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الإشارة: 2024/169/100

السادة / هيئة الأوراق المالية المحترمين

الموضوع: البيانات المالية 2024/03/31

تحية طيبة وبعد ....

بالإشارة الى الموضوع أعلاه، نرفق لكم البيانات المالية للشركة كما في 31/اذار لعام 2024 والمعدة وفق المعيار الدولي رقم (17) باللغة الانجليزية .

- ملاحظة: علماً بأن البيانات المالية كما في 31/ كانون الاول / لعام 2023 ما زالت تحت موافقة البنك المركزي الاردني .

وتفضلوا بقبول فائق الاحترام

المجموعة العربية الأردنية للتأمين

المدير العام

عصام محمد عبد الخالق



*(Handwritten signature)*

**Arab Jordanian Insurance Group**  
(Public Limited Shareholding Company)  
**Amman – The Hashemite Kingdom of Jordan**  
**Interim Condensed Consolidated Financial**  
**Statements (Unaudited) and the Independent**  
**Auditor’s Report**  
**For the three months period ended March 31, 2024**

**Arab Jordanian Insurance Group**  
(Public Limited Shareholding Company)  
**Amman- The Hashemite kingdom of Jordan**  
**Interim Condensed Consolidated Financial Statements (Unaudited) and the Independent Auditor's Report**  
**For the three months period ended March 31, 2024 (Unaudited)**

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## Independent Auditors' Report

To, The Shareholders  
Arab Jordanian Insurance Group  
(Public Limited Shareholding Company)  
Amman - the Hashemite Kingdom of Jordan

### Introduction

We have reviewed the accompanying interim condensed Consolidated statement of financial position of Arab Jordanian Insurance Group ("the Company") as of March 31, 2024 and the related interim condensed Consolidated statements of profit or loss, other comprehensive income, changes in shareholders' equity, and cash flows for the three months period then ended and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these interim condensed Consolidated financial statements in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting as endorsed in the Hashemite Kingdom of Jordan and the instructions of Central Bank of Jordan. Our responsibility is to express a conclusion on these interim condensed Consolidated financial statements based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Hashemite Kingdom of Jordan. A review of interim condensed Consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Qualified Conclusion Basis

The company has not obtained the approval of the Central Bank of Jordan on the financial statements for the financial year ended December 31, 2023 to date.

### Qualified Conclusion

Based on our review, with the exception of the effect of what was mentioned in the qualified conclusion basis paragraph above, nothing has come to our attention that causes us to believe that the accompanying interim condensed Consolidated financial statements for the period ended March 31, 2024 are not prepared in all material respects, in accordance with IAS (34) "Interim Financial Reporting" as endorsed in the Hashemite Kingdom of Jordan.

The partner in charge of the audit resulting in this auditor's report was Hasan Amin Othman; license number 674.

Date :June 30, 2024

Amman - Jordan



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**Arab Jordanian Insurance Group**  
(Public Limited Shareholding Company)  
**Amman- The Hashemite kingdom of Jordan**  
**Interim Condensed Consolidated Statement of Financial Position (Unaudited)**  
**As of March 31, 2024**  
(Jordanian Dinar)

	Notes	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
<b><u>Assets:</u></b>			
Deposits at banks, net	6	7,020,346	7,292,093
Financial assets at fair value through profit or loss	7	2,804,915	2,537,500
Financial assets at amortized cost	8	-	-
Investment properties	9	2,172,611	2,188,293
<b>Total Investments</b>		<b>11,997,872</b>	<b>12,017,886</b>
Cash on hand and at banks	10	133,030	118,997
Reinsurance contracts assets - net	11	4,299,640	3,559,785
Deferred tax assets	13	1,163,650	1,163,650
Property and equipment - net	14	2,696,834	2,640,672
Intangible assets - net	15	12,702	16,603
Other assets		955,994	644,992
<b>Total assets</b>		<b>21,259,722</b>	<b>20,162,585</b>
<b><u>Liabilities and Shareholders' Equity:</u></b>			
<b><u>Liabilities:</u></b>			
Reinsurance contracts liabilities	12	17,124,245	14,751,284
<b>Total insurance contracts</b>		<b>17,124,245</b>	<b>14,751,284</b>
Credit Banks	16	340,159	202,959
Credit Loans	17	17,867	472,805
Accruals Expenses		-	-
National contribution and income tax provision	13	128,238	165,239
Other provisions		158,875	108,243
<b>Total liabilities</b>		<b>17,769,384</b>	<b>15,700,530</b>
<b><u>Shareholders' Equity:</u></b>			
Share capital	18	9,500,000	9,500,000
Discount premium	19	(2,019,280)	(2,019,280)
Statutory reserve	20	320,602	320,602
Accumulated Losses	21	(4,310,984)	(3,339,267)
<b>Total Shareholders' equity</b>		<b>3,490,338</b>	<b>4,462,055</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>21,259,722</b>	<b>20,162,585</b>

The accompanying notes from 1 to 29 are integral part of these financial statements

**Arab Jordanian Insurance Group**  
(Public Limited Shareholding Company)  
**Interim Condensed Consolidated Statement of Profit or Loss (Unaudited)**  
**For the three months period ended March 31, 2024**  
(Jordanian Dinars)

	<u>Notes</u>	<u>March 31, 2024</u> <u>(Unaudited)</u>	<u>March 31, 2023</u> <u>(Unaudited)</u>
<b>Revenues:</b>			
Insurance contract revenues		7,638,047	6,313,949
Insurance contract expenses		<u>(8,077,056)</u>	<u>(4,937,536)</u>
<b>Insurance contract operations results</b>		<u>(439,009)</u>	1,376,414
Reinsurance contracts revenues		<u>(1,794,431)</u>	(1,830,286)
Reinsurance contracts expenses		<u>1,150,483</u>	833,161
<b>Reinsurance contract operations results</b>		<u>(643,948)</u>	(997,125)
<b>Net insurance operations results</b>		<u>(1,082,957)</u>	379,289
Finance revenues - insurance contracts		<u>121,166</u>	58,115
Finance expenses - reinsurance contracts		<u>(2,316)</u>	(9,007)
<b>Net financing results of insurance operations</b>		<u>118,850</u>	49,108
Interest income	22	<u>92,949</u>	75,980
Losses of financial assets	23	<u>130,011</u>	185,444
Impairment on investment in affiliate company		-	-
Other revenues		<u>-</u>	16,516
<b>Total revenue</b>		<u>(741,147)</u>	706,337
Unallocated employee expenses		<u>(87,765)</u>	(125,892)
Unallocated general and administrative expenses		<u>(49,602)</u>	-
Other expenses		<u>(145)</u>	(860)
Provision for impairment of receivables - net		-	(147,298)
Depreciation and amortization		<u>(51,804)</u>	(50,737)
<b>Total expenses</b>		<u>(189,316)</u>	(324,787)
<b>Net profit for the period before income tax</b>		<u>(930,463)</u>	381,550
Income tax expense		<u>(41,254)</u>	174,204
<b>Net profit for the period after income tax</b>		<u>(971,717)</u>	555,754
<b>Earnings per share from net profit/(loss) for the year</b>	22	<u>(0.102)</u>	0.058

The accompanying notes from 1 to 29 are integral part of these financial statements

**Arab Jordanian Insurance Group**  
(Public Limited Shareholding Company)  
**Interim Condensed Consolidated Statement of Other Comprehensive Income (Unaudited)**  
**For the three months period ended March 31, 2024**  
(Jordanian Dinars)

	<u>March 31, 2024</u> <u>(Unaudited)</u>	<u>March 31, 2023</u> <u>(Unaudited)</u>
Net profit for the period	(971,717)	555,754
<b>Add: Other comprehensive income items:</b>		
Change in fair value for financial assets	-	29,378
<b>Total comprehensive income</b>	<u>(971,717)</u>	<u>585,132</u>

The accompanying notes from 1 to 29 are an integral part of these financial statements

**Arab Jordanian Insurance Group**  
(Public Limited Shareholding Company)  
**Interim Condensed Consolidated Statement of Changes in Shareholders' Equity (Unaudited)**  
**For the three months period ended March 31, 2024**  
(Jordanian Dinars)

	Share capital	Discount premium	Statutory reserve	Fair value reserve	Accumulated losses	Total
<b><u>For the three months ended March 31, 2023 (Unaudited)</u></b>						
Balance as of December 31, 2022 (audited)	9,500,000	(2,019,280)	320,602	2,408	(3,679,059)	4,124,671
Total comprehensive income for the period	-	-	-	29,378	555,754	585,132
Balance as of March 31, 2023 (unaudited)	9,500,000	(2,019,280)	320,602	31,786	(3,123,305)	4,709,803
<b><u>For the three months ended March 31, 2024 (Unaudited)</u></b>						
Balance as of December 31, 2023 (audited)	9,500,000	(2,019,280)	320,602	-	(3,339,267)	4,462,055
Total comprehensive income for the period	-	-	-	-	(971,717)	(971,717)
<b>Balance as of March 31, 2024 (unaudited)</b>	<b>9,500,000</b>	<b>(2,019,280)</b>	<b>320,602</b>	<b>-</b>	<b>4,310,984</b>	<b>3,490,338</b>

