting accounts	2,079,062	1,762,551
Less: Other expenses	420,945	182,706
Total expenses	<u>3,843,800</u>	<u>3,426,514</u>
Net underwriting profit / (loss)	<u><u>1,191,169</u></u>	<u><u>(402,870)</u></u>

The attached notes from 1 to 44 form part of these financial statements

(1) GENERAL

Jordan Insurance Company was established in 1951 and registered as a Jordanian public shareholding limited company under Number (11) with an authorized capital of JD 100 thousand. On July 12, 1981, the Company's capital was increased to JD 1.1 million. On 1 May 1988, the General Insurance Society for Near East Company (Al – Ittihad Al-Watani) in Jordan was merged with Jordan Insurance Company after evaluating both companies' assets. Consequently, the Company's capital was increased to JD 5 million, divided into 5 million shares of JD 1 each. Furthermore, the Company's capital was increased in stages, the last of which was during the year 2006. Accordingly the Company's authorized and paid-up capital was increased by JD 10 million to become JD 30 million, divided into 30 million shares of JD 1 per share. The Company's address is Amman - Prince Mohammed Street – P.O. Box 279 Amman - 11118, Jordan.

The Company conducts all types of insurance activities inside the Hashemite Kingdom of Jordan and has branches in Abu Dhabi, Sharjah, and Dubai. It also markets insurance policies in Kuwait through an agency.

The financial statements were approved for issuance by the board of directors on 26 February 2023.

(2) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the interpretations issued by the International Financial Reporting Interpretations Committee affiliated with the International Accounting Standards Board.

The Jordanian Dinar is the functional and reporting currency of the Company.

The financial statements have been prepared on historical cost basis, except for financial assets at fair value through income statement and financial assets at fair value through other comprehensive income that have been measured at fair value.

(2-1) 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 financial statements for the year ended 31 December 2021 except for the adoption of new amendments on the standards effective as of 1 January 2022 shown below:

Reference to the Conceptual Framework – Amendments to IFRS 3

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

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

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

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

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

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

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

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

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.

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

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

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

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.

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

(2-2) Summary of significant accounting policies

Following is a summary of the significant accounting policies

Segment reporting

The business segment represents a set of assets and operations that jointly provide products and service subject to risks and returns different from those of other business sector which in measured based on the reports used by the chief operating decision maker.

The geographic segment relates to providing products and services in a defined economic environment subject to risks and returns different from those of other economic environments.

Financial assets at fair value through other comprehensive income

Equity investments that are not held for sale in the near future. These financial instruments 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 statement of income.

It is not allowed to reclassify any of the financial assets from/to this item line except in specific cases as described in the international financial standards.

These financial assets are not subject to impairment testing.

Dividend income is recognized in the income statement.

Date of Recognition of financial assets

Purchases and sales of financial assets are recognized on the trade date (that being the date at which the sale or purchase takes place).

Fair Value

For financial instruments and derivatives quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities.

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.
- Option pricing models.

The objective of the valuation method is to show a fair value that reflects market expectations. Where the fair value of an investment cannot be reliably measured, it is stated at cost less any impairment in the value.

Impairments in Financial Assets Value

The Company accounts the impairment in financial assets using expected credit losses approach in accordance with IFRS (9).

IFRS (9) requires the Company to record an allowance for ECLs for all debt instruments measured at amortized cost.

For all debt instruments, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The company uses the allotment matrix method to calculate expected credit losses, where the allotment matrix is prepared based on the historical default rate on the life expectancy of the receivables after adjusting them with future estimates. Historical defaults and future estimates are updated annually.

Investment properties

Investment properties are measured initially at cost, including transactions costs. Investment properties are depreciated in accordance with their useful lives on a straight-line basis using annual depreciation rate of 2% to 12%. Land is not depreciated.

The carrying values of investment properties are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts, being the higher of their fair value less costs to sell and their value in use. The impairment loss is recorded in the income statement.

Cash and Cash equivalents

For cash flow purposes, cash and cash equivalents comprise cash on hand, cash balances with banks and deposit with financial institutions maturing within three months, less bank overdrafts and restricted balances.

Accounts Receivable

Accounts receivables are stated at original invoice amount less any provision for any uncollectible amounts or expected credit loss. The Company applies a simplified approach in calculating ECLs. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Reinsurance Receivable

Reinsurers shares of insurance premiums, paid claims, technical reserve, and all other rights and obligations resulting are calculated based on signed contracts between the Company and reinsurers are accounted for based on accrual basis.

Reinsurance

The Company engages within its normal activities a variety of inward and outward reinsurance operations with other insurance and reinsurance firms which involves different level of risks. The reinsurance operations include Quota share, excess of loss, facultative reinsurance, and other types of reinsurance. These reinsurance contracts do not eliminate the Company's liability towards policy holders, where in the case the reinsurance fails to cover its portion of total liability, the Company bears the total loss. Therefore, the Company provides for the un-recovered amounts. The estimation of amounts that are likely to be recovered from reinsurers is done according to the Company's portion of total liability for each claim.

Impairment in Reinsurance Assets

In case there is any indication as to the impairment of the reinsurance assets of the Company, which possesses the reinsured contract, the Company should reduce the present value of the contracts and record the impairment in the statement of income,

The impairment is recognized in the following cases only:

1. There is objective evidence resulting from an event that took place after the recording of the reinsurance assets confirming the Company's inability to recover all the amounts under the contracts terms.
2. The event has a reliably and clearly measurable effect on the amounts that the Company will recover from reinsures.

Insurance policy acquisition cost

Acquisition cost represent the cost incurred by the company for selling or underwriting or issuing new insurance contract, the acquisition cost is recorded in the income statement.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Property and equipment (except land) is depreciated when its ready for use.

Depreciation is computed on a straight-line over its expected useful life using the following depreciation rates, and the depreciation expense is recorded in the statement of income:

	<u>%</u>
Buildings	2
Equipment, tools and furniture	7-25
Vehicles	15

Depreciation expense is calculated when property and equipment is ready for use, property and equipment under construction is stated at cost less impairment loss.

Property and equipment are written down to their recoverable amount, when its recoverable amounts less than the net book value. The impairment loss is recorded in the statement of income.

The useful lives are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Any gain or loss arising on the disposal or retirement of an item of property and equipment which represents the difference between the sales proceeds and the carrying amount of the asset is recognized in the statement of income.

Any item of property and equipment derecognized upon disposal or when there is no future economic benefits are expected to arise from the continued use of the asset.

Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses.

Intangible assets are classified as finite or infinite. Intangible assets with finite lives are amortized over the useful economic life and the amortization expense is recognized in the income statement. While intangible assets with indefinite useful lives are assessed for impairment at each reporting date or when there is an indication that the intangible asset may be impaired. The impairment loss is recorded in the income statement. Internally generated intangible assets are not capitalized and are expensed in the income statement.

Intangible assets include computer programs and software. These intangible assets are amortized on based on the straight-line method.

Leases

The company evaluates the contracts entered into at inception to determine whether the contract is a lease or contains a lease, whereby if the contract conveys the right to control the use of identified asset for a period of time in exchange for consideration.

The company applies a consistent approach to recognition and measurement for all lease contracts, except for short-term lease contracts and low-value asset lease contracts. The company recognizes lease liabilities for lease payments and right-of-use assets, representing the right to use the leased assets.

Pledged financial assets

Represent those financial assets pledged to other parties with the existence of the right of use for the other party (sale, pledge). A periodic review is performed for those assets. According to the relevant according policies based on original classifications.

Provisions

Provisions are recognized when the Company has an obligation at the date of the financial statements as a result of past events, and the cost to settle the obligation are both probable and measured reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the preset obligation at the financial statements date, taking into account the risks and uncertainties surrounding the obligation where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of these cash flow.

When it is expected to recover some or all amounts due from other parties, the due amount will be recognized within the assets if the value can be measured reliably.

A- Technical Reserves

Technical reserves are provided for in accordance to the Insurance Administration's instructions, as follows:

1. Unearned premiums reserve is measured for general insurance business based on remaining days of the insurance policy of expiration, considering a period of 365 days except marine and transport insurance which is calculated based on written premiums for existing policies at the date of the financial statements in accordance with Laws, regulations and instructions issued pursuant there to.
2. Outstanding claims (Reported) provision is measured at the maximum value of the total expected loss for each claim separately.
3. Provision for the ultimate cost of claims incurred but not yet reported (IBNR) and unexpired risk is measured based on the estimates and the experience of the Company.
4. Unearned contributions and premiums reserve is measured based on the Company's experience and estimations.
5. Mathematical reserve is measured in accordance with the instruction and decisions issued by the Insurance Administration.

B- Provision for expected credit losses

The Company has applied the standard's simplified approach of International Financial Reporting Standard (IFRS 9) and has calculated the expected credit losses on all its financial instruments. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and economic environment.

C- End of service indemnity reserve

The end of service indemnity reserve for employees is calculated based on the Company's policy which in compliance with Jordanian labor law.

The paid amounts as end of service for resigned employees are debited to this account. The Company obligation for the end of service is recorded in the income statement.

Liability adequacy test

At each statement of financial position date, the Company assesses whether its recognized insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts. If assessment shows that the carrying amount of its insurance liabilities (less related deferred policy acquisition costs) is inadequate in the light of estimated future cash flows, the deficiency is immediately recognized in the income statement.

Income Tax

Income tax represents current and deferred income tax.

A- Accrued Income Tax

The accrued income tax expense is calculated based on taxable income. The taxable income differs from the actual income in the statement of income because the accounting income contains nondeductible expenditures and nontaxable revenues in the current year but in the preceding years or the accepted accumulated losses or any other nontaxable or deductibles for tax purposes.

The taxes are calculated based on the laws and regulation in the countries where the Company carry on its operation.

B- Deferred Tax

Deferred taxes are taxes expected to be paid or recovered as a result of temporary differences between the time value of the assets or liabilities in the financial statements and the value that is calculated on the basis of taxable profit.

