

EURO ARAB INSURANCE GROUP

PUBLIC SHAREHOLDING COMPANY

AMMAN-JORDAN

31 DECEMBER 2022



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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Euro Arab Insurance Group-
Public Shareholding Company
Amman- Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Euro Arab Insurance Group (Public Shareholding Company) (the "Company"), which comprise the statement of financial position as at 31 December 2022, statement of income, 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 in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (including International Independence Standards) issued by (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements for the year ended on 31 December 2021 were audited by another auditor, and an unqualified opinion was issued 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 for the year ended 31 December 2022. 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
<p>Revenue is an important determinant of the Company's profitability. In addition, there is a risk of improper revenue recognition, particularly with regards to revenue recognition at the cut-off date. Gross written premium amounted to JD 40,462,224 for the year ended 31 December 2022.</p>	<p>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.</p> <p>Disclosures of accounting policies for revenue recognition are detailed in note (2-3) to the financial statements.</p>

2. Estimates used in calculation and completeness of insurance liabilities	
Key Audit matter	How the key audit matter was addressed in the audit
<p>The Company has significant insurance liabilities of JD 27,244,998 representing 73% of the Company's total liabilities as of 31 December 2022. The measurement of insurance liabilities (outstanding claims reserve, unearned premium reserve and mathematical reserve) involves significant judgment over uncertain future outcomes including primarily the timing and ultimate full settlement of long-term policyholders' liabilities.</p>	<p>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 management's 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.</p> <p>Disclosures of assumptions and accounting policies related to insurance contracts liabilities are detailed in note (2-3) to the financial statements.</p>

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

Other information consists of the information included in the Company's 2022 Annual Report other than the consolidated 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 consolidated 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 consolidated 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 consolidated 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 exist. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 exist, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the 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, related safeguards.

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 accounting records, which are in agreement with the financial statements.

The partner in charge of the audit resulting in this auditor's report was Osama Shakhathreh, license number 1079.

ERNST & YOUNG
Amman - Jordan

Amman – Jordan
28 February 2023, except for disclosures 5, 6, 28, 36,
41, 42, and 45 at 9 May 2023

**EURO ARAB INSURANCE GROUP
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	<u>Notes</u>	<u>2022</u> JD	<u>2021</u> JD
<u>Assets</u>			
Deposits at banks	3	20,225,150	15,416,937
Financial assets at fair value through Income statement	4	1,413,781	1,155,362
Financial assets at fair value through other comprehensive income	5	-	1,078,312
Financial assets at amortized cost	6	5,759,922	5,759,922
Investment properties	7	873,240	871,063
Total Investments		<u>28,272,093</u>	<u>24,281,596</u>
<u>Other Assets-</u>			
Cash on hand and at banks	8	2,053,799	206,901
Checks under collection	9	1,504,312	1,326,713
Accounts receivable, net	10	12,316,877	8,251,557
Reinsurance receivables, net	11	1,030,640	1,198,816
Deferred tax assets	13	1,485,511	1,420,162
Property and equipment, net	14	3,215,163	3,216,096
Intangible assets, net	15	34,508	25,761
Other assets	16	453,521	296,906
Total Assets		<u>50,366,424</u>	<u>40,224,508</u>
<u>Liabilities and Equity</u>			
<u>Technical reserves-</u>			
Unearned premiums reserve, net		14,476,457	9,574,854
Provision for premium deficit		115,000	206,000
Outstanding claims reserve, net		12,541,846	10,382,533
Mathematical reserve, net	17	111,695	106,491
Total Technical Reserves		<u>27,244,998</u>	<u>20,269,878</u>
<u>Other liabilities -</u>			
Banks overdraft	18	2,288,613	345,072
Accounts payable	19	2,975,375	3,303,771
Reinsurance payables	20	3,027,374	3,307,468
Other provisions	21	45,186	205,835
Income tax provision	12	390,709	204,760
Other Liabilities	22	918,261	646,139
Total Technical Reserves and other Liabilities		<u>36,890,516</u>	<u>28,282,923</u>
<u>Equity-</u>			
Paid in capital	1	8,000,000	8,000,000
Statutory reserve	24	1,945,688	1,750,409
Voluntary reserve	24	15,676	15,676
Fair value reserve		-	(11,059)
Retained earnings	25	3,514,544	2,186,559
Total equity		<u>13,475,908</u>	<u>11,941,585</u>
Total liabilities and equity		<u>50,366,424</u>	<u>40,224,508</u>

The attached notes from 1 to 45 form part of these financial statements

EURO ARAB INSURANCE GROUP
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
		JD	JD
Revenues -			
Gross written premiums		40,462,224	31,397,800
Less: reinsurance share		<u>(9,137,341)</u>	<u>(8,772,796)</u>
Net written premiums		31,324,883	22,625,004
Net change in unearned premiums reserve		(4,901,603)	(493,363)
Net change in premium deficiency reserve		91,000	(206,000)
Net change in mathematical reserve		<u>(5,204)</u>	<u>(11,304)</u>
Net earned premiums		<u>26,509,076</u>	<u>21,914,337</u>
Commissions income		520,675	618,188
Insurance policies issuance fees		997,718	812,360
Other revenue related to underwriting accounts		810,584	964,382
Interest income	26	1,134,253	948,425
Net gain from financial assets and investments	27	<u>97,376</u>	<u>426,691</u>
Total revenues		<u>30,069,682</u>	<u>25,684,383</u>
Claims, losses, and expenses			
Paid claims		27,084,611	24,625,192
Less: recoveries		(3,033,255)	(2,395,498)
Less: reinsurance share		<u>(3,306,276)</u>	<u>(3,909,715)</u>
Net Paid Claims		20,745,080	18,319,979
Net change in outstanding claims reserve		2,159,313	929,164
Allocated employees' expenses	29	1,986,436	1,857,708
Allocated administrative and general expenses	30	611,123	620,752
Policies acquisition costs		1,049,751	871,048
Excess of loss premium		260,918	210,000
Other expenses related to underwriting accounts		<u>722,516</u>	<u>630,681</u>
Net claims cost		<u>27,535,137</u>	<u>23,439,332</u>
Unallocated employees' expenses	29	261,808	242,171
Depreciation and amortization	14,15	115,359	100,469
Unallocated administrative and general expenses	30	152,781	155,188
(Reversal from) expected credit losses expense	36	(14,489)	351,505
Other expenses	31	<u>66,293</u>	<u>211,241</u>
Total expenses		<u>28,116,889</u>	<u>24,499,906</u>
Profit before tax		1,952,793	1,184,477
Less: Income tax expense	12	<u>(429,529)</u>	<u>(242,275)</u>
Profit for the year		<u>1,523,264</u>	<u>942,202</u>
Company's shareholders		<u>8,000,000</u>	<u>8,000,000</u>
Basic and diluted earnings per share	32	<u>0,19</u>	<u>0,118</u>

The attached notes from 1 to 45 form part of these financial statements

**EURO ARAB INSURANCE GROUP
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	1,523,264	942,202
Add: Other comprehensive income 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	<u>-</u>	<u>(11,059)</u>
Total comprehensive income for the year	<u><u>1,523,264</u></u>	<u><u>931,143</u></u>

The attached notes from 1 to 45 form part of these financial statements

**EURO ARAB INSURANCE GROUP
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Authorized and paid-in capital	Statutory reserve	Voluntary reserve	Fair value reserve	Retained earnings	Total equity
	JD	JD	JD	JD	JD	JD
2022 -						
Balance at 1 January 2022	8,000,000	1,750,409	15,676	(11,059)	2,186,559	11,941,585
Realized gain from selling bonds through other comprehensive income	-	-	-	11,059	-	11,059
Transfer to statutory reserve	-	195,279	-	-	(195,279)	-
Total comprehensive income for the period	-	-	-	-	1,523,264	1,523,264
Balance at 31 December 2022	<u>8,000,000</u>	<u>1,945,688</u>	<u>15,676</u>	<u>-</u>	<u>3,514,544</u>	<u>13,475,908</u>
2021 -						
Balance at 1 January 2021	8,000,000	1,629,953	15,676	-	2,244,813	11,890,442
Total comprehensive income for the period	-	-	-	(11,059)	942,202	931,143
Transfer to statutory reserve	-	120,456	-	-	(120,456)	-
Dividends paid (Note 25)	-	-	-	-	(880,000)	(880,000)
Balance at 31 December 2021	<u>8,000,000</u>	<u>1,750,409</u>	<u>15,676</u>	<u>(11,059)</u>	<u>2,186,559</u>	<u>11,941,585</u>

– The retained earnings include a restricted amount of JD 1,485,511 in accordance with Jordan securities commission regulations representing deferred tax assets as of 31 December 2022 (2021: JD 1,420,162).

* On 15 April 2021, the General assembly meeting of shareholders in its ordinary meeting approved with the board's recommendation to distribute cash dividends to shareholders amounted JD 880,000 representing 11% of the capital paid to the company.

** On 21 February 2023, the Company's Board of Directors decided to recommend to the General Shareholders Authority to distribute a cash dividend of 10% of the paid capital and to distribute it to the shareholders according to their respective contributions and is subject to the approval of the General Shareholders authority and the Central Bank.