The accompanying notes from 1 to 29 are an integral part of these financial statements

**Arab Jordanian Insurance Group**  
(Public Limited Shareholding Company)  
**Interim Condensed Consolidated Statement of Cash Flows (Unaudited)**  
**For the three months period ended March 31, 2024**  
(Jordanian Dinars)

	<b>March 31, 2024</b>	<b>March 31, 2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash flows from Operating Activities:</b>		
Loss for the period before income tax	(930,463)	381,550
<b>Non-cash items adjustments</b>		
Depreciation and amortization	51,804	50,950
Gains from the sale of property and equipment		
Change in fair value of financial assets through Profit or loss	(267,415)	(342,334)
	<u>(1,146,074)</u>	<u>90,166</u>
<b>Cash flows from operating activities before changes in working capital</b>		
Reinsurance contract assets	(739,855)	(737,084)
Insurance contract liabilities	2,372,961	(216,100)
Other assets	(352,262)	(201,222)
Accrued expense	0	(115,892)
Other liabilities	50,637	50,317
	<u>185,407</u>	<u>(1,129,814)</u>
<b>Net cash flows from operations before tax and fees paid</b>		
Income tax and fees paid	(37,001)	
	<u>148,406</u>	<u>(1,129,814)</u>
<b>Cash flow from Investing Activities</b>		
Term deposits mature after three months	-	600,120
Financial assets at fair value through other comprehensive income	-	(205,552)
Purchase of property and equipment	(89,014)	(2,676)
Purchase of intangible assets	631	(74,854)
	<u>(88,383)</u>	<u>317,038</u>
<b>Net cash flows from investing activities</b>		
<b>Cash flow from financing activities</b>		
Credit bank	137,200	488,774
loans	(454,937)	-
	<u>(317,737)</u>	<u>488,774</u>
<b>Cash flows from financing activities</b>		
<b>Net change in cash</b>	<u>(257,714)</u>	<u>(324,002)</u>
Cash and cash equivalent at beginning of the year	6,361,090	7,797,730
<b>Cash and cash equivalent at the end of the period</b>	<u><u>6,103,376</u></u>	<u><u>7,473,728</u></u>

The accompanying notes from 1 to 29 are an integral part of these financial statements

**Arab Jordanian Insurance Group**  
(Public Limited Shareholding Company)  
**Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)**  
**For the three months period ended March 31, 2024**

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**1- Legal Status and Activities**

The Arab Jordanian Insurance Group was established in accordance with the Jordanian Companies Law and its amendments under No. (321) as a public limited joint stock company, in 1966 with an authorized capital of 9,500,000 shares, the value of each share being one Jordanian dinar.

The company carries out general insurance business (vehicles, marine and transportation, fire and property damage, health and other branches) in addition to life insurance business.

The Company's address is at Wadi Saqra Street, Building No. (34), P.O. Box 840657, Amman 11184, Jordan.

The Company aims to practice all types of insurance, including the field of life insurance.

The financial statements were approved by the Board of Directors' decision held 30 June 2024.

**2- Basis of Preparation**

**Statement of compliance**

The interim condensed financial statements for the three months ended March 31, 2024 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", and central bank of Jordan instructions.

The interim condensed financial statements do not contain all information and notes required for annual financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Company's financial statements as at December 31 2023. In addition, the results for the three months ended March 31, 2024 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2024.

**Functional and presentation currency**

These interim financial statements are presented in Jordanian dinars, which is the functional currency and the presentation currency of the company.

**3-Application of international accounting standards for preparing new and amended financial reports**

The accounting policies followed in preparing the financial statements are consistent with those followed in preparing the financial statements for the fiscal year ending on December 31, 2023, except that the Company applied the following amendments as of January 1, 2023, if any:

**A. New and amended IFRS Standards that are effective for the current year:**

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies.
- Amendments to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
- Amendments to IAS 12 Income Taxes - International Tax Reform - Pillar Two Approach Rules.
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates.
- IFRS 17 Insurance Contracts (including the March 2020 and December 2021 Amendments to IFRS 17).

#### **4- Use of Estimates and Assumptions**

Preparing financial statements and applying accounting policies requires the Company's management to make estimates and judgments that affect the amounts of financial assets and financial liabilities and the disclosure of potential liabilities. These estimates and judgments also affect revenues, expenses, and allocations, as well as changes in the fair value that appear in the profit or loss statement and in shareholders' equity. In particular, it requires the Company's management to issue important judgments and judgments to estimate the amounts and times of future cash flows. The aforementioned estimates are necessarily based on multiple assumptions and factors that have varying degrees of estimation and uncertainty, and that the actual results may differ from the estimates as a result of changes resulting from the conditions and circumstances of those estimates in the future.

The nature and extent of the changes in the estimates of the amounts contained in the reports of previous financial years do not have a material impact on the current data. Our estimates in the financial statements are reasonable and detailed as follows:

#### **Expected Credit Loss**

The Company applies the simplified approach imposed by International Financial Reporting Standard No. (9) to recognize impairment by measuring expected credit losses over the life of receivables and contractual assets based on the historical cash flow ratio for collection.

Expected loss rates are based on the Company's historical credit losses experienced during the prior three-year period up to the end of the current period, and historical loss rates are then adjusted for current information. Since the Company is based on historical cash flow ratios without including economic factors, Standard No. 9 does not require including these factors.

#### **Impairment in the value of financial assets**

The Company reviews the values recorded of the financial assets at the date of the financial statements to determine whether there are indications of impairment in their value individually or in the form of a Company, and in the event of such indications, the fair value is estimated in order to determine the impairment loss.

#### **Income Tax**

The financial year was charged with its income tax expense in accordance with the regulations, laws and international financial reporting standards as follows:

##### **1- Accrued Tax**

Income tax was estimated in accordance with International Financial Reporting Standard No. 17, noting that the income and sales tax law had not been amended as of the date of preparing the financial statements.

Taxes are calculated according to the tax rates established under the laws, regulations and instructions in the Hashemite Kingdom of Jordan.

##### **2- Deferred Tax**

Deferred taxes are the taxes expected to be paid or recovered as a result of temporary time differences between the value of assets or liabilities in the financial statements and the value on which the tax profit is calculated. Taxes are calculated using the compliance method in the financial statements. Deferred taxes are calculated according to the tax rates that are expected to be applied upon settlement. Tax liability or realization of deferred tax assets.

The balance of deferred tax assets is reviewed at the date of the financial statements and reduced in the event that it is expected that it will not be possible to benefit from those tax assets, partially or completely, or to settle the tax liability or select the need for it.

**Arab Jordanian Insurance Group**  
(Public Limited Shareholding Company)  
**Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)**  
**For the three months period ended March 31, 2024**

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**4- Use of Estimates and Assumptions (continued)**

**Property, equipment and intangible assets**

The management periodically reassesses the useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization depending on the assets and the estimated useful lives expected on the general situation in the future. Impairment loss, if any, is recorded in the profit and loss statement.

**The present value of future cash flows**

Flows are defined as all amounts expected to be collected and expected to be paid within the limits of the insurance contract / reinsurance contract held after adjusting them to reflect the timing and uncertainty of those amounts, based on actuarial assumptions and the Company's experience in insurance contracts and reinsurance contracts held.

Future cash flows are recognized at the current value of insurance contracts, using historical cash flows and the local rate of return on local bonds issued by the Central Bank of Jordan, as they are closest to the Company's reality. The income or expense from discounting cash flows is treated through the statement of profit or loss. Or for reinsurance contracts, the percentage of illiquidity risks is deducted.

The Company will not calculate a present value for future cash flows on insurance and reinsurance premiums whose duration is less than 12 months.

When developing assumptions regarding estimating flows for groups of insurance contracts, the Company must take into account the following:

- Inherent risks.
- Aggregation level.
- The possibility of natural disasters.
- The possibility of liquidating the contract before the expiration date of insurance coverage, and other practices expected from the insurance contract holder.
- Factors that will affect estimates, and sources of information for these factors.

**Non-financial risk adjustments**

A financial amount that the company reserves for uncertainty in the amount and timing of cash flows arising from non-financial risks based on actuarial assumptions and the company's experience in managing the group of insurance contracts / insurance contracts held. The cost rate of 5.76% per annum represents the return required to compensate for exposure to non-financial risks. Capital has been set at a confidence level of 75% and is expected to be in line with the run-off of the business. A diversification feature is included to reflect the diversity of contracts sold across geographic regions as this reflects the compensation required by the company. The non-financial risk adjustments are re-evaluated annually by the actuary.