Deferred tax is provided using the liability method on temporary differences at the liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to allow all or part of deferred tax asset to be utilized.

Offsetting

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

Revenue recognition

A- Insurance policies

Insurance premiums are recorded as revenues (earned premiums) based on the accrual periods and policy covering period. Unearned premiums are recorded according to insurance policy periods at the date of financial statements within liabilities section as unearned written premiums. Claims expenses are recognized in the income statement based on the expected claim value to compensate the insurance policyholder or other parties.

B- Dividend and interest revenue

The dividends revenues are realized when the shareholder has the right to receive the payment once declared by the General Assembly of Shareholders.

Interest revenues are recorded using the accrual basis based on the accrual periods, principle amount and earned interest rate.

C- Rental income

Rental income from investment properties is accounted for using the straight- line basis over the lease terms. Other expenses are recognised based on accrual basis.

Expenses recognition

All commissions and other costs related to the new insurance contracts or renewed are recorded in the income statement during the year which it occurred. And in all expenses, are recognized using the accrual basis.

Insurance compensations

Insurance compensations represent paid claims during the year and change in outstanding claims reserve.

Insurance compensations includes payments made during the year even for the current or prior years. Outstanding claims represents the highest estimated amount to settle the claims resulting from events occurring before the date of financial statements but not settled yet.

Outstanding claim reserve is recorded based on the best available information at the date of financial statements and includes the IBNR.

Recoverable scraped value

Recoverable scraped value is considered when recording the outstanding claim amount.

General and administrative expenses

All distributable general and administrative expenses are allocated to the insurance branches separately according to the actual administrative expenses of each branch separately and in compliance with specific cost centers for various insurance departments. The remaining expenses are stated as unallocated expenses in the income statement.

Employees' expenses

The traceable employees' expenses are allocated directly to insurance departments, and 80% of unallocated employee's expenses are allocated based on earned premiums per department to total premiums.

Insurance policy acquisition cost

Acquisition cost represents the cost incurred by the Company for selling or underwriting or issuing new insurance contract, the acquisition cost is recorded in the income statement.

Foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the transactions dates. Monetary assets and liabilities in foreign currencies are translated into Jordanian Dinar at rates of exchange prevailing at the statement of financial position date as issued by Central Bank of Jordan.

Non-monetary assets and liabilities in foreign currencies are translated into respective functional currencies at fair value at the respective date.

Gains and losses resulting from foreign currencies translation shall be recorded in the income statement.

Translation differences on non-monetary items carried at fair value (such as stocks) are included as part of the changes in fair value.

(2-3) 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. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

The details of significant estimates made by management are as follows:

- A provision for expected credit losses is estimated by the management based on their principles and assumptions according to IFRS 9 and insurance administration requirements.
- The financial year is charged with its related income tax in accordance with laws and regulations.
- Management periodically reviews tangible and intangible assets useful life in order to calculate the depreciation and amortization amount depending on the status of these assets and future benefit. The impairment loss (if any) appears in the income statement.
- The outstanding claim reserve and technical reserve are estimated based on technical studies and according to Insurance Administration regulation. Also mathematical reserve and IBNR are calculated based on actuarial studies.
- A provision on legal cases against the Company is made based on the Company's lawyers' studies in which contingent risk is determined, review of such study is performed periodically.
- Management periodically reviews whether a financial asset or Group of financial assets is impaired, if so this impairment is taken to the income statement.

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(3) BANK DEPOSITS

This item consists of the following:

	2022			2021	
	Deposits maturing within one month	Deposits maturing between 1 to 3 months	Deposits maturing after one year	Total	Total
	JD	JD	JD	JD	JD
<u>Inside Jordan -</u>					
Arab Jordan Investment Bank	269,951	-	-	269,951	1,256,944
Jordan Commercial Bank	-	204,649	-	204,649	201,075
Arab Bank *	-	-	800,000	800,000	495,821
Cairo Amman Bank	1,200,000	-	-	1,200,000	-
Ahli Bank	-	-	-	-	34,401
Societe General Bank	-	-	-	-	33,194
BLOM Bank	52,963	-	-	52,963	601,916
Jordan Kuwait Bank	5,458	-	-	5,458	5,452
Total banks deposits inside Jordan	1,528,372	204,649	800,000	2,533,021	2,628,803
<u>Outside Jordan:</u>					
Arab Bank - UAE	-	6,796,118	1,209,600	8,005,718	12,011,904
Sharjah Islamic Bank	-	-	-	-	4,185,600
Mashreq Bank	-	4,679,040	-	4,679,040	-
First Abu Dhabi Bank	-	6,989,568	-	6,989,568	6,989,568
National Kuwait Bank	-	-	-	-	838,289
Total Banks deposits outside Jordan	-	18,464,726	1,209,600	19,674,326	24,025,361
Total deposits at banks	1,528,372	18,669,375	2,009,600	22,207,347	26,654,164

* Deposits pledged to the order of the General Director of the Insurance Administration in addition to his position amounted to JD 800,000 as of 31 December 2022 (2021: JD 495,821) maturing after one year.

- Interest rates on bank deposit balances in Jordanian Dinars ranges from 2% to 4% and US Dollar from 0.05% to 0.25% as of 31 December 2022 (2021: interest rates on deposits in Jordanian dinars ranges from 2% to 4% and US Dollars from 0.05% to 0.25%).

(4) FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENT OF PROFIT OR LOSS

This item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
Quoted shares	<u>2,848,284</u>	<u>2,748,993</u>

- Financial assets at fair value through statement of profit or loss includes investments in quoted shares.

- The fair value of these assets is determined by the market prices disclosed in active markets.

(5) FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENT OF OTHER COMPREHENSIVE INCOME

This item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
<u>Inside Jordan</u>		
Quoted shares	6,569,729	4,911,088
Unquoted shares	<u>30,209</u>	<u>29,825</u>
	<u>6,599,938</u>	<u>4,940,913</u>
<u>Outside Jordan</u>		
Quoted shares	9,202,258	18,197,466
Unquoted shares *	<u>4,115,198</u>	<u>4,727,697</u>
	<u>13,317,456</u>	<u>22,925,163</u>
	<u>19,917,394</u>	<u>27,866,076</u>

* This item includes the investment in Asia insurance Company (Iraq) for an amount of JD 4,070,314 (Net of fair value revaluation of 610,436 as of 31 December 2022) (31 December 2021: JD 4,680,750).

The Company's shares in Asia Insurance Company are equivalent to 5,925,000,000 shares/Iraqi Dinar which is 19.75% of the paid in capital as of 31 December 2022 and 31 December 2021.

This item has been classified as financials assets at fair value through statement of other comprehensive income as these investments are considered strategic and for the purpose of long-term retention.

(6) INVESTMENT PROPERTIES

This item consists of the following:

	Land**	Buildings	Total
	JD	JD	JD
2022 -			
Cost -			
Balance at 1 January	11,946,304	7,151,442	19,097,746
Additions	800	189,452	190,252
Balance at 31 December	<u>11,947,104</u>	<u>7,340,894</u>	<u>19,287,998</u>
Accumulated depreciation -			
Balance at 1 January	-	3,584,865	3,584,865
Depreciation for the year	-	115,839	115,839
Balance at 31 December	-	<u>3,700,704</u>	<u>3,700,704</u>
Net book value at 31 December	<u>11,947,104</u>	<u>3,640,190</u>	<u>15,587,294</u>
2021 -			
Cost -			
Balance at 1 January	12,753,008	7,118,700	19,871,708
Additions	178,103	32,742	210,845
Disposals	(984,807)	-	(984,807)
Balance at 31 December	<u>11,946,304</u>	<u>7,151,442</u>	<u>19,097,746</u>
Accumulated depreciation -			
Balance at 1 January	-	3,473,263	3,473,263
Depreciation for the year	-	111,602	111,602
Balance at 31 December	-	<u>3,584,865</u>	<u>3,584,865</u>
Net book value at 31 December	<u>11,946,304</u>	<u>3,566,577</u>	<u>15,512,881</u>

* The fair value of investment properties has been determined by three licensed and independent real estate experts as of 31 December 2022 of JD 30,117,372.

** Land includes a plot of land with a value of JD 163,009, registered under the name of the Jordanian Real Estate Development Company, with the agreement that the Company will sell and market this plot as it deems appropriate and in a way that benefits both parties. The Jordanian Real Estate Development Company receives 15% of the profits earned from the sale, in return for this service, from the Jordan Insurance Company.

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The details of net rental revenues are as follows:

	31 December 2022	31 December 2021
	JD	JD
Rental revenue from investment in properties	815,560	773,340
Operating expenses resulting from rental income	(434,842)	(408,053)
Net rental revenues from investment in properties (Note 27)	<u>380,718</u>	<u>365,287</u>

(7) LIFE POLICYHOLDERS' LOANS

This item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
Loans to life policyholders which do not exceed the surrender value	<u>26,739</u>	<u>35,539</u>

(8) CASH ON HAND AND AT BANKS

This item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
Cash on hand	36,927	194,356
Current accounts at banks	4,679,399	3,342,122
	<u>4,716,326</u>	<u>3,536,478</u>

(9) NOTES RECEIVABLE AND CHECKS UNDER COLLECTION-NET

This item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
Checks under collection *	1,962,510	3,220,383
Notes receivable	36,550	40,550
	<u>1,999,060</u>	<u>3,260,933</u>
Less: Expected credit losses	(35,350)	(185,350)
	<u>1,963,710</u>	<u>3,075,583</u>

* The maturity date of the checks under collection extends until 20 February 2024.