The attached notes from 1 to 45 form part of these financial statements

EURO ARAB INSURANCE GROUP
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 JD	2021 JD
OPERATING ACTIVITIES			
Profit for the year before tax		1,952,793	1,184,477
Adjustments for non-cash items			
Depreciation and amortization	14,15	115,359	100,469
Change in fair value of financial assets through profit and loss		65,588	(43,689)
Loss of sale of financial assets at fair value through other comprehensive income - Bonds		24,372	-
Gain on sale of financials assets at amortized cost		-	(110,208)
Provision for expected credit loss-net		14,489	351,505
End of service benefit provision		2,585	6,113
Legal cases provision		-	14,020
Net change in unearned premiums reserve		4,901,603	493,363
Net change in mathematical reserve		5,204	11,304
Net change in outstanding claims reserve		2,159,313	929,164
(Reversal from) provision of unallocated expenses		(130,000)	130,000
Other provisions		(33,234)	-
(Gain) on sale of property, and equipment		(46,422)	-
Premium deficiency reserve		(91,000)	-
Provisions no longer needed		-	(280,000)
Cash flows from operating activities before changes in working capital		<u>8,940,650</u>	<u>2,786,518</u>
Checks under collection		(177,599)	61,626
Accounts receivable		(4,065,320)	(1,254,613)
Reinsurance receivables		153,687	(372,826)
Other assets		(156,615)	(53,349)
Accounts payable		(328,396)	(170,757)
Reinsurance payables		(280,094)	1,876,209
Other liabilities		<u>272,122</u>	<u>360,413</u>
Net cash flows from operating activities before tax paid		4,358,435	3,233,221
Income tax paid	12	<u>(308,929)</u>	<u>(363,403)</u>
Net cash flows from operating activities		<u>4,049,506</u>	<u>2,869,818</u>
INVESTING ACTIVITIES			
Purchase of financial assets at fair value through profit and loss		(940,223)	152,195
Purchase of financial assets at fair value through other comprehensive income		-	(1,090,880)
Proceeds from sale of financial assets at fair value through profit and loss		616,216	-
Proceeds from sale of financial assets at fair value through other comprehensive income		1,065,000	-
Proceeds from sale of financial assets at amortized costs		-	1,088,657
Bank deposits due (more than three months)		(694,549)	113,843
Purchase of property and equipment	14	(112,342)	(268,415)
Purchase of intangible assets	15	(16,800)	(11,600)
Proceeds from sale of property and equipment		50,213	-
Purchase of financials assets at amortized costs		-	(5,870,351)
Net cash flows used in investing activities		<u>(32,485)</u>	<u>(5,886,551)</u>
FINANCING ACTIVITIES			
Dividends paid		-	(880,000)
Net cash flows used in financing activities		<u>-</u>	<u>(880,000)</u>
Net increase in cash and cash equivalents		4,017,021	(3,896,733)
Cash and cash equivalents, at the beginning of the year		<u>2,692,576</u>	<u>6,589,309</u>
Cash and cash equivalents, at the end of the year	33	<u>6,709,597</u>	<u>2,692,576</u>

The attached notes from 1 to 45 form part of these financial statements

EURO ARAB INSURANCE GROUP
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDER WRITING REVENUES FOR THE LIFE INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2022

	Life	
	2022	2021
	JD	JD
Written premiums -		
Direct insurance	3,616,554	2,875,847
Incoming reinsurance	-	-
Total premiums	<u>3,616,554</u>	<u>2,875,847</u>
Less: local reinsurance share	-	-
Foreign reinsurance share	<u>(2,539,107)</u>	<u>(1,925,796)</u>
Net written premiums	<u>1,077,447</u>	<u>950,051</u>
Add: mathematical reserve balance at the beginning of the year	364,450	302,792
Less: reinsurance share	<u>(257,959)</u>	<u>(207,605)</u>
Net mathematical reserve at the beginning of the year	<u>106,491</u>	<u>95,187</u>
Less: mathematical reserve balance at the end of the year	386,781	364,450
Less: reinsurance share	<u>(275,086)</u>	<u>(257,959)</u>
Net mathematical reserve at the end of the year	<u>111,695</u>	<u>106,491</u>
Net change in mathematical reserve	(5,204)	(11,304)
Net revenue from written premiums	<u><u>1,072,243</u></u>	<u><u>938,747</u></u>

EURO ARAB INSURANCE GROUP
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	2,447,893	3,845,216
Less: local reinsurance share	-	-
Less: foreign reinsurance share	<u>(2,006,320)</u>	<u>(3,266,120)</u>
Net paid claims	<u>441,573</u>	<u>579,096</u>
 Add:		
Outstanding claims reserve at the end of the year		
Reported	1,683,134	1,036,006
Unreported	35,000	20,000
less: Reinsurance share	<u>(1,468,266)</u>	<u>(865,085)</u>
Net outstanding claims reserve at the end of the year	<u>249,868</u>	<u>190,921</u>
 Less:		
Outstanding Claims reserve at the beginning of the year		
Reported	1,036,006	1,306,629
Unreported	20,000	20,000
less: reinsurance share	<u>(865,085)</u>	<u>(1,090,548)</u>
Net outstanding claims reserve at the beginning of the year	<u>190,921</u>	<u>236,081</u>
Net change in outstanding claims reserve	<u>58,947</u>	<u>(45,160)</u>
Net claims cost	<u>500,520</u>	<u>533,936</u>

**EURO ARAB INSURANCE GROUP
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING PROFITS FOR THE LIFE INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Life	
<u>Notes</u>	<u>2022</u>	<u>2021</u>
	JD	JD
Net earned revenues from written premiums	1,072,243	938,747
Less:		
Net claims cost	<u>(500,520)</u>	<u>(533,936)</u>
	571,723	404,811
Add:		
Commissions income	874	1,339
Insurance policies issuance fees	49,527	43,855
Other revenues related to underwriting accounts	<u>-</u>	<u>31,729</u>
Total revenues	<u>622,124</u>	<u>481,734</u>
Less:		
Policies' acquisition costs	(3,304)	(2,709)
General and administrative expenses related to underwriting accounts	(245,914)	(207,394)
Other expenses related to underwriting accounts	<u>(60,275)</u>	<u>(88,289)</u>
Total expenses	<u>(309,493)</u>	<u>(298,392)</u>
Underwriting profit	<u><u>312,631</u></u>	<u><u>183,342</u></u>

EURO ARAB INSURANCE GROUP
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF FINANCIAL POSITION FOR LIFE
FOR THE YEAR ENDED 31 DECEMBER 2022

	Life	
	2021	2020
	JD	JD
Assets -		
<u>Investments:</u>		
Deposits in banks	410,964	105,700
Total investments	410,964	105,700
Account receivables	503,976	377,102
Reinsurance receivables	524,031	540,261
Other assets	100,973	118,966
Property and equipment	387	480
Total assets	1,540,331	1,142,509
<u>Liabilities and head office equity</u>		
<u>Liabilities:</u>		
Accounts payable	279,734	730,051
Reinsurance payables	914,152	472,983
Other payable	27,850	26,573
<u>Technical reserve:</u>		
Mathematical reserve, net	111,695	106,491
Outstanding claims reserve, net	249,868	190,921
Total liabilities	1,583,299	1,527,019
<u>Head office equity:</u>		
Head office current account	(355,599)	(567,852)
Underwriting net profit	312,631	183,342
Total head office equity	(42,968)	(384,510)
Total liabilities and head office equity	1,540,331	1,142,509

EURO ARAB INSURANCE GROUP
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDER WRITING REVENUES FOR THE GENERAL INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2022

	Motor		Marine and transportation		Fire and property		Credit		Liability		Medical		Other		Total	
	2022	2021	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	JD	JD
Written Premiums:																
Direct Insurance	16,311,932	11,481,681	833,216	671,038	3,410,519	3,952,072	93,507	-	745,666	744,528	13,772,065	10,262,836	219,152	180,023	35,386,057	27,292,178
Facultative inward reinsurance business	1,173,795	1,115,594	2,998	11,500	279,127	98,951	-	-	220	259	-	-	3,473	3,471	1,459,613	1,229,775
Total premiums	17,485,727	12,597,275	836,214	682,538	3,689,646	4,051,023	93,507	-	745,886	744,787	13,772,065	10,262,836	222,625	183,494	36,845,670	28,521,953
Less:																
Local reinsurance share	(1,745,984)	(1,341,173)	(4,981)	(4,734)	(217,334)	(123,006)	-	-	-	-	-	-	-	-	(1,968,299)	(1,468,913)
Foreign reinsurance share	(34,874)	(45,925)	(664,242)	(525,614)	(2,995,366)	(3,499,768)	(91,951)	-	(594,186)	(586,126)	(118,903)	(600,692)	(130,413)	(119,962)	(4,629,935)	(5,378,087)
Net written premiums	15,704,869	11,210,177	166,991	152,190	476,946	428,249	1,556	-	151,700	158,661	13,653,162	9,662,144	92,212	63,532	30,247,436	21,674,953
Add:																
Balance at the beginning of the period																
Unearned premiums reserve	6,439,098	6,061,752	128,235	121,077	1,746,910	883,486	-	-	403,637	264,886	3,304,796	3,266,148	85,159	51,757	12,107,835	10,649,106
Less: Reinsurance share	(464,849)	(418,580)	(100,778)	(95,560)	(1,548,375)	(766,672)	-	-	(336,459)	(206,475)	(25,644)	(47,967)	(56,876)	(32,361)	(2,532,981)	(1,567,615)
Net unearned premiums reserve	5,974,249	5,643,172	27,457	25,517	198,535	116,814	-	-	67,178	58,411	3,279,152	3,218,181	28,283	19,396	9,574,854	9,081,491
Less:																
Balance at the end of the period																
Unearned premiums reserve	8,827,740	6,439,098	163,745	128,235	1,813,431	1,746,910	47,957	-	396,279	403,637	5,901,500	3,304,796	99,825	85,159	17,250,477	12,107,835
Less: Reinsurance share	(591,417)	(464,849)	(132,914)	(100,778)	(1,564,839)	(1,548,375)	(37,221)	-	(330,139)	(336,459)	(55,561)	(25,644)	(61,929)	(56,876)	(2,774,020)	(2,532,981)
Unearned premiums reserve	8,236,323	5,974,249	30,831	27,457	248,592	198,535	10,736	-	66,140	67,178	5,845,939	3,279,152	37,896	28,283	14,476,457	9,574,854
Net Change in Unearned premiums reserve	(2,262,074)	(331,077)	(3,374)	(1,940)	(50,057)	(81,721)	-	-	1,038	(8,767)	(2,566,787)	(60,971)	(9,613)	(8,887)	(4,901,603)	(493,363)
Add: deficiency reserve at the beginning of the period	-	-	-	-	-	-	-	-	-	-	206,000	-	-	-	206,000	-
Less: deficiency reserve at the end of the period	-	-	-	-	-	-	-	-	-	-	(115,000)	(206,000)	-	-	(115,000)	(206,000)
Net change in deficiency reserve at the end of the period	-	-	-	-	-	-	-	-	-	-	91,000	(206,000)	-	-	91,000	(206,000)
Net earned revenues from written premiums	13,442,795	10,879,100	163,617	150,250	426,889	346,528	(9,180)	-	152,738	149,894	11,177,375	9,395,173	82,599	54,645	25,436,833	20,975,590