**Non-insurance components**

The Company discloses the following aspects:

- Defining the insurance risks.
- Defining the insurance contract, and defining the written insurance contracts that are consistent with the definition.
- Determining the contracts issued by the Company that are consistent with the definition of the insurance contract.
- The mechanism for separating the non-insurance components (investment component, service component, etc.) from the insurance contract, and if they exist, the most specialized standard that will be applied to address those components is mentioned.

#### **4- Use of Estimates and Assumptions (continued)**

##### **Non-insurance Components (continued)**

- Mechanism for determining the materiality of the risks of the insurance contract.

##### **Cases brought against the company**

An allocation is made for cases against the company based on a legal study prepared by the company's lawyer, according to which the risks likely to occur in the future are determined, and these studies are reviewed periodically

##### **Fair value levels**

The main or most advantageous market must be accessible to the Company.

Fair value is measured using the assumptions used by market participants when pricing assets or liabilities, assuming that market participants act in a way that achieves the best economic benefits for them.

Measuring the fair value of non-financial assets takes into account the ability of market participants to provide economic benefits by using the assets in a way that achieves the best benefit from them or by selling them to another market participant to use them in a way that achieves the best benefit from them. The Company uses valuation methods that are appropriate to the existing circumstances and conditions and has sufficient data to measure fair value, makes greater use of relevant observable data, and reduces the use of unobservable data to the greatest extent.

All assets and liabilities that are measured at fair value or disclosed in the financial statements are classified within the hierarchy of fair value levels mentioned below and on the basis of the lowest level inputs that are significant to the fair value measurement as a whole:

- Level One: Prices traded in an active market for similar assets or liabilities.
- The second level: measurement methods that consider the lower-level inputs (important for measuring fair value) that are directly or indirectly observable.
- The third level: measurement methods that consider the lowest level inputs - that are significant to measuring fair value - to be unobservable.

The fair value measurement of available-for-sale financial assets, and non-recurring measurements, such as assets held for distribution in a discontinued operation, are evaluated on a periodic basis.

For the purpose of fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as described above.

#### **5- Significant Accounting Policies**

##### **A. Segments Information**

The insurance segment represents a group of assets and operations that jointly provide products or services that are subject to risks and returns that differ from those related to other segments, which are measured according to the reports that were used by the CEO and the main decision maker of the Company.

The geographical segment is related to providing products or services in a specific economic environment subject to risks and returns that differ from those related to sectors operating in other economic environments.

## **5- Significant Accounting Policies**

### **B. Goodwill**

The company does not record the value of goodwill.

### **C. Insurance contracts**

#### **Definition of insurance contract**

It is a contract whereby one party (the issuer) accepts a substantial insurance risk from another party (the contract holder), by agreeing to compensate the contract holder in case of the occurrence of a specific and uncertain future event (the insured event) such that this event, if it occurs, adversely affects the contract holder/beneficiary, the insurance contract is recognized according to the following deadlines, whichever is earlier:

- The beginning of the contract coverage period.
- The due date of the first contract installment.
- The date on which the insurance contract is considered a contract with an expected loss.

#### **Company's products**

All contracts issued by the Company meet the definition of an insurance contract. Below is a breakdown of the insurance contracts issued by the Company that meet the definition:

<u>Main Insurance Type</u>	<u>Sub-Insurance Type</u>
<u>Vehicles</u>	Comprehensive insurance Bus complex insurance Third Parties Liabilities
<u>Marine</u>	Marine insurance
<u>Fire</u>	All risks insurance
<u>Engineering</u>	Engineering
<u>Medical</u>	Medical
<u>General insurance</u>	General insurances
<u>Life</u>	Life

#### **Direct participating feature**

The direct participation feature in IFRS 17 is defined as insurance contracts that have economic characteristics similar to an insurance contract (long term of coverage, frequent premiums and amount or timing of return at the discretion of the issuer) and are linked to a portfolio of assets. Contracts that contain this feature at the beginning of the contract, include:

- The contractual terms specify that the insurance contract holders participate in a share of the insurance contract portfolio.
- The Company expects to pay the contract holder a significant share of the fair value proceeds from the portfolio of insurance contracts.
- The Company expects that a significant proportion of any change in the amounts that will be paid to the contract holder will vary with the change in the fair value of the insurance contracts portfolio

## **5- Significate Accounting Policies (continued)**

### **Direct participating feature**

The direct participation feature in IFRS 17 is defined as insurance contracts that have economic characteristics similar to an insurance contract (long term of coverage, frequent premiums and amount or timing of return at the discretion of the issuer) and are linked to a portfolio of assets. Contracts that contain this feature at the beginning of the contract, include:

- The contractual terms specify that the insurance contract holders participate in a share of the insurance contract portfolio.
- The Company expects to pay the contract holder a significant share of the fair value proceeds from the portfolio of insurance contracts.
- The Company expects that a significant proportion of any change in the amounts that will be paid to the contract holder will vary with the change in the fair value of the insurance contracts portfolio

### **Types of direct participating feature**

#### **Investment contracts:**

Investment contracts that have a legal form similar to an insurance contract but do not transfer significant insurance risk to the issuer and bear financial risks (embedded derivatives, change in the fair value of an instrument, change in interest rates, change in currency exchange rates, or credit rating) are classified as investment contract in accordance with IFRS (9).

Investment contracts that contain the feature of voluntary participation, which are investment contracts that have a legal form similar to an insurance contract, but do not transfer significant insurance risks to the issuer and do not meet the definition of an insurance contract, but are classified in accordance with International Financial Reporting Standard No (17).

#### **Self-insurance:**

Self-insurance (keeping the risks that could have been covered by the insurance contract within the Company, there is no other party to the contract). For example, a Company issuing an insurance contract in the name of the Company or a fellow subsidiary, which is classified in accordance with IFRS 15.

The Company issues the following contracts that are classified according to IFRS 15:

- Medical insurance contract for employees of the Arab Jordanian Insurance Group.
- Life insurance contract for employees of the Arab Jordanian Insurance Group.
- Vehicle insurance contracts owned by the Arab Jordanian Insurance Group.
- All-risk insurance contracts for buildings owned by the Arab Jordanian Insurance Group.

### **Separation of non-insurance components**

#### **The investment component**

A Company is required to separate the investment component distinct from the underlying insurance contract when the investment component is distinct if and only if the following two conditions are met:

- 1- The investment component and the insurance component are not closely related.
- 2- The contract is sold on equivalent terms, or may be sold, separately in the same market or jurisdiction, either by the entities issuing the insurance contracts or by other parties.

The investment component and the insurance component are directly related if, and only if:

- 1- The Company was unable to measure one component without looking at the other. Therefore, if the value of one component varies according to the value of the other component, the Company must apply IFRS 17 to calculate the co-investment and insurance component.
- 2- The policyholder cannot benefit from one of the components unless the other is also present. Therefore, if the

**Arab Jordanian Insurance Group**  
(Public Limited Shareholding Company)  
**Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)**  
**For the three months period ended March 31, 2024**

**5- Significant Accounting Policies (continued)**  
**Separation of non-insurance components (continued)**

**The investment component (continued)**

lapse or maturity of one component of a contract causes the lapse or maturity of the other, the Company must apply IFRS 17 to account for the investment component and the combined insurance component.

The company does not have any products containing an investment component.

The Company issues the following contracts, which are classified according to International Standard No. (15) as follows:

- Medical insurance contract for Company name employees.
- Life insurance contract for Company name employees.
- Vehicle insurance contracts owned by the Company name.
- All-risk insurance contracts for buildings owned by the Company name

**Components of services and goods**

The Company shall separate any undertaking to transfer distinct goods or services to the policyholder other than insurance contract services. And it must account for these commitments by applying International Financial Reporting Standard 15. Accordingly, it will:

- 1- Separate the cash inflows between the insurance component and any promises to provide distinct goods or services other than insurance contract services;
- 2- Separate the cash outflows between the insurance component and any promised goods or services other than insurance contract services, so that:
  - The cash outflows that relate directly to each component are attributable to that component; and
  - Any cash outflows are attributed on a systematic and logical basis, reflecting the cash outflows the entity expects to arise as if this component were a Separate contract.

A good or service other than the insurance contract promised to the policyholder is not distinctive if:

- A- The cash flows and risks associated with the good or service are closely related to the cash flows and risks associated with the insurance components of the contract; and
- B- The establishment provides an important service in linking the commodity or service with the components of the insurance.