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** The movement on the provision for expected credit losses for checks under collection is as follows:

	31 December 2022	31 December 2021
	JD	JD
Balance at the beginning of the year	185,350	170,995
Provision for the year	-	14,355
Transferred to accounts' receivables provision for expected credit losses (Note 10)	(150,000)	-
Balance at the end of the year	<u>35,350</u>	<u>185,350</u>

(10) RECEIVABLE - NET

This item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
Policyholders' receivables	14,828,031	15,773,322
Agents' receivables	4,179,972	2,841,349
Other receivables	1,111,358	1,155,910
Employees' receivables	100,492	115,790
	<u>20,219,853</u>	<u>19,886,371</u>
Less: Expected credit losses *	<u>4,696,194</u>	<u>3,471,308</u>
	<u>15,523,659</u>	<u>16,415,063</u>

The ageing of receivables is as follows:-

	Neither past due nor impaired	Amount due and impaired					Total
		Less than 60 days	From 61 to 90 days	From 91 to 180 days	From 181 to 360 days	360 days and above	
	JD	JD	JD	JD	JD	JD	JD
31 December 2022	2,853,797	5,964,222	1,196,966	2,895,083	3,337,159	3,972,626	20,219,853
31 December 2021	2,766,845	7,721,434	1,180,587	2,069,354	1,823,782	4,324,369	19,886,371

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* Movement on the provision for expected credit losses is as follows:

	31 December 2022 JD	31 December 2021 JD
Balance at beginning of the year	3,471,308	3,428,412
Currency exchange differences	-	43,069
Adjusted balance	3,471,308	3,471,481
Additions	1,076,600	-
Transfers from the provision for expected losses for checks under collections (note (9))	150,000	-
Less: Write offs	1,714	173
Balance at end of the year	<u>4,696,194</u>	<u>3,471,308</u>

This amount includes related party policy holder's receivables for the amount of JOD 644,321 as of 31 December 2022 (31 December 2021; 634,472) (note 29).

(11) RE-INSURANCE RECEIVABLE-NET

This item consists of the following:

	31 December 2022 JD	31 December 2021 JD
Local insurance companies *	3,632,406	2,875,278
Foreign re-insurance companies **	<u>1,760,458</u>	<u>4,117,408</u>
	5,392,864	6,992,686
Less: Provision for expected credit losses ***	<u>1,361,642</u>	<u>1,161,642</u>
	<u>4,031,222</u>	<u>5,831,044</u>

* The Company follows a settlement policy with local insurance companies within three months from the date of the claim.

The ageing of reinsurance receivables is as follows:

		Amount due and impaired				
	Neither past due nor impaired	Less than 60 days	From 61 to 90 days	From 91 to 180 days	From 181 to 360 days	Total
	JD	JD	JD	JD	JD	JD
31 December 2022	46,612	1,093,645	169,031	1,085,823	2,997,753	5,392,864
31 December 2021	2,498,438	181,320	1,932,474	781,058	1,599,396	6,992,686

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*** Movement on reinsurance receivables provision for expected credit losses is as follows:

	31 December 2022	31 December 2021
	JD	JD
Balance – beginning of the year	1,161,642	961,642
Prior year adjustments	-	200,000
Adjusted balance	1,161,642	1,161,642
Additions	200,000	-
Balance – end of the year	<u>1,361,642</u>	<u>1,161,642</u>

(12) INCOME TAX

A. Income tax provision

Movement on the income tax provision is as follows:

	31 December 2022	31 December 2021
	JD	JD
Balance at 1 January	85,021	255,662
Income tax for the year	487,000	101,352
The tax impact of sale of financial assets at fair value through other comprehensive income	107,396	-
income tax for previous years	-	100,000
Income tax paid	<u>(51,893)</u>	<u>(371,993)</u>
Balance at 31 December	<u>627,524</u>	<u>85,021</u>

B. Income tax expense

	2022	2021
	JD	JD
Income tax for the year	487,000	101,352
Deferred tax impact	103,928	61,724
Income tax for previous years	-	100,000
Income tax expense for the year	<u>590,928</u>	<u>263,076</u>

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C. Summary of the reconciliation between accounting income and taxable income:

	<u>2022</u>	<u>2021</u>
	JD	JD
Accounting profit / Jordan branches	1,751,258	926,476
Add: Non-deductible expenses	803,957	181,485
Deduct: Non-taxable income	<u>(515,137)</u>	<u>(1,297,534)</u>
Taxable profit (loss)	<u>2,040,078</u>	<u>(189,573)</u>
Statuary tax rate	<u>26%</u>	<u>26%</u>
Effective income tax rate	<u>29%</u>	<u>-</u>

The tax for the year ended 31 December 2022 has been calculated in accordance with the effective Income Tax Law.

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D. Deferred Tax Assets and Liabilities

- The details of deferred tax assets are as follows:

Accounts Included	31 December 2022					31 December 2021
	Beginning balance	Additions	Amounts released	Ending Balance	Deferred tax	Deferred tax
	JD	JD	JD	JD	JD	JD
Allowance for expected credit losses	3,451,624	320,000	-	3,771,624	980,622	897,422
End of service indemnity provision	258,998	39,487	40,061	258,424	67,190	67,339
IBNR provision	3,175,303	-	137,590	3,037,713	789,805	825,578
Valuation losses for financial assets at fair value through statement of profit or loss	1,662,700	-	581,566	1,081,134	281,095	432,302
Valuation losses for financial assets through statement of other comprehensive income (Inside Jordan)	2,391,973	570,751	2,391,973	570,751	148,396	-
Valuation losses for financial assets through statement of comprehensive income (Outside Jordan)	-	4,460,757	-	4,460,757	535,291	621,914
	<u>10,940,598</u>	<u>5,390,995</u>	<u>3,151,190</u>	<u>13,180,403</u>	<u>2,802,399</u>	<u>2,844,555</u>

- The details of deferred tax liabilities are as follows:

Accounts Included	31 December 2022					31 December 2021
	Beginning Balance	Additions	Amounts released	Ending balance	Deferred tax	Deferred tax
	JD	JD	JD	JD	JD	JD
Valuation revenue for financial assets at fair value through statement of profit or loss (Outside Jordan)	2,291,518	-	-	2,291,518	274,982	274,982
Valuation losses for financial assets through statement of comprehensive income	9,765,135	-	9,765,135	-	-	1,171,816
	<u>12,056,653</u>	<u>-</u>	<u>9,765,135</u>	<u>2,291,518</u>	<u>274,982</u>	<u>1,446,798</u>

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E. The movement on deferred tax assets is as follows:

	<u>2022</u> JD	<u>2021</u> JD
Balance at the beginning of the year	2,844,555	3,167,997
Prior year's adjustments	-	52,000
Additions	777,153	54,352
Amount released	<u>(819,309)</u>	<u>(429,794)</u>
Balance at the end of the year	<u>2,802,399</u>	<u>2,844,555</u>

- A final settlement was reached with the income tax department in Jordan until the end of 2018. The Company submitted its tax return from 2019 until 2021 and paid the declared tax, However, it is still under audit by the Income and Sales Tax Department up to the date of these financial statements.
- The profits of the Company's branches in the United Arab Emirates are non-taxable, the Company's profit in Kuwait is subject to income tax rate at 10%, which has been settled up to the end of 2018 and the declared taxes were paid up to the end of the year of 2018.
- The income tax due for the year ended 31 December 2022 has been calculated. In the opinion of the Company's management and tax consultant, the provisions in the financial statement are sufficient for any tax litigations.

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(13) PROPERTY AND EQUIPMENT-NET

The details of this item are as follows:

	Lands	Buildings	Machinery, equipment and Furniture	Vehicles	Total
	JD	JD	JD	JD	JD
2022					
Cost -					
Balance at 1 January	511,113	594,136	1,580,422	353,051	3,038,722
Additions	-	333	81,216	68,500	150,049
Disposals	-	-	-	(50,000)	(50,000)
Balance at 31 December	<u>511,113</u>	<u>594,469</u>	<u>1,661,638</u>	<u>371,551</u>	<u>3,138,771</u>
Accumulated depreciation -					
Balance at 1 January	-	219,746	1,475,556	353,046	2,048,348
Depreciation for the year	-	11,023	52,236	10,276	73,535
Disposals	-	-	-	(49,999)	(49,999)
Balance at 31 December	<u>-</u>	<u>230,769</u>	<u>1,527,792</u>	<u>313,323</u>	<u>2,071,884</u>
Net book value at 31 December	<u>511,113</u>	<u>363,700</u>	<u>133,846</u>	<u>58,228</u>	<u>1,066,887</u>
2021					
Cost -					
Balance at 1 January	511,113	593,734	1,543,546	349,638	2,998,031
Additions	-	402	36,876	3,413	40,691
Balance at 31 December	<u>511,113</u>	<u>594,136</u>	<u>1,580,422</u>	<u>353,051</u>	<u>3,038,722</u>
Accumulated depreciation -					
Balance at 1 January	-	208,729	1,421,719	338,059	1,968,507
Depreciation for the year	-	11,017	53,837	14,987	79,841
Balance at 31 December	<u>-</u>	<u>219,746</u>	<u>1,475,556</u>	<u>353,046</u>	<u>2,048,348</u>
Net book value at 31 December	<u>511,113</u>	<u>374,390</u>	<u>104,866</u>	<u>5</u>	<u>990,374</u>

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(14) INTANGIBLE ASSETS-NET

This item consists of the following:

	Software and computers	
	2022	2021
	JD	JD
Cost-		
Balance at 1 January	1,049,683	939,825
Additions	259,829	109,858
Balance at 31 December	1,309,512	1,049,683
Accumulated amortization:		
Balance at 1 January	809,788	702,713
Amortization	158,145	107,075
Balance at 31 December	967,933	809,788
Net book value at 31 December	341,579	239,895

(15) OTHER ASSETS

This item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
Refundable deposits	1,333,226	1,390,928
Prepaid expenses	669,497	772,136
Others	356,420	329,657
Accrued revenues not received	117,382	65,638
	<u>2,476,525</u>	<u>2,558,359</u>

(16) MATHEMATICAL RESERVE-NET

This item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
Net mathematical reserve	1,599,633	1,417,919

(17) BANK OVERDRAFT

This item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
Bank of Jordan *	5,000,000	5,000,000
Cairo Amman Bank **	2,787,093	8,301,715
Arab Bank ***	1,263,456	4,461,819
	<u>9,050,549</u>	<u>17,763,534</u>

* This item represents the utilized balance as of 31 December 2022 of the overdraft facilities granted by the Bank of Jordan at a ceiling of JD 5 million at an interest rate of 8%, calculated on a daily basis, credited monthly and is guaranteed by the Company's solvency. The main objective of these facilities is to finance the Company's activities.