EURO ARAB INSURANCE GROUP
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING COST FOR THE GENERAL INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2022

	Motor		Marine and transportation		Fire and property		Liability		Medical		Other		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	12,969,254	10,680,330	283,620	334,752	1,015,138	164,287	-	1,169	10,335,263	9,598,948	33,443	490	24,636,718	20,779,976
Less:														
Recoveries	(2,941,145)	(2,361,029)	(45,393)	(2,522)	(46,545)	(31,847)	-	(100)	-	-	(172)	-	(3,033,255)	(2,395,498)
Local reinsurance share	-	-	(24,260)	(320)	(11,126)	(87)	-	-	-	-	-	-	(35,386)	(407)
Foreign reinsurance share	(115,177)	(50,739)	(162,854)	(246,593)	(910,636)	(121,444)	-	-	(52,445)	(223,937)	(23,458)	(475)	(1,264,570)	(643,188)
Net paid claims	9,912,932	8,268,562	51,113	85,317	46,831	10,909	-	1,069	10,282,818	9,375,011	9,813	15	20,303,507	17,740,883
Add:														
Outstanding claims reserves at the end of the period														
Reported Outstanding Claims Reserve at the end of the period	10,759,944	8,592,446	261,081	265,427	309,679	1,106,286	18,875	11,375	868,653	849,136	29,626	10,893	12,247,858	10,835,563
Unreported	1,500,000	1,450,000	3,000	3,000	26,010	20,110	400	-	1,100,000	708,000	3,000	3,000	2,632,410	2,184,110
Less:														
Reinsurance share	(259,659)	(245,829)	(207,136)	(227,729)	(291,935)	(1,048,457)	-	-	-	-	(21,023)	(7,953)	(779,753)	(1,529,968)
Recoveries	(1,808,537)	(1,298,093)	-	-	-	-	-	-	-	-	-	-	(1,808,537)	(1,298,093)
Net Outstanding Claims Reserve at the end of the period	10,191,748	8,498,524	56,945	40,698	43,754	77,939	19,275	11,375	1,968,653	1,557,136	11,603	5,940	12,291,978	10,191,612
Reported	8,691,748	7,048,524	56,645	40,398	42,454	76,934	18,875	11,375	868,653	849,136	11,303	5,640	9,689,678	8,032,007
Unreported	1,500,000	1,450,000	300	300	1,300	1,006	400	-	1,100,000	708,000	300	300	2,602,300	2,159,606
Less:														
Outstanding claims reserves at the beginning of the period														
Reported	8,592,446	7,504,403	265,427	341,803	1,106,286	348,773	11,375	12,264	849,136	911,907	10,893	21,005	10,835,563	9,140,155
Unreported	1,450,000	1,450,000	3,000	3,000	20,110	10,000	-	-	708,000	820,000	3,000	3,000	2,184,110	2,286,000
Less:														
Reinsurance share	(245,829)	(232,370)	(227,729)	(276,976)	(1,048,457)	(307,458)	-	-	-	-	(7,953)	(13,105)	(1,529,968)	(829,909)
Recoveries	(1,298,093)	(1,378,958)	-	-	-	-	-	-	-	-	-	-	(1,298,093)	(1,378,958)
Net Outstanding Claims Reserve at the beginning of the period	8,498,524	7,343,075	40,698	67,827	77,939	51,315	11,375	12,264	1,557,136	1,731,907	5,940	10,900	10,191,612	9,217,288
Reported	7,048,524	5,893,075	40,398	67,527	76,933	50,815	11,375	12,264	849,136	911,907	5,640	10,600	8,032,006	6,946,188
Unreported	1,450,000	1,450,000	300	300	1,006	500	-	-	708,000	820,000	300	300	2,159,606	2,271,100
Net change in outstanding claims reserve	1,693,224	1,155,449	16,247	(27,129)	(34,185)	26,624	7,900	(889)	411,517	(174,771)	5,663	(4,960)	2,100,366	974,324
Net claims cost	11,606,156	9,424,011	67,360	58,188	12,646	37,533	7,900	180	10,694,335	9,200,240	15,476	(4,945)	22,403,873	18,715,207

EURO ARAB INSURANCE GROUP
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING PROFIT FOR THE GENERAL INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2022

	Motor		Marine and transportation		Fire and property		Credit		Liability		Medical		Other		Total	
	2022	2021	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	JD	JD
Net earned revenues from written premiums	13,442,795	10,879,100	163,617	150,250	426,889	346,528	(9,180)	-	152,738	149,894	11,177,375	9,395,173	82,599	54,645	25,436,833	20,975,590
Less: Net claims cost	(11,606,156)	(9,424,011)	(67,360)	(58,188)	(12,646)	(37,533)	-	-	(7,900)	(180)	(10,694,335)	(9,200,240)	(15,476)	4,945	(22,403,873)	(18,715,207)
	1,836,639	1,455,089	96,257	92,062	414,243	308,995	(9,180)		144,838	149,714	483,040	194,933	67,123	59,590	3,032,960	2,260,383
Add: Commissions received	185	15,000	190,721	147,163	219,919	345,575	22,562	-	14,025	29,753	44,594	50,456	27,795	28,902	519,801	616,849
Insurance policies issuance fees	343,139	301,547	9,358	8,323	50,641	56,364	2,519	-	21,108	15,012	511,007	379,229	10,419	8,030	948,191	768,505
Other revenue	260,131	215,954	71,569	51,686	10,183	67,256	6,283	-	-	80	247,975	275,994	1,830	8,496	597,971	619,466
Total revenue	2,440,094	1,987,590	367,905	299,234	694,986	778,190	22,184	-	179,971	194,559	1,286,616	900,612	107,167	105,018	5,098,923	4,265,203
Less: Policies acquisition cost	811,561	626,959	59,127	51,780	49,723	64,543	-	-	11,398	17,790	98,965	95,637	15,673	11,630	1,046,447	868,339
Excess of loss premiums	160,918	125,000	25,000	25,000	75,000	60,000	-	-	-	-	-	-	-	-	260,918	210,000
Employees' expenses related to underwriting accounts	1,074,056	946,318	87,280	84,203	259,637	308,877	6,579	-	52,487	56,787	855,942	860,892	15,664	13,990	2,351,645	2,271,067
Other expenses	301,474	188,852	23,564	23,420	74,691	91,685	18,937	-	6,676	8,997	215,636	207,889	21,263	21,549	662,241	542,392
Total Expenses	2,348,009	1,887,129	194,971	184,403	459,051	525,105	25,516	-	70,561	83,574	1,170,543	1,164,418	52,600	47,169	4,321,251	3,891,798
Underwriting (loss) profit	92,085	100,461	172,934	114,831	235,935	253,085	(3,332)	-	109,410	110,985	116,073	(263,806)	54,567	57,849	777,672	373,405

(1) GENERAL

Euro Arab Insurance Group was established and registered as a Jordanian public shareholding company under No. (304) on 8 January 1996 with JD 2,000,000 Authorized capital and divided into 2,000,000 shares at a par value of 1 JD for each. The name of the company was amended on 24 September 2002 as it was registered under the name of Amman Insurance Company, and the company has increased its authorized and paid in capital through the years to become 8,000,000 shares at par value of JD 1 each.

The Company is engaged in insurance business against life and general insurance (marine and transportation, fire and property, liability, medical, personal accident and aviation).

The financial statements were approved for issuance by the board of directors in its meeting held on 21 February 2023, and it is subject to the approval of the general assembly of the shareholders.

(2) ACCOUNTING POLICIES

(2-1) Basis of preparation 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 financial statements have been prepared on historical cost basis, except for financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income that have been measured at fair value.

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

(2-3) Changes in accounting policies

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 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 material 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 recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no material 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 material 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.

The amendments is not applicable to 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 material impact on the financial statements of the Company.

IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

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

(2-4) 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 instruments

Initial recognition and measurement:

Financial assets and financial liabilities are recognized in the statement of financial position of the company when the company becomes a party of the contractual provisions.

Financial assets and liabilities are initially measured at fair value, and transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to the fair value of financial assets or financial liabilities, or deducted from it, as necessary, upon initial recognition. Transaction costs directly related to the acquisition of financial assets are recorded. Or financial liabilities at fair value through the income statement directly in the profit or loss statement.

If the transaction price differs from the fair value at initial recognition, the Company treats this difference as follows:

if fair value is evidenced by a specified price in an active market for identical assets or liabilities or based on a valuation technique that uses only observable market inputs, the difference is recognized in profit or loss on initial recognition (i.e. day one gain or loss);

In all other cases, the fair value is adjusted to align with the transaction price (ie the day one gain or loss would be deferred by being included in the initial carrying amount of the asset or liability).