The Company has the following service component that is not Separated from the insurance contract under item (a + b):

<u>Service / commodity</u>	<u>Insurance contract that includes the service / commodity</u>	<u>Related international standard</u>
Road assistance	Comprehensive/supplementary car insurance	IFRS 17
Transfer vehicle ownership	Vehicles	IFRS 17
Issuance fees service	All types	IFRS 17

**Acquisition cost**

An entity shall allocate acquisition costs to the acquisition of the insurance contract to groups of insurance contracts and amortize them over the term of the contract, unless the entity elects to recognize them as an

**5- Significant Accounting Policies (continued)**

**Acquisition cost (continued)**

expense by applying paragraph 59 (a), which states:

When applying the premium allocation approach, the entity:

It may choose to recognize any cash flows from acquiring insurance as an expense when those costs are incurred, provided that the coverage period for each contract in the Company on initial recognition does not exceed one year.

**Recognition of the insurance contract**

The Company shall recognize the Company of insurance contracts as of the following dates, whichever is earlier:

- The beginning of the coverage period.
- Eligibility for the first payment.
- The date on which the insurance contract is considered a contract with an expected loss.

When a group of contracts becomes burdensome, the Company adopts the contract registration date instead of the payment due date, as there is no data indicating that the payment due date precedes the contract registration date, which equals the beginning of the insurance coverage.

**Amending Insurance Contracts**

The Company makes adjustments to the initial recognition of insurance contracts by dealing with the changes that occurred in the future cash flows to fulfill the contracts, unless the conditions for derecognition of insurance contracts apply to them.

**Derecognition of insurance contracts**

The Company derecognizes insurance contracts in the following cases:

- Expiration of the contract. (Expiration, fulfillment or cancellation of the obligation specified in the Insurance contract).
- In case that the insurance contracts are amended so that the contract no longer meets the requirements of the standard, then the Company cancels the contract and recognizes a new one.

**Liabilities versus remaining coverage**

The amount that the Company must reserve when recognizing insurance contracts, which relates to subsequent financial years as a result of valid insurance contracts.

**Liabilities versus claims incurred**

It is the total value of the expected costs incurred by the Company as a result of risks covered by the insurance contract that occurred before the end of the fiscal year, and includes those reported and unreported claims, in addition to the expenses related to them.

**Contractual service margin**

It is the unearned profit from remaining coverage that is expected to be profitable, and which is recognized in conjunction with the provision of insurance contract services.

**Initial recognition of insurance contracts / general measurement approach / variable cost approach**

The Company of insurance contracts is measured upon initial recognition according to the following:

1. Cash flows to fulfill obligations arising from contracts, which include:
  - Estimates of future cash flows.
  - Adjustments for the time value of money and the financial risks associated with future cash flows by not including those financial risks in future cash flow estimates.
  - Non-financial risk adjustments.
2. Contractual service margin.

## **5- Significant Accounting Policies (continued)**

### **Contracts measurement approach**

The standard provides insurance companies with three approaches for measuring and processing insurance contracts and reinsurance contracts held by accounting, as follows:

#### **1- Premium allocation approach:**

It applies to the group of insurance contracts shown below:

- The duration of the insurance coverage does not exceed one year.
- In which the value of "Liabilities vs. Residual Coverage" does not substantially differ from its value when applying the requirements of the general approach.

#### **2- General approach:**

It is applied to all insurance contracts, where it is required to measure the obligations of the insurance contract groups by deducting the future cash flows "incoming and outgoing", and then subtracting from them non-financial risk adjustments to reach the contractual service margin, which represents the unearned profit from the group of insurance contracts.

#### **3- Variable cost approach:**

It is the approach through which some requirements of the general approach are modified to deal with investment contracts that include the participation feature.

The Company applies the premium allocation approach to all insurance contracts and reinsurance contracts held, as the Company does not have products or reinsurance contracts held in which the coverage period exceeds one year, unlike travel and diminishing life insurance, as the coverage period for these contracts is more than one year, and since the premiums of these products combined are less than 100,000 JD and it is not of relative importance when applying premium allocation approach.

### **Materiality**

The materiality for the significance within the company is 3% of the total equity.

The premium allocation approach test was applied to travel insurance, life insurance, and engineering insurance, where the coverage period for these contracts exceeds one year. Since the premiums from these products combined are less than 100,000 Jordanian Dinars and are not of relative significance when applying the premium allocation approach.

### **Measurement approaches**

#### **Premium allocation approach**

##### **1- Initial proof of insurance contracts:**

- Upon initial verification, the Company records the amount of the insurance premium received as a liability, from which the acquisition costs (commissions "if any") are subtracted and distributed throughout the year of coverage.
- The amount of insurance premium not received is not recognized upon initial recognition.

**5-Significate Accounting Policies (continued)**

**Measurement approaches (continued)**

**Premium allocation approach (continued)**

**2- Subsequent measurement/ Premium allocation approach:**

At the end of each subsequent year, the Company measures the carrying amount of the liability, taking into consideration the following adjustments to the liability balance:

- Add the insurance premiums received for the year.
- Subtract cash flows for the acquisition of insurance contracts.
- Add any amounts related to the exhaustion of cash flows to acquire established insurance contracts as an expense.
- Add emergency amendments to the financing component.
- Subtract the amount proven as insurance revenue for the coverage provided in that year.
- Subtract any paid or transferred investment component of the liability for claims incurred.

The Company recognizes insurance contract assets for insurance contracts for which service is provided but has not been collected. Expected credit losses for these assets are treated under IFRS No. (9).

**3 - Liabilities for claims incurred:**

Which is calculated according to the best estimate of future cash flows to pay claims plus adjustments for non-financial risks, taking into account the application of the discount rate to claims.

**Aggregation Level**

Insurance contract portfolios are detailed into groups according to the year of subscription, where portfolios of insurance contracts with similar risks managed together are aggregated.

**The present value of future cash flows**

Flows are defined as all amounts expected to be collected and expected to be paid within the limits of the insurance contract/reinsurance contract held after adjusting to reflect the timing and uncertainty of these amounts, based on actuarial assumptions and the Company's experience in managing a portfolio of contracts. Insurance/reinsurance contracts held are as follows:

- Inherent risks.
- Aggregation level.
- The possibility of natural disasters.
- The possibility of liquidating the contract before the expiration date of insurance coverage, and other practices expected from the insurance contract holder.
- Factors that will affect estimates, and sources of information for these factors.

A bottom-up approach has been applied in determining discount rates for different products. The bottom-up approach is used to derive the discount rate for cash flows that do not change based on the returns on the underlying terms in the participating contracts (except for non-DPL investment contracts that are not within the scope of IFRS 17). Under this approach, the discount rate is defined as the risk-free return adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free return and the cash flows of the related liabilities (known as the illiquidity premium). The risk-free return is derived using swap rates available in the market denominated in the same currency as the product being measured. When swap rates are not available, highly liquid sovereign bonds with a credit rating of AAA are used. Management uses judgment to evaluate the liquidity characteristics of the cash flows of liabilities. Direct participation contracts and investment contracts with the DPL are less liquid than the financial assets used to derive the risk-free return. For these contracts, the illiquidity premium is estimated based on the market-observed illiquidity premium in the financial assets adjusted to reflect the illiquidity characteristics of the cash flows of the liabilities.

**5-Significate Accounting Policies (continued)**

**The present value of future cash flows (continued)**

The top-down approach is used to derive discount rates for cash flows that do not change based on the returns on the underlying terms in all other contracts within the scope of IFRS 17. Under this approach, the discount rate is determined as the return implicit in the fair value of a reference portfolio adjusted for the differences between the reference portfolio of assets and the cash flows of the relevant liabilities. The reference portfolio consists of a mix of sovereign bonds and corporate bonds available in the markets, and assets are selected to match the cash flows of liabilities. The return from the reference portfolio is adjusted to remove expected and unforeseen credit risks and these adjustments are estimated using information from observed historical levels of credit default swaps and credit defaults related to the bonds included in the reference portfolio. For the unobservable year, the yield curve is approximated between the rate The final and last point can be observed using the Smith-Wilson method.

The Company does not calculate a present value for future cash flows on insurance and reinsurance premiums whose duration is less than 12 months.

The Company calculates a present value of future cash flows on claims incurred, recoveries and liabilities from reinsurance contracts held based on the Company's assessment if payment or collection is expected after more than 12 months.

To calculate the discount rate, a top-down approach will be used as follows:

**A- Risk-free yield curve:**

The risk-free yield curve will be derived as follows:

- 1- European Insurance and Occupational Pensions Authority (eiopa) rates will be used for the purposes of determining the interest rate according to the required year.
- 2- An increase margin of (1.5%) will be added to the above interest rate for the purposes of equating the interest from the dollar to the dinar, since the Company's investments are in the Jordanian dinar.