** This item represents the utilized balance as of 31 December 2022 of the overdraft facilities granted by Cairo Amman bank at a ceiling of JD 6.9 million at an interest rate of 8%, calculated on a daily basis, credited monthly and is guaranteed by the Company's solvency. The main objective of these facilities is to finance the Company's activities.

*** This item represents the utilized balance as of 31 December 2022 of the overdraft facilities granted by Arab bank at a ceiling of JD 5,5 million at an interest rate of 8.375%, calculated on a daily basis, credited monthly and it is guaranteed by the Company's solvency. The main objective of these facilities is to finance the Company's activities.

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(18) ACCOUNTS PAYABLE

This item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
Policyholders payable	943,496	1,379,693
Brokers payable	554,760	447,970
Workshops and spare parts payable	512,257	635,559
Others	680,682	665,801
	<u>2,691,195</u>	<u>3,129,023</u>

(19) RE-INSURANCE PAYABLE

This item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
Local insurance companies	1,832,785	1,582,015
Foreign re-insurance companies	5,701,701	3,672,150
	<u>7,534,486</u>	<u>5,254,165</u>

(20) OTHER PROVISIONS

The movement on other provisions is as follows:

	31 December 2022	31 December 2021
	JD	JD
Provision for end-of-service indemnity	983,571	1,004,151
Provision for collective profits policy commissions	152,933	144,270
Provision for insurance management fees	70,797	22,370
Provision for vacation allowances	3,400	3,400
	<u>1,210,701</u>	<u>1,174,191</u>

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The following table illustrates the movement on other provisions:

	31 December 2022				31 December 2021
	Balance at beginning of the year	Provisions during the year	Utilized during the year	Balance at end of the year	Balance at end of the year
	JD	JD	JD	JD	JD
Provision for vacation allowances	3,400	-	-	3,400	3,400
Provision for collective profits policy commissions	144,270	8,663	-	152,933	144,270
Provision for insurance management fees	22,370	328,572	280,145	70,797	22,370
Provision for end-of-service indemnity	1,004,151	125,784	146,364	983,571	1,004,151
	<u>1,174,191</u>	<u>463,019</u>	<u>426,509</u>	<u>1,210,701</u>	<u>1,174,191</u>

(21) OTHER LIABILITIES

This item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
Unearned revenues	360,201	328,813
Ministry of finance refundable deposits	130,380	99,320
Accrued and not paid expenses	121,328	192,364
Board of directors bonuses	55,000	55,000
Life deposits	14,555	14,654
Unpaid visa deposits	6,010	6,436
Individual policies deposits	5,685	5,685
Car parking deposits	4,790	4,775
	<u>697,949</u>	<u>707,047</u>

(22) PAID -IN -CAPITAL

The authorized and paid capital amounted to JD 30,000,000 divided into 30,000,000 shares with a par value of JD 1 per each as of 31 December 2022 and 31 December 2021.

(23) STATUTORY RESERVE

The amounts in this account represent appropriations at 10% of net income, Moreover, the reserve balance amounted to 25% of the Company's capital according to the Companies Law, This reserve may not be distributed to shareholders.

(24) FAIR VALUE RESERVE

This item represents increase in asset's fair value reserve through other comprehensive income as per the following:-

	31 December 2022	31 December 2021
	JD	JD
Balance at the beginning of the year	6,823,258	(2,736,253)
Changes in fair value - Net	(10,591,456)	9,559,511
Transfer from fair value reserve to retained earnings	(606,503)	-
Balance at the end of the year	<u>(4,374,701)</u>	<u>6,823,258</u>

(25) RETAINED EARNINGS

The movement on retained earnings is as follows:

	31 December 2022	31 December 2021
	JD	JD
Balance at the beginning of the year	5,936,265	5,239,835
Previous years adjustments *	-	(200,000)
Adjusted balance	5,936,265	5,039,835
Profit for the year	10,705	876,439
Transfer from fair value reserve to retained earnings	606,503	19,991
Balance at the end of the year	<u>6,553,473</u>	<u>5,936,265</u>

- a. The retained earnings balance includes an amount of JD 2,118,712 restricted against deferred tax assets as of 31 December 2022 (JD 2,222,641 as of 31 December 2021).

- b. The retained earnings balance includes an amount of JD 3,131,870 as of 31 December 2022, representing the difference between the deficit of fair value reserve of JD 4,374,701 and the effect of early adoption of International Financial Reporting Standard No. (9) of JD 1,242,831 which represents the revaluation differences and may not be used until realized according to the regulations of the Jordan Securities Commission.

(26) INTEREST INCOME

This item consists of the following:

	<u>2022</u>	<u>2021</u>
	JD	JD
Bank interest	391,366	249,489
Cash dividends	200,000	100,000
Total	591,366	349,489
Amount transferred to underwriting accounts	(200,000)	(100,000)
	<u>391,366</u>	<u>249,489</u>

(27) NET GAIN FROM FINANCIAL ASSETS AND INVESTMENTS

This item consists of the following:

	<u>2022</u>	<u>2021</u>
	JD	JD
Cash dividends for financial assets at fair value through profit or loss *	351,652	440,536
Gain (Losses) on the sale of financial assets at fair value through statement of profit or loss	185,759	(283)
Gain on the valuation of financial assets at fair value through statement of profit or loss	279,400	497,483
Rental Income – net (note 6)	380,718	365,287
Gain on sale of investment properties	-	215,193
	<u>1,197,529</u>	<u>1,518,216</u>

- * This amount represents cash dividends from the Company's investments of which an amount of JD 127,891 relates to financial assets at fair value through statement of profit or loss for the year ended 31 December 2022.

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(28) OTHER REVENUE

This item consists of the following:

	<u>2022</u>	<u>2021</u>
	JD	JD
(Losses) gains on foreign currency exchange	(127,290)	310,373
Help-on-the-road service premiums	23,846	16,403
Treaties profits *	83,639	111,285
Discounts	75,473	72,929
Others	278,161	177,938
Total	<u>333,829</u>	<u>688,928</u>

* This item represents marine treaties profits from AWRIS and profits on life sharing.

(29) RELATED PARTIES TRANSACTIONS

Related parties represent major partners, directors and key management personnel of the Company. Pricing policies and terms of the transactions with related parties are approved by the Company's management.

Balances with related parties included in the statement of financial position are as follows:

	<u>Nature of relationship</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
Due from related parties – Policy holder's receivables			
Munich Reinsurance Company	Member of the board of director's	-	207,343
Jordan Insurance Company Saving Fund	Company's employees' saving fund	243,638	1,184
Industrial Commercial Company	Company owned by a Board Member	233,235	209,554
Jordanian Industrial Company	Company owned by a Board Member	125,162	168,412
Other receivables		<u>42,286</u>	<u>47,979</u>
		<u>644,321</u>	<u>634,472</u>
Due to related parties			
Munich Reinsurance Company	Member of the board of director's	1,139,069	-
Other payables		<u>18,353</u>	<u>39,282</u>
		<u>1,157,422</u>	<u>39,282</u>

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Transactions with related parties included in the statement of profit or loss are as follows:

	<u>Nature of relationship</u>	<u>2022</u>	<u>2021</u>
Underwriting revenues			
Jordanian Industrial Company	Company owned by a Board Member	485,217	553,827
Industrial Commercial Company	Company owned by a Board Member	279,228	391,240
Jordanian Industrial Company / Insurance receivables	Company owned by a Board Member	146,662	225,753
Other underwriting revenues		<u>134,966</u>	<u>151,557</u>
		<u>1,046,073</u>	<u>1,322,377</u>
Amounts paid to Munich reinsurance company		<u>293,348</u>	<u>152,075</u>

The following represent summary for the benefits (salaries and remunerations) to top management:

	<u>2022</u>	<u>2021</u>
	<u>JD</u>	<u>JD</u>
Salaries and bonuses	<u>455,339</u>	<u>631,890</u>

(30) EMPLOYEES EXPENSES

This item consists of the following:

	<u>2022</u>	<u>2021</u>
	JD	JD
Salaries and bonuses	4,298,035	4,118,374
Company's share of social security	324,340	355,247
Medical expenses	397,199	382,216
Employees development and training	4,556	3,959
Travel and transportation	183,550	132,796
Total	<u>5,207,680</u>	<u>4,992,592</u>
Employees' administrative expenses allocated to underwriting accounts *	<u>4,417,605</u>	<u>4,243,099</u>
Employees' Expenses allocated to income statement	<u>790,075</u>	<u>749,493</u>

* Allocation:

	<u>2022</u>	<u>2021</u>
	JD	JD
Life	1,283,754	1,133,320
Motor	1,540,568	1,432,409
Marine and transportation	91,028	149,936
Fire and property	832,532	794,804
Civil responsibility	46,336	51,102
Medical	606,598	668,272
Others	16,789	13,256
Total	<u>4,417,605</u>	<u>4,243,099</u>

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(31) GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following:

	2022	2021
	JD	JD
Governmental Fees	353,703	137,002
Lawyers' expenses and fees	350,949	368,960
Marketing expenses	202,604	179,142
Computer programs services	196,516	181,369
Postage and telephone	181,311	170,641
Professional fees	132,864	125,068
Board of Directors' expenses	132,000	129,100
Bad debt expenses and allowable discount	122,288	143,155
Stationary expenses	106,159	112,052
Rent	85,229	93,590
Water, electricity and heating	84,263	87,266
Tenders and guarantees expenses	83,216	231,171
Insurance expenses	81,010	54,260
National agent commissions / external	42,240	42,240
Donations and gifts	32,076	56,908
Hospitality and gifts	32,052	17,836
Subscriptions	15,398	13,230
Computer maintenance	13,184	15,075
Bank interest and commissions	10,407	5,082
Advertising, publishing and marketing	9,837	11,463
Revaluation expenses	8,560	9,505
Maintenance	5,866	4,313
Utilization of computer program fees	2,100	7,289
Others	792,639	622,770
Total	<u>3,076,471</u>	<u>2,818,487</u>
Total general and administrative expenses allocated to underwriting accounts *	<u>2,641,874</u>	<u>2,355,811</u>
Total General and Administrative Expenses allocated to income statement	<u>434,597</u>	<u>462,676</u>