After initial recognition, a deferred gain or loss will be taken to the income statement on a reasonable basis, only to the extent that it arises from a change in a factor (including time) that market participants consider when pricing the asset or liability or on derecognition from those the tool.

Financial assets date of recognition

Purchases and sales of financial assets are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Fair Value

For investments 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.

A. Financial assets at amortized cost

Are the assets that the Company's management intends to hold for the purpose of collecting the contractual cash flows which represents the cash flows that are solely payments of principal and interest on the outstanding principal.

Financial assets are recorded at cost upon purchase plus acquisition expenses, Moreover the issue premium \ discount is amortized using the effective interest associated with the decline in value of these investments leading to the inability to recover the investment or parts thereof are deducted, any impairment is registered in the statement of income and should be presented subsequently at amortized cost less any impairment losses.

The amount of impairment loss recognized at amortized cost is the expected credit loss of the financial assets at amortized cost.

It is not allowed to reclassify any financial assets from/to this category except for certain cases that are specified by the International Financial Reporting Standards (And if in any cases these assets are sold before the maturity date the result of sale will be recorded in the statement of income in a separated disclosure and caption in according to the International Financial Reporting Standards in specific).

B. 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 income statement.
- These financial assets are not subject to impairment testing.
- Dividend income is recognized in the statement of income.

C. Debt instruments at FVOCI

The Company applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost. Where the Company holds more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss

Investment Properties

Investment properties are stated at cost less accumulated depreciation and are depreciated (excluding lands) using the straight-line depreciation method over its casted useful life.

Investment properties are revalued accordance to the Insurance Administration's instructions and the related fair value is disclosed in the related note. (Note 7)

Cash and Cash equivalents

For cash flow purpose 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.

Reinsurance Accounts

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 reinsures 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.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Property and equipment (except lands) 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
Furniture and fixtures	9 - 25
Vehicles	15
Lease hold improvement	2 - 20

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.

Intangible assets include computer software. These intangible assets are amortized on a rate of 20%.

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 polices 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 statement of income.

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 statement of income.

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 were 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 off statted, 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 claims expenses are recognized in the statement of income 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.

Expenses recognition

All commissions and other costs related to the new insurance contracts or renewed are recorded in the statement of income during the year which it occurred. And in all expenditures, 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 statement of income.

Employees' expenses

All distributable employee expenses are allocated to the insurance branches separately according to the expenditures of each branch in compliance with specific cost centers for various insurance departments. Moreover, the related employee expenses of the Company's subsidiary are stated as unallocated employee expenses.

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 statement of income.

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 statement of income.

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

Estimation uncertainty

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.
- The financial year is charged with its related income tax in accordance with regulations.
- The 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 on the statement of income.
- 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 lawsuit against the Company is made based on the Company lawyers' studies in which contingent risk is determined, review of such study is performed periodically.
- The management periodically reviews whether a financial asset or Company of financial assets is impaired, if so this impairment is taken to the statement of income.

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(3) DEPOSITS AT BANKS

This item consists of the following:

	2022		2021	
	Deposits due in one month JD	Deposits due from 3 months to 1 year JD	Total JD	Total JD
Inside Jordan	6,944,411	12,995,713	19,940,124	15,127,581
Outside Jordan	-	1,023,567	1,023,567	1,023,567
Expected credit losses	-	(738,541)	(738,541)	(734,211)
	<u>6,944,411</u>	<u>13,280,739</u>	<u>20,225,150</u>	<u>15,416,937</u>

* Movement on the provision for expected credit losses:

	2022 JD	2021 JD
Balance at the beginning of the year	734,211	538,541
Additions	<u>4,330</u>	<u>195,670</u>
Balance at the end of the year	<u><u>738,541</u></u>	<u><u>734,211</u></u>

- The annual interest rate on the deposits in Jordanian Dinar ranged between 2.99% to 6.9% and on the deposit in US Dollar 3.02% during the year ended 31 December 2022 (2021: from 2.94% to 6.9% on deposits in Jordanian dinars and 2% on US dollars).
- Deposits pledged in favor of Insurance Administration general manager amounted to JD 800,000 for the year ended 31 December 2022 and 31 December 2021 noting that these deposits are due after more than 3 months.
- The restricted balances amounted to JD 1,200,000 from Al-Ahli Bank and an amount of JD 1,000,000 from Bank of Jordan as of 31 December 2022 in exchange for credit facilities granted by two local banks, and the balance of the utilized facilities amounted to JD 2,288,613 as of 31 December 2022 (345,072 JD as of 31 December 2021).

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(4) FINANCIAL ASSETS THROUGH PROFIT AND LOSS

This item consists of the following:

	2022		2021	
	Number of		Number of shares	
	shares	31 December 2022	31 December 2021	31 December 2021
	JD	JD	JD	JD
<u>Inside Jordan</u>				
<u>Quoted Shares</u>				
Arab Jordanian				
Investment Bank	307,750	390,843	284,970	401,808
Cairo Amman Bank	233,550	312,957	140,000	194,600
Jordan Petroleum				
Refinery Co. Ltd.	19,000	101,650	-	-
Etihad Bank	-	-	60,000	105,000
Arab Bank	50,004	244,020	20,052	98,054
Jordan Kuwait Bank	-	-	90,000	122,400
Housing Bank	51,689	188,665	50,000	185,000
Ahli Bank	-	-	50,000	48,500
Capital Bank	54,400	132,736	-	-
Jordan Phosphate				
Mines Company	1,000	35,700	-	-
<u>Outside Jordan</u>				
Safa Bank	12,693	7,210	-	-
		<u>1,413,781</u>		<u>1,155,362</u>

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

This item consists of the following:

	2022	2021
	JD	JD
Outside Jordan		
Quoted bonds - London	-	1,078,312

The movement on fair value reserve as follows:

	2021	Change in fair value reserve	Transferred from selling investments through other comprehensive income	2022
	JD	JD	JD	
Outside Jordan				
Quoted bonds - London	(11,059)	-	11,059	-

(6) FINANCIAL ASSETS AT AMORTIZED COST

This item consists of the following:

	<u>2022</u>	<u>2021</u>
	JD	JD
<u>Inside Jordan</u>		
Unquoted bonds		
Arab Real Estate Development Company Loan Bond *	300,000	300,000
<u>Outside Jordan</u>		
Corporate Bonds- New York- USD **	4,581,464	4,581,464
Outside Governmental Bonds ***	1,178,458	1,178,458
Less: Expected credit loss for financial assets at amortized cost	(300,000)	(300,000)
	<u>5,759,922</u>	<u>5,759,922</u>
Corporate and Governmental Bonds analysis prior to the expected credit losses with fixed return	<u>6,059,922</u>	<u>6,059,922</u>

* During the year 2008, an agreement was signed between the Company and Arab Real Estate Development Company through the custodian (Housing Bank for Trade and Finance) under which the second party provided a loan bond of 300,000 dinars in favor of the first party with bearing interest rate of 10%, these bonds matured on the first of April 2011 and renewed based on the approval of the General Assembly of Loan Bond Owners to reschedule the loan bonds for a period of three years and ending on the first of April 2014 at an interest rate of 11% to be paid in two installments in each of the first From April and the first of October of the life of the bond and it is not listed, noting that the bonds have not been paid in addition to the full interest of the company during the years ending on 31 December 2022 and 2021, and therefore a provision for the full value of these bonds was taken at the time.

** The company purchased outside quoted bonds during the year 2021 with an average yield of 5.8% per annum and paid semi-annually, with a maturity date of these bonds that extends until January 2030.

*** The company purchased outside quoted bonds in 2021 with an average interest rate of 7.625% per annum and paid semi-annually, the maturity date of these bonds extends until January 2032.

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(7) INVESTMENT PROPERTIES, NET

This item consists of the following:

	<u>2022</u>	<u>2021</u>
	JD	JD
Lands *	753,216	753,216
Buildings *	135,366	135,366
Accumulated Depreciation	(15,342)	(17,519)
	<u>873,240</u>	<u>871,063</u>

* Annual depreciation 2%.

- The details of investment properties related information to fair value levels as at 31 December 2022 are as follows:

	<u>level 1</u>	<u>level 2</u>	<u>Level 3</u>	<u>Fair value as of 2022</u>
31 December 2022-	JD	JD		JD
Investment properties	-	1,529,983	-	1,529,983

* According to the instructions and decisions issued by the Insurance Department, the fair value of real estate investments was estimated by real estate experts amounted to JD 1,529,983 as of 31 December 2021, and in the management's opinion, the fair value of real estate investments as of 31 December 2022 exceeds the book value and that the results of the evaluation it carried out on 31 December 2021 are still valid.

(8) CASH ON HAND AND AT BANKS

This item consists of the following:

	<u>2022</u>	<u>2021</u>
	JD	JD
Cash on hand	15,084	99,003
Current accounts at banks	2,038,715	107,898
	<u>2,053,799</u>	<u>206,901</u>

(9) CHECKS UNDER COLLECTION

This item consists of the following:

	<u>2022</u>	<u>2021</u>
	JD	JD
Checks under collection *	1,527,295	1,349,696
Expected credit losses **	<u>(22,983)</u>	<u>(22,983)</u>
	<u>1,504,312</u>	<u>1,326,713</u>

* The maturity for checks under collection extend up to 27 December 2023.