**B- Market risk premium for credit risk:**

The market risk premium for credit risk will be removed from the yield curves to account for "default" in insurance contracts as follows:

Discount rate = risk-free rate - market risk premium for credit risk

**Non-financial risk adjustments**

A financial amount that the Company reserves for uncertainty in the amount and timing of cash flows arising from non-financial risks based on actuarial assumptions and the Company's experience in managing the portfolio of insurance/reinsurance contracts held.

Non-financial risk adjustment is the compensation required for a Company to bear uncertainty about the amount and timing of cash flows that arise from non-financial risks in fulfilling an insurance contract. Because risk adjustment represents compensation for uncertainty, estimates of the degree of diversification benefits and expected favorable and unfavorable outcomes are made in a way that reflects the degree to which the firm reduces risk. The Company estimates an adjustment for non-financial risks separately from all other estimates. The risk adjustment is calculated at the issuer level and then distributed to each group of contracts according to their risk levels. The cost of capital method is used to derive the overall risk adjustment for non-financial risks. In the cost of capital method, the risk adjustment is determined by applying a cost rate to the present value of expected capital related to non-financial risks.

A confidence level of 75% is set and is expected to be in line with the run-off of the business and a diversification feature is included to reflect the diversity in contracts sold across geographies as this reflects the compensation required by the Company. The non-financial risk adjustments are re-evaluated annually by the actuary

**5- Significant Accounting Policies (continued)**

**Reinsurance contracts held**

**Definition of reinsurance contracts held**

It is an insurance contract issued by a reinsurer to compensate another facility for claims arising from one or more insurance contracts issued by that other Company (the basic contracts).

**1- Recognition of reinsurance contracts held:**

- If the reinsurance contracts held are proportional to a group of insurance contracts, the reinsurance contracts held are recognized at the beginning of the coverage year for the group of these contracts or at the initial confirmation of any of the base contracts, whichever is earlier.
- From the beginning of the coverage year for the group of reinsurance contracts held.

**2- Compilation of reinsurance contracts:**

The Company separates its reinsurance contract portfolios in accordance with paragraphs "14" to "24" of IFRS 17, except that references to onerous contracts in those paragraphs should be replaced with a reference to contracts for which there is a net gain on recognition. Initial. For some reinsurance contracts held, application of paragraphs 14 to 24 of IFRS 17 will result in a group consisting of a single contract.

The Company collects reinsurance contracts held into separate portfolios (Portfolio) to be classified and processed independently for the year of underwriting (Cohort) and then profitability (Group) at the portfolio level.

**A) Determine the portfolios of reinsurance contracts held:**

The Company determines the portfolios of reinsurance contracts held. The portfolio consists of contracts subject to similar risks and managed together (reinsurance portfolios held follow insurance contract portfolios).

**B) Recognition of aggregation level (Cohort):**

The Company details the reinsurance contract portfolios held according to the above-mentioned classifications by year of subscription on an annual basis as follows:

- 1- A group of contracts that are unlikely to generate net profit.
- 2- A group of contracts that are likely to become net profit.
- 3- A group of other contracts.

The Company evaluates the profitability of the group of reinsurance contracts held based on the evaluation of insurance contracts.

Reinsurance contract commissions

The Company records the commission on reinsurance contracts as unaccrued income and is recovered over the contract term.

**Reinsurance contract commissions**

The Company records the commission on reinsurance contracts as unaccrued income and is recovered over the contract term.

**Reinsurance contract assets**

When measuring the assets of reinsurance contracts, the risk allowance for the default of reinsurance companies (reinsurers) is calculated outside the framework of Standard No. (17), which is considered credit risks measured within IFRS 9.

## **5-Significant Accounting Policies (continued)**

### **Profitability level**

The contract groups referred to in the previous level are classified into the classifications shown below, according to the net cash flows expected from the contract and the accounting approach used in treating the contract groups:

- Contracts for which there is no possibility of becoming lost upon initial recognition.
- Contracts expected to be lost.

### **Financial assets**

Financial assets are classified upon initial recognition into one of the categories as follows:

- At amortized cost.
- At fair value through the statement of profit or loss.
- At fair value through the statement of other comprehensive income.

#### **A- Financial assets at amortized cost:**

The Company classifies financial assets at amortized cost based on the Company's business approach for managing financial assets and the contractual cash flow characteristics of the financial assets and when both of the following conditions are met:

- The purpose of holding these assets in the context of the business approach is to collect contractual cash flows.
- The cash flows under the contractual terms of these assets arise on specified dates and represent only payments of the principal amount of the assets and interest accrued on the principal of those assets.

Financial assets are recorded at amortized cost using the cost method upon purchase plus acquisition expenses. The premium/discount (if any) is amortized using the effective interest method to limit or calculate interest, and any provisions resulting from a decline in the value of these investments that lead to the inability to recover this investment are deducted. Part of it, and any decrease in its value is recorded in the profit and loss statement.

The amount of impairment in financial assets at amortized cost is the difference between the recognized value and the present value of expected cash flows discounted at the base effective interest rate.

In rare cases, the standard allows these assets to be measured at fair value through the statement of profit or loss if this eliminates or significantly reduces the measurement inconsistency (sometimes called accounting mismatch) that arises from measuring the assets or liabilities or recognizing the gains and losses resulting from them on a different basis.

The value of financial assets is reduced at amortized cost by impairment losses, as interest income, gains and losses on foreign currency differences and impairment are recognized in the statement of profit or loss, and gains or losses resulting from the disposal of financial assets appear in the statement of profit or loss.

#### **B- Financial assets at fair value through the statement of profit or loss:**

- The remaining financial assets that do not meet the conditions of financial assets at amortized cost are measured as financial assets at fair value.
- Financial assets at fair value through the statement of profit or loss represent investments in equity and debt instruments for trading purposes, and the purpose of keeping them is to generate profits from short-term market price fluctuations or trading profit margin.
- Financial assets are recorded through the statement of profit or loss at fair value upon purchase (acquisition expenses are recorded in the statement of profit or loss upon purchase) and are re-evaluated at the date of the financial statements at fair value, and subsequent changes in the fair value are recorded in the statement of profit or loss at the same time. The year the change occurred, including the change in fair value resulting from translation differences on non-monetary asset items in foreign transactions. Dividends or returns are recorded in the statement of profit or loss when they are realized. (Approved by the General Assembly of Shareholders)

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**5-Significate Accounting Policies (continued)**

**Financial assets (continued)**

**Reclassification**

It is permissible to reclassify from financial assets at amortized cost to financial assets at fair value through profit or loss and vice versa only when the Company changes the business approach on the basis of which it classified those assets as mentioned above, taking into account the following:

- It is not permissible to recover any profits, losses or interests that were previously recognized.
- When financial assets are reclassified so that they are measured at fair value, their fair value is determined on the date of reclassification, and any profits or losses resulting from differences between the previously recorded value and the fair value are recorded in the statement of profit or loss.
- When financial assets are reclassified to be measured at amortized cost, they are recorded at their fair value as of the date of reclassification.

**C- Financial assets at fair value through the statement of other comprehensive income:**

- Upon initial recognition of investments in equity instruments that are not held for the purpose of trading, it is permitted to adopt an irrevocable option to present all changes in the fair value of these investments on an individual basis (each share separately) within the items of other comprehensive income, and it is not possible under any circumstances to In the event that at a later date, the amounts of these changes recognized in other comprehensive income are reclassified to the statement of profit or loss, while the dividends received from these investments are recognized in net investment income, unless these distributions clearly represent a partial recovery of all investments.
- In the event that these assets or part of them are sold, the profits or losses resulting from the sale are transferred from the balance of the accumulated net change in fair value through other comprehensive income to retained profits or losses and not through the statement of profit or loss.

**Investment properties**

Investments properties are shown at cost after subtracting accumulated depreciation (excluding lands). These investments are depreciated over their useful life at a rate of 2%. Any decline in their value is recorded in the statement of profit or loss. The operating revenues or expenses of these investments are also recorded in the statement of profit or loss.

**Property and equipment**

Property and equipment are stated at cost after deducting accumulated depreciation and any accumulated impairment losses. Property and equipment (except land) are depreciated when they are ready for use on a straight-line basis over their expected life using the following annual percentages. The depreciation expense is recorded in the statement of profit or loss.

<b>Asset</b>	<b>Depreciation Rate (%)</b>
Furniture & fixtures	10%
Computers	15%
Transportation	15%
Equipment and tools	15%
Electricals	15%
Buildings	2%
Heating and cooling devices	15%
Fire alarm device	15%
Elevators	15%
Solar energy	15%

#### **5- Significant Accounting Policies (continued)**

##### **Property and equipment (continued)**

Depreciation of property and equipment is calculated when these assets are ready for use for their intended use. The full value of the depreciation expense for the year is shown from the item allocated for that purpose in the statement of profit or loss. When the recoverable amount of any property and equipment is less than its net book value, its value is reduced to the recoverable amount and the impairment value is recorded in the statement of profit or loss.