* Allocation:

	2022	2021
	JD	JD
Life	795,308	629,231
Motor	907,752	795,287
Marine and transportation	53,636	83,247
Fire and other damages to properties	490,555	441,283
Liability	27,303	28,372
Medical	357,428	371,031
Other branches	9,892	7,360
	<u>2,641,874</u>	<u>2,355,811</u>

(32) OTHER EXPENSES

This item consists of the following:

	<u>2022</u>	<u>2021</u>
	JD	JD
End-of-service indemnity	76,467	95,056
Board of directors bonuses	55,000	55,000
	<u>131,467</u>	<u>150,056</u>

(33) BASIC AND DILUTED EARNINGS PER SHARE FOR THE YEAR

Earnings per share have been computed by dividing profit for the year by the weighted average number of shares. The details are as follows:

	<u>2022</u>	<u>2021</u>
	JD	JD
Profit for the year	<u>10,705</u>	<u>876,439</u>
	Share	Share
Weighted average number of shares	<u>30,000,000</u>	<u>30,000,000</u>
	JD / Share	JD / Share
Basic and diluted Earnings per Share for the Year	<u>0/0004</u>	<u>0/0292</u>

(34) CASH AND CASH EQUIVALENTS

The details of this item are as follows:

	<u>2022</u>	<u>2021</u>
	JD	JD
Cash on hand (note 8)	36,927	194,356
Current accounts at banks (note 8)	4,679,399	3,342,122
Deposits at banks maturing within three months (note 3)	20,197,747	24,168,054
	<u>24,914,073</u>	<u>27,704,532</u>
Less: Bank overdraft (note 17)	<u>(9,050,549)</u>	<u>(17,763,534)</u>
Cash and cash equivalents	<u>15,863,524</u>	<u>9,940,998</u>

(35) FAIR VALUE

Financial assets comprise of financial assets and financial liabilities.

The Company uses the following methods and alternatives of valuating and presenting the fair value of financial instruments:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

	level 1	level 2	Level 3	Total
	JD	JD		JD
31 December 2022-				
Financial assets: -				
Financial assets at fair value through other comprehensive income	<u>15,771,987</u>	<u>-</u>	<u>4,145,407</u>	<u>19,917,394</u>
Financial assets at fair value through profit or loss	<u>2,848,284</u>	<u>-</u>	<u>-</u>	<u>2,848,284</u>
	<u>18,620,271</u>	<u>-</u>	<u>4,145,407</u>	<u>22,765,678</u>
31 December 2021-				
Financial assets: -				
Financial assets at fair value through other comprehensive income	<u>23,108,554</u>	<u>-</u>	<u>4,757,522</u>	<u>27,866,076</u>
Financial assets at fair value through profit or loss	<u>2,748,881</u>	<u>-</u>	<u>-</u>	<u>2,748,881</u>
	<u>25,857,435</u>	<u>-</u>	<u>4,757,522</u>	<u>30,614,957</u>

(36) RISK MANAGEMENT

The Company manages different kinds of risks through its comprehensive strategy set out to identify risks and ways to address and mitigate them through the Risk Management Unit and the Investment Committee, where the risks are reviewed, and the necessary measures are taken to address risk and work to reduce that risk. In addition, all duty stations are responsible for identifying risks related to their activities, establishing appropriate controls and monitoring the continuity of their effectiveness. The Company is exposed to insurance risks, credit risk, liquidity risk and market risk.

Risk management process

The Board of Directors is responsible for the identification and control of risks. In addition, several other parties are responsible for the Company's risk management process.

Internal audit

Risk management processes are audited annually through the Internal Audit Department, by examining the adequacy of the measures taken and the extent of compliance with the required procedures. The Internal Audit Department discusses the results of the audit with the management of the Company, and the results of its work are presented to the Audit Committee.

Risk measurement and reporting systems

Risk monitoring and control, it is put into effect by monitoring the limits allowed for each type of risk. These limits reflect the Company's business strategy and the difference market factors surrounding it.

Information is collected from the different departments of the Company and analyzed to identify the expected risks that may result from it. This information is presented and explained to the Board of Directors.

A- Insurance Risk

1- Insurance risk

Risks of any insurance policy represent the probability of occurrence of the insured accident and the uncertainty of the related claim amount due to the nature of the insurance policy whereby the risks are volatile and unexpected in connection with insurance policies of a certain insurance class. Regarding the application of the probability theory on pricing and the reserve, the primary risks facing the Company are that incurred claims and the related payments may exceed the book value of the insurance obligations. This may happen if the probability and risk of claims are greater than expected. As insurance accidents are unstable and vary from one year to another, estimates may differ from the related statistics.

Studies have shown that the more similar the insurance policies are, the nearer the expectations are to the actual loss. Moreover, diversifying the types of insurance risks covered decreases the probability of the overall insurance loss.

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The Company mitigates the above risks by diversifying its insurance policies, as well as the improvement of risk changes by carefully selecting and implementing insurance strategies and guidelines and using reinsurance agreements.

Duplicate claims

Claims can be duplicated, and their amounts can be affected due to different factors. The Company's main insurance business is fire, general accident, marine, medical and life risk insurance. These insurance policies are considered short term and are usually paid within one year from the date of the accident. This helps to reduce the risk of insurance.

2- Claims development

The schedules below show the actual claims (based on management's estimates at year- end) compared to the expectations for the past four years based on the year in which the claims were reported as follows:

Gross - Motor Insurance:

The accident year	2018 and before JD	2019 JD	2020 JD	2021 JD	2022 JD	Total JD
At the end of the year	184,709,410	14,421,370	10,324,023	12,157,672	13,685,988	235,298,463
After one year	186,611,553	15,866,216	10,744,305	12,002,322	-	225,224,396
After two years	187,409,977	16,166,690	10,943,904	-	-	214,520,574
After three years	189,279,148	16,245,839	-	-	-	205,524,987
After four years	189,778,953	-	-	-	-	189,778,953
Current expectations of cumulative claims	199,463,545	16,648,472	11,376,268	12,619,125	14,786,678	254,894,088
Cumulative payments	195,689,881	15,414,474	10,214,710	10,701,755	8,546,540	240,567,360
Liabilities as stated in the statement of financial position	3,773,664	1,233,998	1,161,558	1,917,370	6,240,138	14,326,728
(Deficit) from the Preliminary Assessment of the Provision	(14,754,135)	(2,227,102)	(1,052,245)	(461,453)	(1,100,690)	(19,595,625)

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Gross – Medical Insurance:

The accident year	2018 and before JD	2019 JD	2020 JD	2021 JD	2022 JD	Total JD
At the end of the year	8,425,004	8,565,119	7,076,825	8,021,552	8,303,255	40,391,755
After one year	8,108,357	8,421,888	-	-	-	16,530,245
After two years	8,111,145	-	-	-	-	8,111,145
After three years	-	-	-	-	-	-
After four years	-	-	-	-	-	-
Current expectations of cumulative claims	-	-	-	-	8,303,255	8,303,255
Cumulative payments	-	-	-	-	7,056,451	7,056,451
Liabilities as stated in the statement of financial position	-	-	-	-	1,246,804	1,246,804
Surplus from the Preliminary Assessment of the Provision	8,425,004	8,565,119	7,076,825	8,021,552	-	32,088,500

Gross – Fire and Property:

The accident year	2018 and before JD	2019 JD	2020 JD	2021 JD	2022 JD	Total JD
At the end of the year	69,297,865	1,469,330	6,807,684	305,085	909,081	78,789,045
After one year	68,615,973	1,174,246	2,285,272	270,305	-	72,345,796
After two years	68,449,984	1,158,841	2,249,959	-	-	71,858,784
After three years	68,052,391	1,168,689	-	-	-	69,221,080
After four years	67,977,767	-	-	-	-	67,977,767
Current expectations of cumulative claims	68,150,145	1,168,689	2,251,825	270,905	909,080	72,750,644
Cumulative payments	64,943,650	1,034,328	2,179,236	254,951	173,375	68,585,540
Liabilities as stated in the statement of financial position	3,206,495	134,361	72,589	15,954	735,705	4,165,104
Surplus from the Preliminary Assessment of the Provision	1,147,720	300,641	4,555,859	34,180	-	6,038,400

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Gross – Marine and Transportation:

The accident year	2018 and before	2019	2020	2021	2022	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	14,389,535	1,016,126	1,061,928	356,606	349,544	17,173,739
After one year	14,066,236	986,632	966,679	434,902	-	16,454,449
After two years	14,045,171	1,023,918	966,249	-	-	16,035,338
After three years	13,690,430	974,725	-	-	-	14,665,155
After four years	13,520,151	-	-	-	-	13,520,151
Current expectations of cumulative claims	13,528,891	974,725	966,016	434,943	349,544	16,254,119
Cumulative payments	<u>13,140,791</u>	<u>637,699</u>	<u>856,857</u>	<u>270,956</u>	<u>214,422</u>	<u>15,120,725</u>
Liabilities as stated in the statement of financial position	<u>388,100</u>	<u>337,026</u>	<u>109,159</u>	<u>163,987</u>	<u>135,122</u>	<u>1,133,394</u>
Surplus from the Preliminary Assessment of the Provision	<u>860,644</u>	<u>41,401</u>	<u>95,912</u>	<u>(78,337)</u>	<u>-</u>	<u>919,580</u>

Gross – Civil Responsibility:

The accident year	2018 and before	2019	2020	2021	2022	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	2,786,815	31,807	17,701	160,816	87,341	3,084,480
After one year	2,768,441	12,680	20,201	162,916	-	2,964,238
After two years	2,159,591	12,680	24,417	-	-	2,196,688
After three years	1,001,842	12,680	-	-	-	1,014,522
After four years	1,002,494	-	-	-	-	1,002,494
Current expectations of cumulative claims	1,009,992	12,687	24,435	162,916	88,341	1,298,371
Cumulative payments	<u>772,992</u>	<u>2,687</u>	<u>8,435</u>	<u>9,916</u>	<u>9,741</u>	<u>803,771</u>
Liabilities as stated in the statement of financial position	<u>237,000</u>	<u>10,000</u>	<u>16,000</u>	<u>153,000</u>	<u>78,600</u>	<u>494,600</u>
Surplus from the Preliminary Assessment of the Provision	<u>1,776,823</u>	<u>19,120</u>	<u>(6,734)</u>	<u>(2,100)</u>	<u>(1,000)</u>	<u>1,786,109</u>

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Gross – Life:

The accident year	2018 and before JD	2019 JD	2020 JD	2021 JD	2022 JD	Total JD
At the end of the year	17,833,304	12,606,711	16,588,365	26,525,025	22,465,801	96,019,206
After one year	3,361,516	5,424,076	5,876,569	5,574,347	-	20,236,508
After two years	798,860	456,943	530,017	-	-	1,785,820
After three years	383,945	373,326	-	-	-	757,271
After four years	680,282	-	-	-	-	680,282
Current expectations of cumulative claims	680,282	373,326	530,017	5,574,347	22,465,801	29,623,773
Cumulative payments	6,580	35,362	251,397	4,019,200	17,830,809	22,143,348
Liabilities as stated in the statement of financial position	673,702	337,964	278,397	1,555,147	4,634,992	7,480,425
Surplus from the Preliminary Assessment of the Provision	17,153,022	12,233,385	16,058,348	20,950,678	-	66,395,433

Gross – Others:

The accident year	2018 and before JD	2019 JD	2020 JD	2021 JD	2022 JD	Total JD
At the end of the year	1,695,885	35,413	62,278	174,080	44,808	2,012,464
After one year	1,705,904	41,014	63,172	175,626	-	1,985,716
After two years	1,702,238	40,914	64,586	-	-	1,807,738
After three years	1,676,151	37,939	-	-	-	1,714,090
After four years	1,612,551	-	-	-	-	1,612,551
Current expectations of cumulative claims	1,623,811	37,939	64,586	175,626	44,808	1,946,770
Cumulative payments	1,464,568	27,939	46,666	124,326	3,047	1,666,546
Liabilities as stated in the statement of financial position	159,243	10,000	17,920	51,300	41,761	280,224
(Deficit) from the Preliminary Assessment of the Provision	72,074	(2,526)	(2,308)	(1,546)	-	65,694

3- Insurance Risk Concentrations

The schedules below present risk concentration based on insurance type and the geographical distribution.

Assets and liabilities for insurance policy are concentrated according to the types of insurance as follows:

For the Year Ended December 31, 2022:

	Motor	Marine and Transportation	Fire Property	Civil responsibility	Medical	Other Branches	Life	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Gross	28,716,067	1,506,409	10,197,140	826,616	5,761,736	345,176	10,377,494	57,730,638
Net	24,409,866	238,149	363,209	44,029	3,500,419	196,362	2,991,173	31,743,207

For the Year Ended December 31, 2021:

	Motor	Marine and Transportation	Fire and Property	Civil Responsibility	Medical	Other Branches	Life	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Gross	28,784,417	1,644,033	9,678,737	882,454	5,866,270	435,963	9,475,477	56,767,351
Net	21,286,146	271,146	395,974	28,633	3,578,479	253,120	2,676,091	28,489,589

Concentration of the assets and liabilities according to the geographical distribution is as follows:

	31 December 2022		31 December 2021	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
<u>According to geographical area:</u>				
Inside Jordan	66,665,988	45,994,023	78,390,724	50,099,578
Other Middle East countries	26,793,377	7,786,570	29,918,168	7,949,791
Europe	-	-	-	-
Asia *	-	-	-	-
Africa *	-	-	-	-
America	-	-	-	-
Other countries	-	-	-	-
	26,793,377	7,786,570	29,918,168	7,949,791
Total	93,459,365	53,780,593	108,308,892	58,049,369

* Excluding Middle East Countries.

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Concentration of accounts receivable and accounts payable according to sectors is as follows:

	31 December 2022		31 December 2021	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
<u>According to Sector:</u>				
Public sector	750,033	9,711	361,831	37,733
Private Sector				
Companies and Institution	16,231,923	10,013,061	19,867,861	8,042,846
Individuals	2,572,925	202,909	2,216,415	302,609
Total	<u>19,554,881</u>	<u>10,225,681</u>	<u>22,446,107</u>	<u>8,383,188</u>

4- Reinsurance Risk

As with other Insurance Companies, and for the purpose of reducing the exposure to financial risks that may arise from major insurance claims, the Company, within the normal course of its operations, enters into reinsurance contracts with other parties.

In order to reduce its exposure to major losses arising from the insolvency of reinsurance companies, the Company evaluates the financial position of the reinsurance companies it deals with while monitoring credit concentrations coming from geographic areas and activities or economic components similar to those companies. Moreover, the reinsurance policies issued do not exempt the Company from its obligations towards policyholders. As a result, the Company remains committed to the reinsured claims balance in case the reinsurers are unable to meet their obligations according to the reinsurance contracts.

5- Insurance Risk Sensitivity

The table below shows the possible reasonable effect of the premiums price on the statement of income and equity keeping all other variables constant.

Insurance type	Change	Effect on the	Effect on the	Effects on
		written	current year	
	%	premiums	pre-tax profit	the equity*
		JD	JD	JD
Life	10	2,992,013	1,008,483	746,277
Motor	10	2,053,910	1,767,407	1,307,881
Marine and transportation	10	134,005	27,127	20,074
Fire and property	10	1,697,764	55,699	41,217
Civil responsibility	10	82,551	3,388	2,507
Medical	10	1,087,155	666,407	493,141
Others	10	15,014	11,636	8,611
		<u>8,062,412</u>	<u>3,540,147</u>	<u>2,619,708</u>

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* Net after deducting income tax effect.

If there is negative change the effect equals the change above with changing the sign.

The table below shows the possible reasonable effects of the claims cost on the statement of income and equity keeping all other variables constant.

Insurance type	Change	Effect on the paid claims	Effect on the current year	Effects on the equity*
			pre- tax profit	
	%	JD	JD	JD
Life	10	2,219,971	586,475	433,991
Motor	10	2,013,083	1,351,135	999,840
Marine and transportation	10	32,513	6,197	4,586
Fire and property	10	41,557	6,594	4,880
Civil responsibility	10	1,706	1,999	1,479
Medical	10	893,222	470,830	348,414
Others	10	6,431	(3,271)	(2,421)
		<u>5,208,483</u>	<u>2,419,959</u>	<u>1,790,769</u>

* Net after deducting income tax effect.

If there is negative change the effect equals the change above with changing the sign.

(B) Financial Risks

The Company follows financial policies to manage several risks within a specified strategy. The Company's management observes and controls the risk and determines the most suitable strategic risk distribution procedures for each of the financial assets and liabilities. This risk includes interest rate risk, credit risk, foreign currency risk and market risk.

The Company follows a hedging policy for each of its assets and liabilities when required, the hedging policy is related to future expected risks.

1- Market Risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as interest rates, currency prices and stock prices. These risks are monitored according to specific policies and procedures and through specialized committees and business units. Market risks include interest rate risk, exchange rate risk and stock prices.

Market risk and its related controls are measured through sensitivity analysis.

The table below summarizes sensitivity analysis for the fair value of (financial assets through the statement of profit or loss) and cumulative changes for the fair value of (financial assets through other comprehensive income) result of possible reasonable changes on stock prices with other variables held constant: -

	Changes	Effect on profit for the year	Effects of shareholder's equity
	%		
2022	5	142,414	788,599
2021	5	137,444	1,155,428

2- Interest Rate Risk

The Company is exposed to interest rate risk on its assets which are bearing interest such as bank deposits.

Interest rates on bank deposit balances in Jordanian Dinars ranges from 2% to 4% and US Dollar from 0.05% to 0.25% as of 31 December 2022 (2021: interest rates on deposits in Jordanian dinars ranges from 2% to 4% and US Dollars from 0.05% to 0.25%).

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The following table demonstrates the sensitivity of the statement of income to reasonably possible changes in interest rates as at 31 December 2022 and 2021, with all other variables held constant.

The sensitivity of the income statement is the effect of the assumed changes in interest rates on the Company's profit for one year based on the floating rate financial assets as at 31 December 2022 and 2021.

2022 -

Currency	Change	Effects on the current year pre- tax profit
	%	JD
Jordanian Dinar	5	4,521
U.S Dollar	5	46
Kuwaiti Dinar	5	506
United Arab Emirates Dirham	5	10,211

2021 -

Currency	Change	Effects on the current year pre- tax profit
	%	JD
Jordanian Dinar	5	1,384
U.S Dollar	5	374
Kuwaiti Dinar	5	419
United Arab Emirates Dirham	5	11,779

3- Liquidity Risk:

Liquidity risk is the risk that the Company will not be able to meet its obligations associated as they fall due. To limit this risk, management has arranged diversified funding sources, manages assets and liabilities, and monitors liquidity on a daily basis and maintains sufficient amount of cash and cash equivalents.

The Company monitors its liquidity by ensuring availability of funds to meet its obligations at their maturity date.

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Most of the Company's term deposits as at 31 December 2022 mature during a period ranges between 3 months and 1 year.