** Movement on the provision for expected credit losses:

	<u>2022</u>	<u>2021</u>
	JD	JD
Balance at the beginning of the year	22,983	22,983
Additions	<u>-</u>	<u>-</u>
Balance at the end of the year	<u>22,983</u>	<u>22,983</u>

(10) ACCOUNTS RECEIVABLE, NET

This item consists of the following:

	<u>2022</u>	<u>2021</u>
	JD	JD
Policy holders' receivables*	11,446,305	7,292,231
Brokers' receivables	1,461,151	1,534,015
Agents' receivables	357,194	433,890
Employee receivables	101,522	104,197
Others	<u>127,983</u>	<u>128,569</u>
	13,494,155	9,492,902
Less: Provision for expected credit losses **	<u>(1,177,278)</u>	<u>(1,241,345)</u>
Accounts receivable, net	<u>12,316,877</u>	<u>8,251,557</u>

* Debts scheduled to be repaid after 31 December 2022 include a total of JD 9,974,381 (JD 5,510,507 as at 31 December 2021).

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** Movement on the provision for expected credit losses:

	<u>2022</u>	<u>2021</u>
	JD	JD
Balance at the beginning of the year	1,241,345	1,202,626
Additions	-	38,719
Reversal	<u>(64,067)</u>	<u>-</u>
Balance at the end of the year	<u><u>1,177,278</u></u>	<u><u>1,241,345</u></u>

Below is the aging table of receivables:

	<u>2022</u>	<u>2021</u>
	JD	JD
Outstanding receivables	9,974,381	5,510,507
Less than 90 days	1,854,695	2,232,041
91-180 days	392,424	395,059
181-360 days	197,405	229,144
More than 361 days	<u>1,075,250</u>	<u>1,126,151</u>
	<u><u>13,494,155</u></u>	<u><u>9,492,902</u></u>

(11) REINSURANCE RECEIVABLES, NET

This item consists of the following:

	<u>2022</u>	<u>2021</u>
	JD	JD
Local reinsurance companies	841,303	753,778
Foreign reinsurance companies	<u>598,516</u>	<u>808,969</u>
Total	1,439,819	1,562,747
Less: provision for doubtful debts of reinsurance receivables *	<u>(409,179)</u>	<u>(363,931)</u>
Net reinsurance receivables	<u><u>1,030,640</u></u>	<u><u>1,198,816</u></u>

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* The movement on the provision for doubtful debts is as follows:

	<u>2022</u>	<u>2021</u>
	JD	JD
Balance at the beginning of the year	363,931	246,815
Additions	<u>45,248</u>	<u>117,116</u>
Balance at the end of the year	<u><u>409,179</u></u>	<u><u>363,931</u></u>

Below is the aging table of receivables:

	<u>2022</u>	<u>2021</u>
	JD	JD
Less than 90 days	638,620	853,762
91-180 days	392,982	194,688
181-360 days	63,577	255,616
More than 361 days	<u>344,640</u>	<u>258,681</u>
	<u><u>1,439,819</u></u>	<u><u>1,562,747</u></u>

(12) INCOME TAX

Income tax provision

A final settlement was reached with the Income Tax Department up to the year 2019. The Company submitted its income tax return for the year 2021, no final settlement has been reached with the Income and Sales Tax Department for those years yet. Income tax was calculated for the year ending on 31 December 2022 in accordance with the effective income tax law, and in the opinion of the company's management and tax advisor, the provision is sufficient to meet tax liabilities.

The movement on the income tax provision is as follows:

	<u>2022</u>	<u>2021</u>
	JD	JD
Balance at beginning of the year	204,760	254,530
Income tax paid	(264,688)	(311,884)
Income tax paid on bank interests	(44,241)	(51,519)
Income tax expense for the year	<u>494,878</u>	<u>313,633</u>
Balance at the end of the year	<u><u>390,709</u></u>	<u><u>204,760</u></u>

The income tax expense appearing in the statement of income represents the following:

	<u>2022</u>	<u>2021</u>
	JD	JD
Income tax for the year	494,878	313,633
Amortization of deferred tax assets	<u>(65,349)</u>	<u>(71,358)</u>
	<u><u>429,529</u></u>	<u><u>242,275</u></u>

A summary of the reconciliation between accounting profit and taxable profit is as follows:

	<u>2022</u>	<u>2021</u>
	JD	JD
Accounting profit	1,952,793	1,184,477
Nondeductible expenses	2,927,665	2,927,731
Nontaxable income	<u>(2,948,334)</u>	<u>(2,922,412)</u>
Taxable profit	<u>1,932,124</u>	<u>1,189,796</u>
Effective tax rate	<u>24%</u>	<u>24%</u>
National Contribution tax rate	<u>2%</u>	<u>2%</u>
Statutory tax rate	<u>22%</u>	<u>20%</u>

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(13) DEFERRED TAX ASSETS

This item consists of the following:

	2022			2021		
	Beginning Balance	Amounts released	Amounts added	Ending Balance	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
<u>Deferred tax asset:</u>						
Provision for expected credit losses	2,362,470	64,067	49,578	2,347,981	610,475	614,242
Financial assets at fair value through Income statement	202,455	-	65,588	268,043	69,689	52,638
Financial assets at fair value through other comprehensive income	12,568	12,568	-	-	-	1,508
Provision for impairment of financial assets at amortized cost	300,000	-	-	300,000	78,000	78,000
Incurred but not reported reserve	2,179,605	-	457,696	2,637,301	685,699	566,697
End of service provision	24,595	3,484	2,585	23,696	6,161	6,395
Lawsuit provision	51,240	31,750	2,000	21,490	5,587	13,322
Unallocated administrative and general expenses	130,000	130,000	-	-	-	33,800
Premium deficiency reserve	206,000	91,000	-	115,000	29,900	53,560
	<u>5,468,933</u>	<u>332,869</u>	<u>577,447</u>	<u>5,713,511</u>	<u>1,485,511</u>	<u>1,420,162</u>

Movement on deferred tax liabilities and assets is as follows:

	For the year ended 31 December 2022	
	2022	2021
	JD	JD
Beginning balance	1,420,162	1,347,296
Additions	150,136	188,682
Released	(84,787)	(115,816)
Ending balance	<u>1,485,511</u>	<u>1,420,162</u>

In the opinion of the management of the Company and the tax consultant the Company is capable of benefit from the deferred tax assets that have been resulted from the provisions mentioned above.

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(14) PROPERTY AND EQUIPMENT, NET

This item consists of the following:

	Lands	Buildings	Equipment, tools, and furniture	Vehicles	Lease hold improvements and decorations	Total
2022 -	JD	JD	JD	JD	JD	JD
Cost:						
Balance at the beginning of the year	1,619,944	1,678,419	353,955	402,716	444,993	4,500,027
Additions	-	-	13,959	94,000	4,383	112,342
Disposals	-	-	(668)	(61,650)	-	(62,318)
Balance at the end of the year	<u>1,619,944</u>	<u>1,678,419</u>	<u>367,246</u>	<u>435,066</u>	<u>449,376</u>	<u>4,550,051</u>
Accumulated depreciation:						
Balance at the beginning of the year	-	350,635	285,144	217,385	430,767	1,283,931
Depreciation for the year	-	43,764	19,041	41,788	2,713	107,306
Disposals	-	-	(179)	(56,170)	-	(56,349)
Balance at the end of the year	<u>-</u>	<u>394,399</u>	<u>304,006</u>	<u>203,003</u>	<u>433,480</u>	<u>1,334,888</u>
Net book value	<u>1,619,944</u>	<u>1,284,020</u>	<u>63,240</u>	<u>232,063</u>	<u>15,896</u>	<u>3,215,163</u>
2021 -						
Cost:						
Balance at the beginning of the year	777,480	1,786,131	739,639	73,522	962,511	4,797,419
Additions	-	-	25,650	-	940	84,268
Disposals	-	-	(15,878)	-	(807)	(30,691)
Balance at the end of the year	<u>777,480</u>	<u>1,786,131</u>	<u>749,411</u>	<u>73,522</u>	<u>962,644</u>	<u>4,850,996</u>
Accumulated depreciation:						
Balance at the beginning of the year	-	189,866	602,447	42,385	707,632	1,907,311
Depreciation for the year	-	27,123	30,957	11,027	94,024	199,788
Disposals	-	-	(15,270)	-	(287)	(29,553)
Balance at the end of the year	<u>-</u>	<u>216,989</u>	<u>618,134</u>	<u>53,412</u>	<u>801,369</u>	<u>2,077,546</u>
Net book value	<u>777,480</u>	<u>1,569,142</u>	<u>131,277</u>	<u>20,110</u>	<u>161,275</u>	<u>2,773,450</u>

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(15) INTANGIBLE ASSETS, NET

	<u>2022</u>	<u>2021</u>
	JD	JD
Balance at the beginning of the year	188,810	177,210
Additions	16,800	11,600
Amortization	<u>(171,102)</u>	<u>(163,049)</u>
Balance at the end of the year	<u><u>34,508</u></u>	<u><u>25,761</u></u>

(16) OTHER ASSETS

This item consists of the following:

	<u>2022</u>	<u>2021</u>
	JD	JD
Accrued interest	357,176	220,139
Income tax paid in advance	22,213	22,213
Prepaid expenses	61,462	41,910
Refundable deposits	7,853	6,777
Others	<u>4,817</u>	<u>5,867</u>
	<u><u>453,521</u></u>	<u><u>296,906</u></u>

(17) MATHEMATICAL RESERVE, NET

This item consists of the following:

	<u>2022</u>	<u>2021</u>
	JD	JD
Balance at the beginning of the year	106,491	95,187
Additions	<u>5,204</u>	<u>11,304</u>
Mathematical reserve, net - Life	<u><u>111,695</u></u>	<u><u>106,491</u></u>

(18) BANK'S OVERDRAFT

This item consists of the following:

	<u>2022</u>	<u>2021</u>
	JD	JD
Local bank- current account *	1,373,373	96,321
Local bank- current account **	<u>915,240</u>	<u>248,751</u>
	<u><u>2,288,613</u></u>	<u><u>345,072</u></u>

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* This item represents the current overdraft account granted to the company by Ahli Bank with a ceiling of JD 1,200,000 guaranteed by 100% cash insurance at an interest rate of 4.2% calculated based on the daily balance and credited at the end of each month, noting that the overdraft limit is due on 2 March 2023.