Property and equipment under construction for the Company's use are stated at cost and after deducting any impairment losses. The useful life of property and equipment is reviewed at the end of each year. If the useful life expectations differ from the previously prepared estimates, the change in estimate is recorded for subsequent years as a change in estimates.

Gains or losses resulting from the exclusion or write-off of any property and equipment, which represent the difference between the amount received from the sale and the book value of the asset, appear in the statement of profit or loss. Property and equipment are eliminated when they are disposed of or when no future benefits are expected from their use.

##### **Intangible assets**

- Intangible assets obtained through the merger are recorded at fair value on the date of acquisition. Intangible assets that are acquired through a method other than a merger are recorded at cost.
- Other intangible assets are classified based on estimating their lifespan for a specific year or for specific periods. Intangible assets that have a specific lifespan are amortized during this life and are amortized in the statement of profit or loss.
- As for intangible assets whose useful life is indefinite, the decline in their value is reviewed at the date of the financial statements, and any decline in their value is recorded in the statement of profit or loss.
- Intangible assets generated internally in the Company are not capitalized and are recorded in the statement of profit or loss in the same current year.
- Any indications of impairment of the value of intangible assets at the date of the financial statements are reviewed. The estimate of the chronological life of those assets is also reviewed and any adjustments are made for subsequent periods.

##### **Cash and its equivalent**

Cash and cash equivalents represent cash on hand, balances with banks, deposits with banks, and maturities exceeding three months after deducting bank accounts payable and restricted balances.

##### **Offsetting**

Offsetting is carried out between financial assets and financial liabilities, and the net amount is shown in the statement of financial position only when binding legal rights are available, as well as when they are settled on the basis of offsetting, or the assets are accrued and the liabilities are settled at the same time.

##### **Date of recognition of financial assets**

Purchases and sales of financial assets are recognized on the trade date (the date the Company commits to buying or selling the financial assets).

##### **Fair value**

The closing prices (buying assets/selling liabilities) on the date of the financial statements in active markets represent the fair value of financial instruments that have market prices.

**5- Significant Accounting Policies (continued)**

**Fair value (continued)**

In case that announced prices are not available, there is no active trading in some financial instruments, or there is no market activity, their fair value is estimated in several ways, including:

- Comparing it with the current market value of a financial instrument that is very similar to it.
- Analyze future cash flows and discount the expected cash flows by a rate used in a similar financial instrument.
- Options pricing approaches.

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

**Financial liabilities**

The Company classifies financial liabilities based on the purpose for which this liability arises. The accounting policy for financial liabilities is as follows:

**1- Creditors and liabilities of reinsurance contracts:**

Accounts payable and reinsurance payables are initially recognized at fair value and subsequently stated at amortized cost using the effective interest rate method.

**2- Creditor banks:**

They are initially recognized at fair value, net of costs associated with obtaining the facilities. Such interest-bearing liabilities are subsequently carried at amortized cost using the effective interest rate method. The financing cost includes the initial costs and the premium paid upon settlement, in addition to the interest that accrues during the life of the obligation.

**3- Provision:**

Provisions are recognized when the Company has obligations at the date of the financial statements arising from past events, and the settlement of the obligations is probable and their value can be measured reliably. The amounts recognized as provisions represent the best estimate of the amounts required to settle the obligation as of the date of the financial statements, taking into account the risks and uncertainty associated with commitment. When the value of the provision is determined on the basis of the estimated cash flows to settle the current obligation, its book value represents the present value of these cash flows. When it is expected that some or all of the economic benefits required from other parties will be recovered to settle a provision, the receivable is recognized as an asset if the actual receipt of compensation is certain and its value can be measured reliably.

**4- End of service benefits provision:**

The provision for employees' end-of-service benefits calculated in accordance with the Company's policy, which is consistent with the Jordanian Labor Law.

The annual benefits incurred for employees who leave the service is recorded at the expense of the end-of-service benefits provision when paid, and the provision for the obligations incurred by the Company for the end-of-service benefits for employees is taken in the statement of profit or loss.

## **5- Significant Accounting Policies (continued)**

### **Foreign currencies**

- Transactions that occur in foreign currencies during the current year are recorded at the exchange rates prevailing on the date of the transactions.
- The balances of financial assets and financial liabilities are translated at the average foreign currency rates prevailing on the date of the statement of financial position and announced by the Central Bank of Jordan.
- Non-financial assets and non-financial liabilities denominated in foreign currencies and shown at fair value are translated on the date their fair value is determined.
- Gains and losses resulting from foreign currency translation are recorded in the statement of profit or loss.
- Translation differences for items of assets and liabilities denominated in non-monetary foreign currencies are recorded as part of the change in fair value.
- When consolidating the financial statements, the assets and liabilities of branches and subsidiaries abroad are translated from the average currency rates on the date of the financial statements, the main (base) currency, to the reporting currency according to that announced by the Central Bank of Jordan. As for the revenue and expense items, they are translated on the basis of the average price during the year, and the resulting currency differences appear in a separate item within equity. In the event that one of these companies or branches is sold, the amount of foreign currency translation differences related to it will be recorded within the revenues/expenses in the statement of profit or loss.

### **Treasury stocks**

Treasury shares are stated at cost. These shares do not have any right to dividends distributed to shareholders, and do not have the right to participate. Or voting in the Company's general assembly meetings. The profits or losses resulting from the sale of treasury shares are not recognized in the profit or loss statement. Rather, the profit is shown in equity under the share issue premium item, while the loss is recorded in retained earnings in the event that the stock issue premium balance is exhausted.

### **Costs of issuing or purchasing insurance company shares**

Any costs resulting from the issuance or purchase of insurance Company shares are recorded in retained earnings (net after the tax impact of these costs). If the issuance or purchase process does not take place, these costs are recorded as expenses in the statement of profits or losses.

### **Revenue Recognition**

#### **1- Dividend and interest income:**

Dividend income from investments is verified when the right of shareholders to receive dividend payments is established upon approval by the General Assembly of Shareholders. Interest income is calculated according to the accrual basis based on the time periods due, the original amounts and the interest rate earned.

#### **2- Rental income:**

Rental income from real estate investments under operating lease contracts is recognized on a straight-line basis over the term of those contracts and on an accrual basis.

### **Insurance contract expenses**

The Company distributes general administrative expenses and direct employee expenses to the insurance portfolios related to insurance contracts over groups of insurance contracts and includes them in calculating the profitability of the contract by distributing the direct expenses to each portfolio separately and adding the value of the undistributed expenses in proportion to the total portfolio production divided by the Company's total production. While administrative and general expenses and indirect employee expenses not related to insurance contracts are charged to the statement of profit or loss.

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**5- Significant Accounting Policies (continued)**

**Acquisition costs**

The acquisition costs incurred by the Company in exchange for selling, subscribing, or starting new insurance contracts represent acquisition costs, as the Company recognizes all acquisition costs directly when the insurance contract is recognized in the statement of profit or loss, while the Company recognizes acquisition costs by amortizing the costs incurred over a period of time. Coverage of the insurance contract in the statement of financial position. When applying the premium allocation approach, the Company may elect to recognize any insurance acquisition cash flows as expenses when those costs are incurred, provided that the coverage period for each contract in the group at initial recognition does not exceed one year. The Company has chosen the aforementioned exception only for commission expenses.

**Insurance contracts with expected loss**

The Company recognizes insurance contracts as loss-expected contracts if the contract is expected to be lost on the date of initial recognition. The loss component is measured by comparing the cash flows expected to meet the obligations of the contract or group of contracts with the cash flows generated from this contract or group of contracts. The Company has disclosed the loss component if the value of the contractual service margin is zero (applies only to the general measurement approach and the variable cost approach).

**6- Deposits at Banks**

This item consists of the following:

	March 31, 2024 (Unaudited)			December 31, 2023 (Audited)
	Deposits due within a month	Deposits due from 1 to 3 months	Deposits due after 3 months	Total
<b><u>Inside Jordan</u></b>	-	-	7,020,346	7,292,093
	-	-	7,020,346	7,292,093

- Interest rates on bank deposits balances in Jordanian Dinar ranges from 6% to 6.85%.
- Deposits pledged to the order of the Central Bank Governor amounted to JD 1,050,000 as on March 31, 2024, and December 31, 2023 at BLOM Bank.