The table below summarizes the maturity profile of the Company's financial liabilities (based on contractual undiscounted payments from the date of the financial statements):

	Less than month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	More than 3 years	Without maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
2022 -								
Liabilities:								
Bank overdraft	-	-	-	9,050,549	-	-	-	9,050,549
Accounts payable	-	1,883,837	807,358	-	-	-	-	2,691,195
Reinsurance payables	-	-	7,534,486	-	-	-	-	7,534,486
Other liabilities	77,338	185,380	-	435,231	-	-	-	697,949
Total liabilities	77,338	2,069,217	8,341,844	9,435,780	-	-	-	19,974,179
Assets	15,794,890	13,402,195	2,153,683	17,413,567	1,412,828	-	43,332,202	93,509,365
	Less than month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	More than 3 years	Without maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
2021 -								
Liabilities:								
Bank overdraft	-	-	-	17,763,534	-	-	-	17,763,534
Accounts payable	-	2,194,822	942,201	-	-	-	-	3,129,023
Reinsurance payables	-	-	5,254,165	-	-	-	-	5,254,165
Other liabilities	179,847	173,273	-	353,927	-	-	-	707,047
Total liabilities	179,847	2,368,095	6,188,366	18,117,461	-	-	-	26,853,769
Assets	18,304,501	15,531,637	2,495,876	20,122,421	1,637,309	-	50,217,148	108,308,892

4- Foreign currencies risk:

The foreign currencies risks are the risks relating to the change in the value of the financial instruments due to the change in the foreign currencies exchange rates. Moreover, the Jordanian Dinar is considered the Company's functional currency. The Board of Directors sets the limits for the financial position of each currency at the Company. Additionally, the foreign currencies positions are monitored daily. Strategies are adopted to ensure that the positions of foreign currencies are maintained within the approved limits.

The Company's transactions in U.S. Dollar have negligible currency risk since the Jordanian Dinar is fixed against the U.S. Dollar (USD 1.41 for each one JD)

The following illustrates the Company's major foreign currency risks:

		December 31, 2022		
Type of Currency		Book Value	Market Value	Effect
		JD	JD	JD
US Dollar	130,567	91,397	92,441	1,044
UAE Dirham	106,362,138	20,421,530	20,527,900	106,370
Kuwaiti Dinar	421,857	1,012,456	984,614	(27,842)
Bahraini Dinar	5,237	9,988	10,036	48
Qatari Riyal	4,681	913	894	(19)
Euro	37,726	30,496	28,672	(1,824)
GBP	3,922	3,959	3,373	(586)
				<u>77,191</u>

		December 31, 2021		
Type of Currency		Book Value	Market Value	Effect
		JD	JD	JD
US Dollar	781,686	547,259	554,997	7,738
UAE Dirham	122,790,105	23,558,153	23,581,711	23,558
Kuwaiti Dinar	349,371	838,490	810,541	(27,949)
Bahraini Dinar	11,637	21,820	21,971	151
Qatari Riyal	5,627	1,041	1,058	17
Euro	24,874	22,940	21,765	(1,175)
GBP	9,737	8,862	9,688	826
				<u>3,166</u>

5- Credit risk

Credit risk relates to the other party's inability to meet its contractual obligations leading to the incurrence of losses by the Company. Moreover, the Company adopts a policy of dealing with creditworthy parties in order to mitigate the financial losses arising from the Company's default on its liabilities. The Company does not follow a policy of taking guarantees against accounts receivable. Consequently, accounts receivable are not guaranteed.

The Company's financial assets consist primarily of policyholders and financial investments at fair value through the statement of profit or loss, statement of comprehensive income, financial investments, property investments, cash and cash equivalents, and other receivables. Moreover, policyholders represent debts due from the locally insured parties, governmental bodies, large projects, and external customers, The Company's management believes that the ratio of debts owed to the Company is high, However the probability of no collection of all or part of these debts is very low, notwithstanding that these debts represent significant concentration of risk in the customers' geographical areas, In this regard, stringent credit risks control is maintained, as each customer's account is monitored separately and constantly. Customers' concentration according to their geographical areas is as follows:

<u>Geographical Area</u>	<u>Indebtedness</u>
	JD
United Arab Emirates	1,154,761
Hashemite Kingdom of Jordan	12,915,219
Other countries	1,453,679
	<u>15,523,659</u>

(37) ANALYSIS OF MAIN SECTORS

A- Background for the Company business sectors

For administrative purposes, the Company has been organized into two segments of business, the general insurance segment which include (fire and property, medical, marine, transportation, accident, liability), and life which includes (life insurance and investment). These two key segments that are used by the Company to show information related to segment reporting. The above two segments also include investments and cash management for the Company's own account. Transactions between business segments are carried out on the basis of estimated market prices and on the same terms as those with which they are dealing with.

B- Geographic concentration of risk

This disclosure illustrates the geographic distribution of the Company's operation, the Company executes its operations mainly in the Kingdom.

The table below shows the geographic distribution of revenues and capital expenditure.

	Inside Jordan		Outside Jordan		Total	
	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD
Total revenues	36,159,705	32,946,348	5,412,375	5,674,126	41,572,080	38,620,474
Capital expenditures	350,045	88,353	59,831	15,174	409,876	103,527
Total assets	66,715,988	78,390,724	26,793,377	29,918,168	93,509,365	108,308,892

(38) CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios on order to support its business and maximize shareholders value.

The Company manages its capital structure and makes adjustment to it on light of changes in business conditions. No changes were made in the objectives, policies or processes during this year and the prior year.

In the opinion of the Company's management, the regulatory capital is compatible with and adequate to the size of capital and nature of risks to which the Company is exposed.

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The amount considered by the Company as capital and solvency ratio, as follows:

	For the year ended 31 December	
	2022	2021
	JD	JD
Total available capital*	<u>50,051,882</u>	<u>60,657,046</u>
Capital requirements		
Capital requirement against asset risks	17,581,871	19,234,766
Capital requirement against underwriting liabilities	4,101,856	3,798,152
Capital requirement against the reinsurance risk	270,760	834,909
Capital requirement against life insurance risk	5,537,777	4,629,364
Total required capital	<u>27,492,264</u>	<u>28,497,191</u>
Solvency margin ratio	<u>182%</u>	<u>213%</u>

* The total available capital consists of the following: -

	For the year ended 31 December	
	2022	2021
	JD	JD
Base capital:		
Paid in capital	30,000,000	30,000,000
Statutory reserve	7,500,000	7,500,000
Retained earnings	<u>6,553,473</u>	<u>5,936,265</u>
	44,053,473	43,436,265
Add: Additional capital:		
Fair value reserve	<u>(4,374,701)</u>	<u>6,823,258</u>
Increase in investment properties	<u>10,373,110</u>	<u>10,397,523</u>
	<u>50,051,882</u>	<u>60,657,046</u>

* In the opinion of the Company's management, the regulatory capital is compatible with and adequate to the size of capital and nature of risks to which the Company is exposed.

* The Company's solvency ratio before deducting over limits in "Instructions to invest insurance Company's funds and to determine the nature of the insurance company's assets and their positions corresponding to their obligations" No. (2) for 2006. The minimum solvency margin is 200% in accordance to Insurance Administrations' regulations.

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(39) ASSETS AND LIABILITIES MATURITIES ANALYSIS

The following table shows the analysis of assets and liabilities according to their expected period of recovery or settlement:

	Within One Year	More than One Year	Total
	JD	JD	JD
31 December 2022			
Assets:			
Bank deposits	20,197,747	2,009,600	22,207,347
Financial assets at fair value through profit or loss	2,848,284	-	2,848,284
Financial assets at fair value through other comprehensive income	-	19,917,394	19,917,394
Investment property	-	15,587,294	15,587,294
Life policyholders' loans	-	26,739	26,739
Cash on hand and at banks	4,716,326	-	4,716,326
Notes receivable and checks under collection	1,963,710	-	1,963,710
Accounts receivable – net	15,523,659	-	15,523,659
Re-insurance receivable	3,560,331	470,891	4,031,222
Deferred tax assets	-	2,802,399	2,802,399
Property and equipment – net	-	1,066,887	1,066,887
Intangible assets - net	-	341,579	341,579
Other assets	2,476,525	-	2,476,525
Total Assets	51,286,582	42,222,783	93,509,365
Liabilities:			
Unearned premiums reserve - net	13,395,557	-	13,395,557
Outstanding claims reserve - net	16,450,627	-	16,450,627
Mathematical reserve - net	1,599,633	-	1,599,633
Premiums deficiency reserve	297,390	-	297,390
Bank overdraft	9,050,549	-	9,050,549
Accounts payable	2,691,195	-	2,691,195
Re-insurance payable	7,534,486	-	7,534,486
Various provisions	1,210,701	-	1,210,701
Income tax Provision	627,524	-	627,524
Deferred tax liabilities	274,982	-	274,982
Other liabilities	697,949	-	697,949
Total Liabilities	53,830,593	-	53,830,593
Net Assets	(2,544,011)	42,172,783	39,678,772

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	Within One Year	More than One Year	Total
	JD	JD	JD
31 December 2021			
Assets:			
Bank deposits	24,168,054	2,486,110	26,654,164
Financial assets at fair value through profit or loss	2,748,881	-	2,748,881
Financial assets at fair value through other comprehensive income	-	27,866,076	27,866,076
Investment property	-	15,512,881	15,512,881
Life policyholders' loans	-	35,539	35,539
Cash on hand and at banks	3,536,478	-	3,536,478
Notes receivable and checks under collection	3,075,583	-	3,075,583
Accounts receivable – net	14,358,500	2,056,563	16,415,063
Re-insurance receivable	4,869,195	961,849	5,831,440
Deferred tax assets	-	2,844,555	2,844,555
Property and equipment – net	-	990,374	990,374
Intangible assets - net	-	239,895	239,895
Other assets	2,558,359	-	2,558,359
Total Assets	55,315,050	52,993,842	108,308,892
Liabilities:			
Unearned premiums reserve - net	11,365,857	-	11,365,857
Outstanding claims reserve - net	15,622,636	-	15,622,636
Mathematical reserve - net	1,417,919	-	1,417,919
Premiums deficiency reserve	83,176	-	83,176
Bank overdraft	17,763,534	-	17,763,534
Accounts payable	3,129,023	-	3,129,023
Re-insurance payable	5,254,165	-	5,254,165
Various provisions	1,174,193	-	1,174,193
Income tax Provision	85,021	-	85,021
Deferred tax liabilities	1,446,798	-	1,446,798
Other liabilities	707,047	-	707,047
Total Liabilities	58,049,369	-	58,049,369
Net Assets	(2,734,319)	52,993,842	50,259,523

(40) LAWSUITS AGAINST THE COMPANY

There are lawsuits against the Company claiming compensation on various accidents. The lawsuits at courts with determined amounts totaled around JD 1,815,874 as of 31 December 2022 (JD 2,004,103 as of 31 December 2021). In the opinion of the Company's management and its lawyer, the lawsuit provision is sufficient to meet obligations that may arise from the lawsuits and there will be no need for additional provision more than what has been recorded in the outstanding claims reserve.