** This item represents the current overdraft account granted to the company by Bank of Jordan with a ceiling of JD 1,000,000 guaranteed by 100% cash insurance and an interest rate of 6.75% calculated based on the daily balance and credited at the end of each month, noting that the overdraft limit is due on 28 September 2023.

(19) ACCOUNTS PAYABLE

This item consists of the following:

	<u>2022</u>	<u>2021</u>
	JD	JD
Medical network payable	1,781,586	1,739,957
Agents payable	61,157	38,228
Brokers payable	248,706	227,934
Policyholders' payable	207,934	654,477
Spare parts and garages payable	358,414	422,782
Employee payable	171,879	87,357
Other payables	145,699	133,036
	<u>2,975,375</u>	<u>3,303,771</u>

(20) REINSURANCE PAYABLES

The item consists of the following:

	<u>2022</u>	<u>2021</u>
	JD	JD
Local reinsurance companies	587,568	507,609
Foreign reinsurance companies	2,439,806	2,799,859
	<u>3,027,374</u>	<u>3,307,468</u>

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(21) PROVISIONS

This item consists of the following:

	<u>2022</u>	<u>2021</u>
	JD	JD
End of service provision *	23,696	24,595
Lawsuit provision	21,490	51,240
Unallocated expenses reserve	-	130,000
	<u>45,186</u>	<u>205,835</u>

* The movement on the end of service provision is as follows:

	<u>2022</u>	<u>2021</u>
	JD	JD
Balance at the beginning of the year	24,595	18,482
Additions	2,585	6,113
Paid	(3,484)	-
Balance at the end of the year	<u>23,696</u>	<u>24,595</u>

(22) OTHER LIABILITIES

This item consists of the following:

	<u>2022</u>	<u>2021</u>
	JD	JD
Checks not subject to clearing *	493,939	340,593
Life insurance working payable **	18,751	18,751
Sales tax payable	156,285	114,496
Rent revenues received in advance	7,935	7,916
Social security payable	25,984	25,816
Tax payables	29,111	21,634
Shareholders deposits	1,198	1,198
Stamps	40,143	10,067
Refundable amounts for road victims' funds	21,373	13,314
Other payables	123,542	92,354
	<u>918,261</u>	<u>646,139</u>

* This item represents cheques that have been delivered to suppliers and beneficiaries of insurance policies and have not yet been submitted for clearing.

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**This item represents the amounts settled with reinsurers for certain claims under settlement that belong to previous policies.

(23) PAID IN CAPITAL

Authorized and paid in capital amounted to JD 8,000,000 divided into 8,000,000 shares the par value of each is JD 1 as at 31 December 2022 and 31 December 2021.

(24) LEGAL RESERVES

Statutory reserve -

As required by Jordanian Company Law, 10% of the profit before income tax is transferred to statutory reserve. This reserve is not available for distribution to the shareholders.

Voluntary reserve -

The amount accumulated in this reserve represents the transfers from profit before tax at maximum of 20% during the prior years, the reserve is used for purposes determined by the Board of Directors; The General Assembly may distribute it in whole or in part as dividends to shareholders.

(25) RETAINED EARNINGS

The item consists of the following:

	<u>2022</u>	<u>2021</u>
	JD	JD
Balance at the Beginning of the year	2,186,559	2,244,813
Profit for the year	1,523,264	942,202
Dividends *	-	(880,000)
Transfer to reserves	(195,279)	(120,456)
Balance at the end of the year	<u>3,514,544</u>	<u>2,186,559</u>

* The Board of Directors recommended to the General Assembly of the Company in its ordinary meeting held on 15 April 2021 to distribute cash dividends with an amount of JD 880,000 equivalent to 11% of paid-in capital as of 31 December 2022.

** The General assembly in its ordinary meeting of shareholders on 21 February 2023 approved to distribute cash dividends to its shareholders in respect to their percentage of contribution equivalent to 10% of paid-in capital and its subject to the Central Bank of Jordan and Board of directors.

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(26) INTEREST INCOME

The item consists of the following:

	<u>2022</u>	<u>2021</u>
	JD	JD
Banks interests	768,170	761,370
Loans interests	366,083	187,055
	<u>1,134,253</u>	<u>948,425</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	76,994	47,834
Unrealized (losses) gain of financial assets through Income statement	(65,588)	43,689
Investment properties rental revenue	68,496	68,548
Net gain from the sale of financial assets through Income statement	49,046	162,383
Net gain from sale of financial assets at amortized cost	-	110,208
Loss from sale of financial assets through other comprehensive income - Bonds	(23,096)	-
Investment fees	(8,476)	(5,971)
	<u>97,376</u>	<u>426,691</u>

(28) OTHER REVENUES

This item consists of the following:

	<u>2022</u>	<u>2021</u>
	JD	JD
Other revenue related to underwriting accounts	810,584	684,382
Income from provision reversal	-	280,000
	<u>810,584</u>	<u>964,382</u>

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(29) EMPLOYEES EXPENSES

This item consists of the following:

	<u>2022</u>	<u>2021</u>
	JD	JD
Salaries and bonuses	1,958,209	1,804,295
Social security contribution	204,873	206,200
Medical expenses	65,667	68,160
Training	1,650	1,750
Travel and transportation	14,104	9,261
End of service	2,585	6,113
Other	1,156	4,100
Total	<u>2,248,244</u>	<u>2,099,879</u>
Amount transferred to underwriting accounts *	<u>1,986,436</u>	<u>1,857,708</u>
Amount transferred to statement of income	<u>261,808</u>	<u>242,171</u>

*Amount transferred to underwriting accounts

	<u>2022</u>	<u>2021</u>
	JD	JD
Life	187,694	150,537
Motor	792,568	697,263
Marine and Transportation	73,819	70,709
Fire and property	200,240	228,786
Liability	40,479	42,062
Medical	674,482	657,989
Other insurance departments	12,080	10,362
Credit	5,074	-
	<u>1,986,436</u>	<u>1,857,708</u>

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(30) GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following:

	<u>2022</u>	<u>2021</u>
	JD	JD
Rent	14,436	13,025
Stationery and printing	34,007	39,452
Marketing expense	25,153	30,793
Banks Interest	18,608	43,227
Bank fees and stamps	8,682	10,204
Water, electricity, and heating	33,968	49,777
Maintenance expense	15,253	13,059
Telecommunication and postage	25,153	27,130
Professional fees	45,663	17,079
Hospitality	23,876	15,229
Lawyer fees and other professional fees	24,445	64,377
Computer supplies and scanners	76,174	66,376
Subscriptions	19,448	13,372
Board of directors' transportation	42,000	42,000
Governmental and other fees	41,611	29,871
Donations	2,120	570
Cleaning	35,415	34,704
Vehicle's expense	58,652	62,199
Security expenses	54,696	52,991
Undetectable sales tax	15,603	22,652
Others	148,941	127,853
Total	<u>763,904</u>	<u>775,940</u>
Amount transferred to underwriting accounts	<u>611,123</u>	<u>620,752</u>
Amount transferred to statement of income	<u>152,781</u>	<u>155,188</u>

*Amount transferred to underwriting accounts

	<u>2022</u>	<u>2021</u>
	JD	JD
Life	58,220	56,857
Motor	281,488	249,055
Marine and Transportation	13,462	13,494
Fire and property	59,397	80,091
Liability	12,007	14,725
Medical	181,460	202,902
Other insurance departments	3,584	3,628
Credit	1,505	-
	<u>611,123</u>	<u>620,752</u>

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(31) OTHER EXPENSES

This item consists of the following:

	<u>2022</u>	<u>2021</u>
	JD	JD
National contribution tax expense	43,294	29,946
Board of Directors' remuneration	21,000	21,000
Other provisions expenses	1,999	19,941
Bad debt expenses	-	10,354
Unallocated expenses reserve	-	130,000
	<u>66,293</u>	<u>211,241</u>

(32) EARNINGS PER SHARE

The profit per share is calculated by dividing the profit for the year by the weighted average number of shares during the year.

	<u>2022</u>	<u>2021</u>
	JD	JD
Profit for the year	<u>1,523,264</u>	<u>942,202</u>
Weighted average number of shares	<u>8,000,000</u>	<u>8,000,000</u>
Basic and diluted earnings per share from current year profit	<u>0.19</u>	<u>0.118</u>

(33) CASH AND CASH EQUIVALENTS

The cash and cash equivalents that appear in the statement of cash flows represent the following:

	<u>2022</u>	<u>2021</u>
	JD	JD
Cash on hands and at banks (note 8)	2,053,799	206,901
Add: deposits at banks maturing within three months	6,944,411	2,830,747
Less: deposit at banks (note 18)	<u>(2,288,613)</u>	<u>(345,072)</u>
Net cash and cash equivalents	<u>6,709,597</u>	<u>2,692,576</u>

(34) RELATED PARTY TRANSACTIONS

The Company has entered into transactions with major shareholders, directors, senior management and sister companies within the normal business activities of the Company. All insurance receivables granted to related parties are considered to be operating and no provision has been made.

Prices policies and terms of the transactions with related parties are approved by the Company's management.