**7- Financial Assets at Fair Value through Profit or Loss**

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
<b><u>Inside Jordan</u></b>		
Shares listed	2,804,915	2,537,500
<b>Total</b>	<b>2,804,915</b>	<b>2,537,500</b>

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**8- Financial Assets at Amortized Cost**

	<b>March 31, 2024</b> <b>(Unaudited)</b>	<b>December 31, 2023</b> <b>(Audited)</b>
<b><u>Inside Jordan</u></b>		
Corporate loans and bonds - inside Jordan (*)	99,400	99,400
Corporate loans and bonds - inside Jordan (**)	500,000	500,000
Less: expected credit losses provision	(599,400)	(599,400)
<b>Total</b>	<b>-</b>	<b>-</b>

The bonds and loan bonds of the Middle East Company matured on March 24, 2013. They carry an interest rate of 7% annually and are paid in 4 installments. Payment has not been made on the maturity date to date.

**9- Investment Properties**

	<b>March 31, 2024</b> <b>(Unaudited)</b>	<b>December 31, 2023</b> <b>(Audited)</b>
Balance at the beginning of the period/year	2,509,303	2,509,303
Less: accumulated depreciation	(788,834)	(773,152)
Buildings, net	1,720,469	1,736,151
Land	452,142	452,142
<b>Total</b>	<b>2,172,611</b>	<b>2,188,293</b>

- The fair value of investment properties was estimated by real estate experts at JD 3,751,703 as of 3 January 2023.

- Investment buildings are depreciated at 2% annually and appears at net book value.

**10- Cash on Hand and at Banks**

	<b>March 31, 2024</b> <b>(Unaudited)</b>	<b>December 31, 2023</b> <b>(Audited)</b>
Cash on hand	5,961	25
Cash at banks -JD	124,100	112,439
Cash at banks - USD	2,969	6,533
	<b>133,030</b>	<b>118,997</b>

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**11- (Liabilities) / Assets Reinsurance Contracts (Premium Allocation Approach)**

	Assets for remaining coverage (ARC)				Assets for Incurred Claims (AIC)				Total	
	March 31, 2024		December 31, 2023		March 31, 2024		December 31, 2023		December 31, 2023	
	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)
Reinsurance contracts liabilities-beginning	-	-	-	-	-	-	-	-	-	-
Reinsurance contracts assets-beginning	(321,835)	(369,897)	3,524,087	3,821,886	3,524,087	3,821,886	357,533	375,612	3,559,785	3,827,601
<b>Net reinsurance contracts liabilities/(Assets) - beginning</b>	<b>(321,835)</b>	<b>(369,897)</b>	<b>3,524,087</b>	<b>3,821,886</b>	<b>3,524,087</b>	<b>3,821,886</b>	<b>357,533</b>	<b>375,612</b>	<b>3,559,785</b>	<b>3,827,601</b>
Reinsurance Services Expenses	(1,794,431)	(8,081,991)	-	-	1,183,941	4,393,684	-	-	(1,794,431)	(8,081,991)
Reinsurance recoveries	-	-	-	-	-	-	-	-	1,183,941	4,393,684
Commissions received	(18,571)	570,402	-	-	-	-	-	-	(18,571)	570,402
Employees cost	-	-	-	-	-	-	-	-	-	-
Administrative cost	-	-	-	-	-	-	(14,889)	(18,079)	(14,889)	(18,079)
<b>Reinsurance contracts revenues</b>	<b>(18,571)</b>	<b>570,402</b>	<b>1,183,941</b>	<b>4,393,684</b>	<b>1,183,941</b>	<b>4,393,684</b>	<b>(14,889)</b>	<b>(18,079)</b>	<b>1,150,481</b>	<b>4,946,006</b>
<b>Reinsurance service contracts results</b>	<b>(1,813,002)</b>	<b>(7,511,589)</b>	<b>1,183,941</b>	<b>4,393,684</b>	<b>(14,889)</b>	<b>(18,079)</b>	<b>(14,889)</b>	<b>(18,079)</b>	<b>(643,950)</b>	<b>(3,135,985)</b>
Finance costs - from reinsurance contracts	-	-	(2,315)	90,163	-	-	-	-	(2,315)	90,163
The effect of movements in exchange rates	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-	-
<b>Net change - other comprehensive income</b>	<b>(1,813,002)</b>	<b>(7,511,589)</b>	<b>1,181,626</b>	<b>4,303,521</b>	<b>(18,079)</b>	<b>(18,079)</b>	<b>(18,079)</b>	<b>(18,079)</b>	<b>(646,265)</b>	<b>(3,226,147)</b>
Cash received from written contracts for reinsurance	2,994,017	7,559,651	-	-	-	-	-	-	2,994,017	7,559,651
Incurred claims recovered from reinsurers	-	-	(1,607,897)	(4,601,320)	-	-	-	-	(1,607,897)	(4,601,320)
Other recovered amounts	-	-	-	-	-	-	-	-	-	-
Recovered profit commission from reinsurers	-	-	-	-	-	-	-	-	-	-
<b>Total cash flows</b>	<b>2,994,017</b>	<b>7,559,651</b>	<b>(1,607,897)</b>	<b>(4,601,320)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,386,120</b>	<b>2,958,331</b>
<b>Reinsurance contracts liabilities-Ending</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reinsurance contracts assets-Ending</b>	<b>859,180</b>	<b>(321,835)</b>	<b>3,097,816</b>	<b>3,524,087</b>	<b>342,644</b>	<b>357,532</b>	<b>4,299,640</b>	<b>3,559,785</b>	<b>3,559,785</b>	<b>3,559,785</b>
<b>Net reinsurance contracts liabilities/(Assets) - Ending</b>	<b>859,180</b>	<b>(321,835)</b>	<b>3,097,816</b>	<b>3,524,087</b>	<b>342,644</b>	<b>357,532</b>	<b>4,299,640</b>	<b>3,559,785</b>	<b>3,559,785</b>	<b>3,559,785</b>

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**12- (Liabilities) / Assets Insurance Contracts (Premium Allocation Approach)**

	Assets for remaining coverage		Assets for Incurred Claims				Total			
	December 31, 2023		December 31, 2023		December 31, 2023					
	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)				
Insurance contracts liabilities-beginning	1,870,605	613,569	3,825,354	613,569	11,598,307	10,422,536	668,803	553,469	14,751,284	15,414,928
Insurance contracts assets-beginning	-	-	-	-	-	-	-	-	-	-
<b>Net insurance contracts (liabilities)/Assets - beginning</b>	<b>1,870,605</b>	<b>613,569</b>	<b>3,825,354</b>	<b>613,569</b>	<b>11,598,307</b>	<b>10,422,536</b>	<b>668,803</b>	<b>553,469</b>	<b>14,751,284</b>	<b>15,414,928</b>
Insurance contracts revenues	(7,638,047)	-	(24,783,768)	-	6,967,690	18,742,301	-	-	6,967,690	18,742,301
Claims incurred	-	-	-	-	-	-	-	-	-	-
Amortization of acquisition costs	297,431	-	198,289	-	-	-	-	-	297,431	198,289
Loss component	-	-	-	-	-	-	-	-	-	-
Employees cost and administrative cost	-	-	-	-	803,132	1,979,538	8,802	115,334	811,933	2,094,872
Insurance contract expenses	297,431	-	198,289	-	7,770,822	20,721,839	8,802	115,334	8,077,055	21,035,462
Insurance service results	(7,340,615)	-	(24,585,480)	-	7,770,822	20,721,839	8,802	115,334	439,009	(3,748,307)
Finance costs - from insurance contracts	-	-	-	-	(121,166)	(141,691)	-	-	(121,166)	(141,691)
<b>Net change - other comprehensive income</b>	<b>(7,340,615)</b>	<b>-</b>	<b>(24,585,480)</b>	<b>-</b>	<b>7,649,656</b>	<b>20,580,148</b>	<b>8,802</b>	<b>115,334</b>	<b>317,842</b>	<b>(3,889,998)</b>
Cash received from written contracts	8,865,222	-	22,866,395	-	-	-	-	-	8,865,222	22,866,395
Claims paid and other direct expenses	-	-	-	-	(6,346,985)	(19,404,376)	-	-	(6,346,985)	(19,404,376)
Paid from acquisition costs	(463,119)	-	(235,665)	-	-	-	-	-	(463,119)	(235,665)
Other expenses	-	-	-	-	-	-	-	-	-	-
Transferred to liabilities against claims incurred	8,402,103	-	22,630,730	-	(6,346,985)	(19,404,376)	-	-	2,055,118	3,226,354
Insurance contracts liabilities-Ending	2,932,093	613,569	1,870,605	613,569	12,900,978	11,598,307	677,604	668,803	17,124,245	14,751,284
Insurance contracts assets-Ending	-	-	-	-	-	-	-	-	-	-
<b>Net insurance contracts (liabilities)/Assets - Ending</b>	<b>2,932,093</b>	<b>613,569</b>	<b>1,870,605</b>	<b>613,569</b>	<b>12,900,978</b>	<b>11,598,307</b>	<b>677,604</b>	<b>668,803</b>	<b>17,124,245</b>	<b>14,751,284</b>

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**13- Income Tax**

**A- Provision for Income Tax:**

- A final settlement was reached with the Income Tax Department for the year 2020.
- The self-assessment statement for the years 2021 and 2022 was submitted to the Income and Sales Tax Department within the specified period and is still under review.
- The income tax provision for the year 2023 was calculated by the Company's tax consultant.