(41) CONTINGENT LIABILITIES

As of the date of the financial statements, the Company had contingent liabilities represented in bank guarantees in an amount of JD 3, ,015,896 and it is guaranteed by the Company's financial solvency as of 31 December 2022 (JD 3,185,185 as of 31 December 2021).

(42) 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 Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

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

The standard will be applied retrospectively on 1 January 2023, with early application permitted for entities that applied International Financial Reporting Standards (9) and International Financial Reporting Standards (15) before or on the date of application of International Financial Reporting Standards (17).

The implementation of the project is governed by the audit committee where provides oversight and governance over the project. The audit committee comprises of independent members in addition to executive management from all relevant departments to review implementation of the project in collaboration with the external consultant appointed by the Company to manage the project. The external consultant prepares the Company's policies in accordance with the standard requirements and determines the actuarial methodologies along with reviewing the contracts, classifying them and preparing the additional disclosure in accordance with the standard.

The management of the Company has completed the standard requirements and is currently working on the following requirements to complete the standard application project:

- Complete the preliminary financial statements in accordance with the standards as at 31 December 2022 and 2021.
- Ensure the system used/ linked to the Company's system is compatible with the Company's policies prepared and approved by the managements, in addition, reviewing the control procedures that will be applied to ensure the effectiveness of the system.
- Obtain the management approval including the technical department along with the external auditor approval on the opening balance after implementation.
- Prepare all disclosures that will be included in the financial statements in accordance with the standard.
- Prepare the management reporting model and key performance measures that will be used after the standard implementation.
- Hold training courses for all relevant employees in addition with the executive management on the application of the standard.

The Company's financial statements will be impacted by the application of the standard. Below is an assessment of the expected impact of applying the standard, as the Company has not yet completed a study of all aspects that will be affected by the application of the standard:

Measurement models

Measurement is not carried out at the level of individual insurance contracts, but on the basis of Company of contracts. To allocate individual insurance contracts to groups of contracts, an entity needs to define portfolios of insurance contracts which include contracts with similar risks that are managed together. These portfolios are to be subdivided into groups of contracts based on profitability and issuing year. IFRS 17 consists of three measurement models: premium allocation approach, general measurement model and variable fees approach.

General measurement model

According to the general measurement model, the measurement of insurance contracts consists of fulfillment cash flows from the insurance contract plus the contractual service margin ("CSM"). The fulfillment cash flows represent the risk adjusted present value of the Company's rights and obligations to the policyholders, comprising estimates of expected cash flows, discounting and an explicit risk adjustment for non-financial risk.

This risk adjustment is to cover the risk of uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The contractual service margin("CSM") represents the unearned profit from in-force contracts that the Company will recognize as it provides services over the coverage period.

At inception, the contractual service margin cannot be negative. If the fulfillment cash flows lead to a negative contractual service margin at inception, it will be set to zero and the negative amount will be recorded immediately in the statement of profit and loss.

At the end of a reporting period, the carrying amount of a group of insurance contracts is the sum of the liability for remaining coverage and the liability of incurred claims. The liability for remaining coverage consists of the fulfillment cash flows related to future services and the contractual service margin, while the liability for incurred claims consists of the fulfillment cash flows related to past services.

The contractual service margin is adjusted for changes in cash flows related to future services and for the interest accretion at fixed interest rates on initial recognition of the group of contracts. Revenue is recognized by releasing part from the contractual service margin recognized in profit or loss for each period to reflect the services provided in that period based on "coverage units". IFRS 17 only provides principle-based guidance on how to determine these coverage units.

Premium Allocation Approach

The premium allocation approach is an optional simplified approach for the measurement of the liability of remaining coverage, an entity may choose to use the premium allocation approach when the measurement is not materially different from that under the general measurement model or if the coverage period of each contract in the group of insurance contracts is one year or less. Under the premium allocation approach, the liability for remaining coverage is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognized in profit or loss over the expired portion of the coverage period based on the passage of time.

Insurance revenues and expenses for insurance services are recognized in the statement of profit or loss based on the concept of services that were provided during the period. The standard requires to recognize the losses immediately in the profit or losses statement for the contract that are expected to be loss-incurred contract. For insurance contracts measured under the Premium Allocation Approach, it is assumed that contracts are not onerous at initial recognition, unless facts and circumstances indicate otherwise. The Company's focus is to grow a profitable and sustainable business and does not anticipate the recognition of onerous contracts except where the following have been identified:

- Relevant pricing decisions.
- Initial stages of a new business acquired where the underlying contracts are onerous.
- Any other strategic decisions the management considers appropriate.

The Company applies the premium allocation approach to groups of insurance contracts that it issues and groups of reinsurance contracts that it holds where the coverage period is 12 months or less.

The Company performed the premium allocation approach eligibility assessment for the groups of contracts where the coverage period is more than 12 months. Based on the premium allocation approach, the Company expects all of its contracts to be eligible for premium allocation approach, except for the long-term individual life insurance that expected to be measured at general measurement model.

The measurement of the liability for incurred claims is consistent for all three measurement models, except for the determination of fixed interest rates used for discounting. The Company adjusts the risks for non-financial risks, which are estimated separately from the other estimates for the liability for incurred claims. This risk adjustment is to cover the risk of uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The risk adjustment forms part of the fulfilment cash flows for a group of insurance contracts.

Variable fee approach

The variable fee approach is a mandatory modification of the general measurement model regarding the treatment of the contractual service margin in order to accommodate direct participating contracts.

An insurance contract has a direct participation feature if the following three requirements are met:

- The contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items.
- The Company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items.
- The Company expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

The Standard does not require separate adjustments to be identified for changes in the contractual service margin arising from changes in the amount of the entity's share of the fair value of the underlying items and changes in estimates of fulfilment cash flows relating to future services. A combined amount might be determined for some or all the adjustments.

Under the Variable fee approach, adjustments to the contractual service margin are determined using current discount rates whereas under the general model, adjustments are determined using discount rates locked in at inception of a group of insurance contracts.

In contrast to insurance contracts measured under the general measurement model, the contractual service margin for contracts with direct participation features is not explicitly adjusted for the accretion of interest since the adjustment of the contractual service margin for the changes in the amount of the entity's share of the fair value of underlying items already incorporates an adjustment for financial risks, and this represents an implicit adjustment using current rates for the time value of money and other financial risks.

Transition

When the standard is applied on 1 January 2023 which is the initial application date, the standard should be applied full retrospectively unless impracticable. When full retrospective application of the standard is impractical, IFRS 17 allows for alternation transition method as follows:

- A modified retrospective approach that specifies modifications to full retrospective application. This approach allows insurers that lack limited information to achieve opening transition balances that are as close to the retrospective application as possible, depending on the amount of reasonable and supportable information available to that insurer. Each modification would increase the difference between the modified retrospective approach and the outcome that would have been obtained if a fully retrospective approach had been applied.

- A fair value approach that uses the fair value of the contracts at the date of transition to determine a value for the contractual service margin ('CSM'). This approach enables the Company to determine the opening transition balances, even if the Company does not have reasonable and supportable information about the contracts that exist at the transition date.

Impact on transition to IFRS 17

The management anticipates that the implementation of IFRS 17 will have an effect on the amounts reported and disclosures made in these financial statements with regard to its issued and retained insurance and reinsurance contracts. Opening equity is anticipated to be significantly influenced according to the Company's estimates due to the following factors:

- risk adjustment assumptions.
- Impact of onerous contracts identified, if any.
- Impact of discounted cash flows.
- risk of non-performance of expected liabilities from the reinsurance companies.

The Company has not completed the preparation of a study related to evaluate the impact of the standard's application on the Company's financial statements. It is expected that this study will be completed during the first quarter of the year 2023.

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

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

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

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

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

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

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

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

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

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

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

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

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

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

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(43) STATEMENT OF FINANCIAL POSITION FOR LIFE

	31 December 2022	31 December 2021
	JD	JD
Assets -		
Bank deposits	1,680,475	1,977,347
Financial assets at fair value through profit or loss	707,279	667,644
Life policy holders' loans	26,739	35,539
Total investments	2,414,493	2,680,530
Cash on hand and balances at banks	3,211,538	2,168,790
Checks under collection	802,141	900,602
Accounts receivable	11,207,378	9,158,636
Re-insurance companies' receivable	798,021	3,441,385
Property and equipment	22,697	22,544
Other assets	493,139	416,226
Total Assets	18,949,407	18,788,713
Liabilities and head office current account		
Liabilities		
Accounts payable	1,326,644	946,212
Re-insurance companies' payable	2,515,929	1,398,743
Other liabilities	54,842	20,339
Technical Reserves		
Net outstanding claims reserve	1,391,540	1,258,172
Net mathematical reserve	1,599,633	1,417,919
Other technical reserves	152,933	144,270
Total technical reserves	3,144,106	2,820,361
Total Liabilities	7,041,521	5,185,655
Head Office's Equity		
Head Office's current account	10,716,717	14,005,928
Profit (Loss) for the year	1,191,169	(402,870)
Total Head Office's Equity	11,907,886	13,603,058
Total liabilities and Head office's Equity	18,949,407	18,788,713

(44) Comparative figures

Some of the 2021 figures were reclassified to correspond with the year ended 31 December 2022 presentation with no effect on equity or income for the year 2021.