	Members			Total	
	Shareholders	Board of directors	Upper management	2022	2021
	JD	JD	JD	JD	JD
<u>Statement of financial position items</u>					
Accounts receivables	-	-	8,273	8,273	16,721
Accounts payable	-	89,800	151,762	241,562	149,565
<u>Income Statement items</u>					
Insurance policies issuance fees	-	5,328	7,526	12,854	8,504
Paid expenses	-	-	935	935	995

The following represents a benefits summary (salaries and remunerations) for executive management:

	2022	2021
	JD	JD
Salaries and remunerations	838,353	668,113
Board of Directors' transportation	42,000	42,000
	<u>880,353</u>	<u>710,113</u>

(35) FAIR VALUE OF FINANCIAL ASSETS THAT THE DO NOT APPEAR IN FAIR VALUE IN THE FINANCIAL STATEMENTS

These financial instruments include the investment properties that have been highlighted in note (7) and appears in cost:

	31 December 2022		31 December 2021	
	Book Value	Fair Value	Book Value	Fair Value
	JD	JD	JD	JD
Investment Properties - net	873,240	1,503,350	871,063	1,503,350

(36) (REVERSAL FROM) PROVISION OF EXPECTED CREDIT LOSSES

	2022	2021
	JD	JD
Accounts receivable (Note 10)	(64,067)	38,719
Deposits (Note 3)	4,330	195,670
Reinsurance receivables (Note 11)	45,248	117,116
	<u>(14,489)</u>	<u>351,505</u>

(37) 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.

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.

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 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:

Total - Liability:

The accident year	2018 and					Total
	before	2019	2020	2021	2022	
	JD	JD	JD	JD	JD	JD
At the end of the year	32,480	41,495	3,120	-	7,500	84,595
After one year	37,888	39,937	3,120	-	-	80,945
After two years	38,034	39,937	3,120	-	-	81,091
After three years	38,314	39,937	-	-	-	78,251
After four years	38,314	-	-	-	-	38,314
Present expectations for the accumulated claims	38,314	39,937	3,120	-	7,500	88,871
Accumulated payments	26,939	39,937	3,120	-	-	69,996
Liability as in the statement of financial position	11,375	-	-	-	7,500	18,875
Deficit	(5,834)	1,558	-	-	7,500	3,224

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Total – Marine and transportation

The accident year	2018 and					Total
	before	2019	2020	2021	2022	
	JD	JD	JD	JD	JD	JD
At the end of the year	293,123	276,074	304,551	258,795	244,387	1,376,930
After one year	278,715	263,613	317,371	334,007	-	1,193,706
After two years	302,180	250,215	314,671	-	-	867,066
After three years	302,340	246,115	-	-	-	548,455
After four years	268,815	-	-	-	-	268,815
Present expectations for the accumulated claims	268,815	246,115	314,671	334,007	244,387	1,407,995
Accumulated payments	267,825	217,996	286,571	251,918	122,604	1,146,914
Liability as in the statement of financial position	990	28,119	28,100	82,089	121,783	261,081
Excess	24,308	29,959	(10,120)	(75,212)	244,387	213,322

Total - Motor Insurance:

The accident year	2018 and					Total
	before	2019	2020	2021	2022	
	JD	JD	JD	JD	JD	JD
At the end of the year	18,119,110	9,286,852	7,677,799	9,789,968	12,973,635	57,847,364
After one year	20,546,110	11,377,650	8,785,755	11,251,715	-	51,961,230
After two years	21,532,251	11,912,109	9,140,257	-	-	42,584,617
After three years	21,868,241	11,913,429	-	-	-	33,781,670
After four years	22,213,789	-	-	-	-	22,213,789
Present expectations for the accumulated claims	22,213,789	11,913,429	9,140,257	11,251,715	12,973,635	67,492,825
Accumulated payments	19,857,481	11,191,639	7,901,015	9,410,056	8,372,690	56,732,881
Liability as in the statement of financial position	2,356,308	721,790	1,239,242	1,841,659	4,600,945	10,759,944
Excess	(4,094,679)	(2,626,577)	(1,462,458)	(1,461,747)	12,973,635	3,328,174

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Total - fire and property:

The accident year	2018 and					Total
	before	2019	2020	2021	2022	
	JD	JD	JD	JD	JD	JD
At the end of the year	996,008	359,737	179,046	757,377	224,978	2,517,146
After one year	710,759	365,417	383,120	732,203	-	2,191,499
After two years	884,501	365,908	380,397	-	-	1,630,806
After three years	844,361	365,479	-	-	-	1,209,840
After four years	866,240	-	-	-	-	866,240
Present expectations for the accumulated claims	866,240	365,479	380,397	732,203	224,978	2,569,297
Accumulated payments	792,599	365,079	191,946	719,598	190,396	2,259,618
Liability as in the statement of financial position	73,641	400	188,451	12,605	34,582	309,679
Excess	129,768	(5,742)	(201,351)	25,174	224,978	172,827

Total – Medical Insurance

The accident year	2018 and					Total
	before	2019	2020	2021	2022	
	JD	JD	JD	JD	JD	JD
At the end of the year	9,436,157	10,997,185	10,260,586	10,448,084	11,203,916	52,345,928
After one year	-	-	-	-	-	-
After two years	-	-	-	-	-	-
After three years	-	-	-	-	-	-
After four years	-	-	-	-	-	-
Present expectations for the accumulated claims	9,436,157	10,997,185	10,260,586	10,448,084	11,203,916	52,345,928
Accumulated payments	9,436,157	10,997,185	10,260,586	10,448,084	10,335,263	51,477,275
Liability as in the statement of financial position	-	-	-	-	868,653	868,653
Excess	-	-	-	-	-	-

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Total – Other Insurance departments

The accident year	2018 and					Total
	before	2019	2020	2021	2022	
	JD	JD	JD	JD	JD	JD
At the end of the year	456,880	34,183	9,164	-	19,890	520,117
After one year	354,850	42,182	9,164	28,822	-	435,018
After two years	304,369	41,094	8,789	-	-	354,252
After three years	295,536	41,184	-	-	-	336,720
After four years	299,585	-	-	-	-	299,585
Present expectations for the accumulated claims	299,585	41,184	8,789	28,822	19,890	398,270
Accumulated payments	296,671	34,934	7,779	9,939	19,321	368,644
Liability as in the statement of financial position	2,914	6,250	1,010	18,883	569	29,626
Excess	157,295	(7,001)	375	(28,822)	-	121,847

Total – Life Insurance

The accident year	2018 and					Total
	before	2019	2020	2021	2022	
	JD	JD	JD	JD	JD	JD
At the end of the year	1,700,654	2,295,963	2,836,601	4,881,222	4,131,027	15,845,467
After one year	-	-	-	-	-	-
After two years	-	-	-	-	-	-
After three years	-	-	-	-	-	-
After four years	-	-	-	-	-	-
Present expectations for the accumulated claims	1,700,654	2,295,963	2,836,601	4,881,222	4,131,027	15,845,467
Accumulated payments	1,700,654	2,295,963	2,836,601	4,881,222	4,131,027	15,845,467
Liability as in the statement of financial position	-	-	-	-	1,683,134	1,683,134
Excess	-	-	-	-	-	-

3- Insurance Risk Concentrations

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

Liabilities for insurance policy are concentrated according to the types of insurance as follows:

<u>Insurance types</u>	2022		2021	
	Net	Gross	Net	Gross
	JD	JD	JD	JD
Motor	18,428,071	21,087,684	14,472,773	16,481,544
Marine and transportation	87,776	427,826	68,155	396,662
Fire and properties	292,346	2,149,120	276,474	2,873,306
Credit	10,736	47,957	-	-
Liability	85,415	415,554	78,553	415,012
Medical	7,814,592	7,870,153	4,836,288	4,861,932
Other Insurance departments	49,499	132,451	34,223	99,052
Life	361,563	2,104,915	297,412	1,420,456
Total	27,129,998	34,235,660	20,063,878	26,547,964

The assets and liabilities of insurance contracts according to geographical distribution are as follows:

<u>By geographical area:</u>	2022		2021	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Inside Jordan	42,929,819	6,847,268	38,374,652	5,213,185
Other Middle East Countries and Asia	1,669,835	2,210,715	1,232,443	1,915,512
Europe	5,766,770	559,680	573,065	878,969
Africa	-	27,855	44,348	5,379
	50,366,424	9,645,518	40,224,508	8,013,045

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The table below presents the total accounts receivables, accounts payables, and off-statement of financial position items according to sector.

	2022			2021		
	Assets	Liabilities	Items off balance sheet	Assets	Liabilities	Items off balance sheet
	JD	JD	JD	JD	JD	JD
<u>By Sector</u>						
Public Sector	3,648,503	13,412	-	991,690	1,417	-
Companies	10,707,479	5,397,757	-	9,426,453	6,203,220	-
Individuals	652,556	591,580	-	637,506	346,602	-
	<u>15,008,538</u>	<u>6,002,749</u>	<u>-</u>	<u>11,055,649</u>	<u>6,551,239</u>	<u>-</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.

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.

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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.

Interest Rate Risk

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

The annual interest rate on the deposits in Jordanian Dinar ranged between 2.99% to 6.9% and on the deposit in US Dollar was 3.02% during the year ended 31 December 2022 (2021: from 2.94% to 6.9% On deposits in Jordanian dinars and 2% in US dollars) (Note 3).

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 statement of income 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	1	199,401
US Dollar	1	10,236

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

2021 -

Currency	Change	Effects on the current year pre-
	%	tax profit JD
Jordanian Dinar	1	151,276
US Dollar	1	10,236

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

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 concentration of the main foreign currencies of the Company is as follow:

Currency	Foreign Currencies		Jordanian Dinar Equivalent	
	2022	2021	2022	2021
United States Dollar	8,542,207	10,103,009	6,064,967	7,173,137

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.

Most of the Company's term deposits as at 31 December 2022 mature within 3 months.