**B- Deferred Tax Assets/ Liabilities**

	March 30, 2024 (Unaudited)				December 31, 2023 (Audited)	
	Beginning Balance	Reversal	Additions	Ending Balance	Deferred Tax	Deferred Tax
<b>A- Deferred tax assets:</b>						
Provision for unreported claims	2,300,510	-	-	2,300,510	-	153,209
Change in the fair value of financial assets through the income statement	639,588	-	-	639,588	-	24,752
Allowance for impairments of checks in collection fee	79,843	-	-	79,843	-	(22,481)
Provision for impairment of receivables	635,956	-	-	635,956	-	(246,730)
Allowance for impairment of financial assets at amortized cost	599,400	-	-	599,400	-	-
Provision for impairment of reinsurance receivables	-	-	-	-	-	168,988
Decrease in investments through the statement of other comprehensive income	-	-	-	-	-	(39,000)
Bad debts	-	-	-	-	-	(4,682)
<b>Total</b>	<b>4,255,297</b>	<b>-</b>	<b>-</b>	<b>4,255,297</b>		<b>34,056</b>
Balance of deferred tax assets at the beginning of the period	-	-	-	-	<b>1,163,650</b>	<b>1,129,594</b>
<b>Total</b>	<b>4,255,297</b>			<b>4,255,297</b>	<b>1,163,650</b>	<b>1,163,650</b>

Movement on deferred tax assets and liabilities is as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Defined tax Assets	<b>1,163,650</b>	937,740
Amortized during the year	-	225,910
<b>Net</b>	<b>1,163,650</b>	<b>1,163,650</b>

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**14- Property and Equipment**

	<u>land</u>	<u>Buildings</u>	<u>Furniture and decorations</u>	<u>Solar energy</u>	<u>Equipment and devices</u>	<u>Vehicles</u>	<u>Total</u>
<b>Cost</b>							
Balance as of December 31, 2023 (Audited)	452,142	2,315,026	308,278	80,825	337,502	160,762	
Additions	-	-	5,252	-	14,862	68,900	89,014
Disposals	-	-	(632)	-	-	-	(632)
<b>Balance As of March 31, 2024 (Unaudited)</b>	<u>452,142</u>	<u>2,315,026</u>	<u>312,898</u>	<u>80,825</u>	<u>352,364</u>	<u>229,662</u>	<u>3,742,917</u>
<b>Less:</b>							
<b>Accumulated depreciation</b>							
Balance as of December 31, 2023 (Audited)	-	580,851	200,460	36,273	447,147	49,147	1,013,891
Charge for the year	-	17,363	4,994	3,019	3,026	3,755	32,157
Disposals	-	-	-	-	-	-	-
<b>Balance As of March 31, 2024 (Unaudited)</b>	<u>-</u>	<u>598,214</u>	<u>205,454</u>	<u>39,292</u>	<u>150,221</u>	<u>52,902</u>	<u>1,046,083</u>
<b>Net Book value:</b>							
<b>Balance As of March 31, 2024 (Unaudited)</b>	<u>452,142</u>	<u>1,716,812</u>	<u>107,444</u>	<u>41,533</u>	<u>202,143</u>	<u>176,760</u>	<u>2,696,834</u>
Balance as of December 31, 2023 (Audited)	<u>452,142</u>	<u>1,734,175</u>	<u>107,818</u>	<u>44,552</u>	<u>190,370</u>	<u>111,615</u>	<u>2,640,672</u>

**15- Intangible Assets**

	<u>March 31, 2024 (Unaudited)</u>	<u>December 31, 2023 (Audited)</u>
<b>Cost:</b>		
Balance at the beginning of the period	298,479	297,152
Additions	63	1,327
<b>Balance at the end of the year</b>	<u>298,542</u>	<u>298,479</u>
<b>Accumulated amortization:</b>		
Accumulated amortization at the beginning of the year	281,876	266,046
Amortization	3,964	15,830
<b>Accumulated amortization at the end of the year</b>	<u>285,840</u>	<u>281,876</u>
<b>Net at the end of the year</b>	<u>12,702</u>	<u>16,603</u>

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**16- Credit Banks**

	<b>March 31, 2024</b> <b>(Unaudited)</b>	<b>December 31, 2023</b> <b>(Audited)</b>
Jordan Commercial Bank	340,159	202,959
	<u>340,159</u>	<u>202,959</u>

**17- Loans**

	<b>March 31, 2024</b> <b>(Unaudited)</b>	<b>December 31, 2023</b> <b>(Audited)</b>
Jordan Commercial Bank	17,867	475,804
	<u>17,867</u>	<u>475,804</u>

**18- Share Capital**

The capital at the end of the year amounted to JD 9,500,000 divided into 9,500,000 shares, with a nominal value of one dinar per share, as on March 31, 2024 (Unaudited) and December 31, 2023 (Auditor).

**19- Discount premium**

	<b>March 31, 2024</b> <b>(Unaudited)</b>	<b>December 31, 2023</b> <b>(Audited)</b>
Issuance fees	(2,019,280)	(2,019,280)
Amortize discount issue	-	-
	<u>(2,019,280)</u>	<u>(2,019,280)</u>

**20- Statutory Reserve**

The statutory reserve is formed in accordance with the provisions of the Jordanian Companies Law by deducting 10% of the annual net profit. The deduction stops when the accumulated reserve balance reaches 25% of the Company's authorized capital. However, it is permissible, with the approval of the Company's general assembly, to continue deducting this percentage until it reaches the balance of this reserve is equivalent to the amount of the Company's authorized capital.

The amounts accumulated in this account represent the transferred annual profit before taxes at a rate of 10% during the year and previous years in accordance with the Companies Law, and it is not distributable to shareholders.

**21- Accumulated Losses**

	<b>March 31, 2024</b> <b>(Unaudited)</b>	<b>December 31, 2023</b> <b>(Audited)</b>
Balance at the beginning of the period/year	(3,339,267)	(3,679,061)
Adjusted previous years profit/(loss) for the year	-	33,209
	<u>(971,717)</u>	<u>306,585</u>
<b>Net at the end of the period/year</b>	<u><b>(4,310,984)</b></u>	<u><b>(3,339,267)</b></u>

**22- Interest Income**

	<b>March 31, 2024</b> <b>(Unaudited)</b>	<b>March 31, 2023</b> <b>(Unaudited)</b>
Bank Interest	92,949	75,980
Interest on investments in financial assets at amortized cost	-	-
	<u>92,949</u>	<u>75,980</u>

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**23- Net Profit/(Loss) of Financial Assets and Investments**

	<b>March 31, 2024</b> <b>(Unaudited)</b>	<b>March 31, 2023</b> <b>(Unaudited)</b>
Cash dividend returns and stock dividends	36,400	185,444
Gains (losses) from selling shares	2,001	-
Net Rental income	7,750	-
Net change in the fair value of financial assets through profit or loss	83,860	-
<b>Total</b>	<b>130,311</b>	<b>185,444</b>

**24- Earnings Per Share from the period profit / (loss)**

	<b>March 31, 2024</b> <b>(Unaudited)</b>	<b>March 31, 2023</b> <b>(Unaudited)</b>
Profit/ (loss) for the period/ year	<b>(971,717)</b>	555,754
Weighted Average for number of shares	<b>9,500,000</b>	9,500,000
Basic earnings (loss) per share	<b>(%10.2)</b>	%5.8

**25- Cash and its equivalents**

	<b>March 31, 2024</b> <b>(Unaudited)</b>	<b>March 31, 2023</b> <b>(Unaudited)</b>
Cash on hand and at banks	<b>133,030</b>	118,997
Add: Deposits with banks that mature within three months	<b>7,020,346</b>	7,292,093
Less: Deposits due to General Director of the Insurance Authority due within three months	<b>(1,050,000)</b>	(1,050,000)
	<b>6,103,376</b>	<b>6,361,090</b>

**26 - Obligations That May Arise**

At the date of the financial statements, the company has financial obligations that are likely to arise, represented by bank guarantees amounted to of 959,325 as of March 31, 2024.

**27 - Subsequent Events**

There are no subsequent events to the date of the financial statements or after the preparation of the financial statements.

**28 - Comparative Figures**

Some comparative figures for the year have been reclassified to match the classification figures for the previous year.

**29- Approval of the financial statements**

The interim consolidated condensed in the financial statements were approved by the Board of Directors on June, 30, 2024.