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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 month to 3 months	3-6 months	6 months to 1 year	1-3 years	More than 3 years	Without maturity	Total
	<i>JD</i>	<i>JD</i>	<i>JD</i>	<i>JD</i>	<i>JD</i>	<i>JD</i>	<i>JD</i>	<i>JD</i>
2022 -								
Liabilities:								
Bank overdraft	-	2,288,613	-	-	-	-	-	2,288,613
Accounts payable	-	2,508,410	205,276	64,823	196,866	-	-	2,975,375
Reinsurance payables	-	1,414,007	1,348,865	262,835	1,667	-	-	3,027,374
Other provisions	-	21,490	-	-	23,696	-	-	45,186
Income tax provision	-	390,709	-	-	-	-	-	390,709
Other liabilities	-	312,822	-	605,439	-	-	-	918,261
Total liabilities	-	6,936,051	1,554,141	933,097	222,229	-	-	9,645,518
Assets	-	18,872,515	4,922,548	14,980,207	1,742,829	9,848,325	-	50,366,424
	Less than month	1 month to 3 months	3-6 months	6 months to 1 year	1-3 years	More than 3 years	Without maturity	Total
	<i>JD</i>	<i>JD</i>	<i>JD</i>	<i>JD</i>	<i>JD</i>	<i>JD</i>	<i>JD</i>	<i>JD</i>
2021 -								
Liabilities:								
Bank overdraft	-	345,072	-	-	-	-	-	345,072
Accounts payable	-	2,663,344	351,340	106,290	182,797	-	-	3,303,771
Reinsurance payables	-	1,058,266	1,434,321	810,773	4,108	-	-	3,307,468
Other provisions	-	-	20,133	-	185,702	-	-	205,835
Income tax provision	-	204,760	-	-	-	-	-	204,760
Other liabilities	-	190,009	-	456,130	-	-	-	646,139
Total liabilities	-	4,461,451	1,805,794	1,373,193	372,607	-	-	8,013,045
Assets	-	10,226,778	5,865,651	12,846,675	2,654,963	8,630,441	-	40,224,508

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Insurance Risk Sensitivity

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

For the year ended 31 December 2022						
	Effect of 10% Increase on the written premiums and claims	Effect of 10% on the current year pre- tax profit	Effects on the equity*	Effect of 10% decrease on the written premiums and claims	Effect of 10% decrease on the current year pre- tax profit	Effects on the equity*
	JD	JD	JD	JD	JD	JD
<u>Premiums</u>						
Motors	1,570,487	1,344,280	1,021,652	(1,570,487)	(1,344,280)	(1,021,652)
Marine and Transportation	16,699	16,362	12,435	(16,699)	(16,362)	(12,435)
Fire and property Liability	47,695	42,689	32,444	(47,695)	(42,689)	(32,444)
Medical	15,170	15,274	11,608	(15,170)	(15,274)	(11,608)
Other insurance departments	1,365,316	1,117,738	849,481	(1,365,316)	(1,117,738)	(849,481)
Life	9,221	8,260	6,278	(9,221)	(8,260)	(6,278)
	107,745	107,224	81,490	(107,745)	(107,224)	(81,490)
<u>Claims</u>						
Motor	991,293	(1,160,616)	(882,068)	(991,293)	1,160,616	882,068
Marine and Transportation	5,111	(6,736)	(5,119)	(5,111)	6,736	5,119
Fire and property Liability	4,683	(1,265)	(961)	(4,683)	1,265	961
Medical	-	(790)	(600)	-	790	600
Other insurance departments	1,028,282	(1,069,434)	(812,769)	(1,028,282)	1,069,434	812,769
Life	981	(1,548)	(1,176)	(981)	1,548	1,176
	44,157	(50,052)	(38,040)	(44,157)	50,052	38,040

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	Effect of 10% Increase on the written premiums and claims	Effect of 10% on the current year pre- tax profit	Effects on the equity*	Effect of 10% decrease on the written premiums and claims	Effect of 10% decrease on the current year pre- tax profit	Effects on the equity*
	JD	JD	JD	JD	JD	JD
Premiums						
Motor	1,121,018	1,087,910	826,812	(1,121,018)	(1,087,910)	(826,812)
Marine and Transportation	15,219	15,025	11,419	(15,219)	(15,025)	(11,419)
Fire and property Liability	42,825	34,653	26,336	(42,825)	(34,653)	(26,336)
Medical	15,866	14,989	11,392	(15,866)	(14,989)	(11,392)
Other insurance departments	966,214	939,517	714,033	(966,214)	(939,517)	(714,033)
Life	6,353	5,465	4,153	(6,353)	(5,465)	(4,153)
	95,005	93,875	71,345	(95,005)	(93,875)	(71,345)
Claims						
Motor	826,856	(942,401)	(716,225)	(826,856)	942,401	716,225
Marine and Transportation	8,532	(5,819)	(4,422)	(8,532)	5,819	4,422
Fire and property Aviation	1,091	(3,753)	(2,853)	(1,091)	3,753	2,853
Liability	-	-	-	-	-	-
Medical	107	(18)	(14)	(107)	18	14
Other insurance departments	937,501	(920,024)	(699,218)	(937,501)	920,024	699,218
Life	2	495	376	(2)	(495)	(376)
	57,910	(53,394)	(40,579)	(57,910)	53,394	40,579

* Net after deducting income tax effect.

5- Share Price risk:

This represents the decrease in the value of shares as a result of the changes in the level of indices of shares subscribed to in the investment portfolio at the Company.

The change in the stock exchange index as at the financial statements date was +5% or - 5%. The following is the impact of the change on the Company's shareholders' equity:

	Change in Index <hr/> %	Impact on the profit and loss for the year 2022 Profit (Loss) <hr/> JD	Impact on the profit and loss for the year 2021 Profit (Loss) <hr/> JD
Stock Exchange	5% Increase	70,689	57,768
Stock Exchange	5% Decrease	(70,689)	(57,768)

6- Credit risk:

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss.

The Company seeks to limit its credit risk with respect to banks by only dealing with reputable banks and setting credit limits for majority of customers and monitoring outstanding receivables.

The Company engages in various insurance operations and insures large number of customers.

	Assets	
	<hr/> 2022 JD	<hr/> 2021 JD
Geographic Concentration		
Inside Jordan	13,821,189	9,578,270

7- Operational Risks:

Operational risks relate to systems downtime or may result from any intentional or unintentional human error. These risks may affect the Company's reputation as they may lead to financial losses. These risks may be avoided through segregating duties, setting the necessary procedures to obtain any information from the Company's systems, and making aware and training the Company's personnel.

8 - Legal Risks:

These risks relate to the lawsuits against the Company. In order to avoid these risks, the Company setup an independent legal department to follow up on the Company's operations in a manner that complies with the Insurance Law and the Insurance Commission's Regulations.

(38) 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	29,736,255	25,509,556	333,427	174,827	30,069,682	25,684,383
Total Assets	43,702,942	32,614,730	6,663,482	7,609,778	50,366,424	40,224,508
Capital expenditure	129,142	280,015	-	-	129,142	280,015

(39) 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.

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

	<u>2022</u>	<u>2021</u>
	JD	JD
First: available paid in capital		
Paid in capital	8,000,000	8,000,000
Statutory reserve	1,945,688	1,750,409
Voluntary reserve	15,676	15,676
Retained earnings	<u>3,514,544</u>	<u>2,186,559</u>
	<u>13,475,908</u>	<u>11,952,644</u>
Additional Paid in Capital-		
Increase in the investment properties value	656,743	658,920
Fair value reserve	-	(11,059)
	<u>14,132,651</u>	<u>12,600,505</u>
Assets risks	4,704,651	4,440,913
Policy liabilities	3,690,924	2,923,261
Reinsurance credit risks	17,218	34,368
Life insurance risk	<u>376,249</u>	<u>792,048</u>
Total capital required	<u>8,789,042</u>	<u>8,190,590</u>
Solvency ratio*	161%	154%

* 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.

(40) MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled:

2022 -	<u>Within1 year</u>	<u>More than</u> <u>1 year</u>	<u>Total</u>
	JD	JD	JD
Assets:			
Deposits at banks	20,225,150	-	20,225,150
Financial assets at fair value through Income statement	1,413,781	-	1,413,781
Financial assets at amortized cost	-	5,759,922	5,759,922
Investment properties	-	873,240	873,240
Cash on hand and at banks	2,053,799	-	2,053,799
Checks under collection	1,504,312	-	1,504,312
Accounts receivable, net	12,316,877	-	12,316,877
Reinsurance receivables, net	1,030,640	-	1,030,640
Deferred tax assets	-	1,485,511	1,485,511
Property and equipment, net	-	3,215,163	3,215,163
Intangible assets, net	-	34,508	34,508
Other assets	453,521	-	453,521
Total Assets	<u>38,998,080</u>	<u>11,368,344</u>	<u>50,366,424</u>
Liabilities:			
Unearned premiums reserve, net	14,476,457	-	14,476,457
Provision for premium deficit	115,000	-	115,000
Outstanding claims reserve, net	12,541,846	-	12,541,846
Mathematical reserve, net	111,695	-	111,695
Bank's overdraft	2,288,613	-	2,288,613
Accounts payable	2,975,375	-	2,975,375
Reinsurance payables	3,027,374	-	3,027,374
Other provisions	-	45,186	45,186
Income tax provision	390,709	-	390,709
Other Liabilities	918,261	-	918,261
Total Liabilities	<u>36,845,330</u>	<u>45,186</u>	<u>36,890,516</u>
Net Assets	<u>2,152,750</u>	<u>11,323,158</u>	<u>13,475,908</u>

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2021 -	<u>Within 1 year</u>	<u>More than</u> <u>1 year</u>	<u>Total</u>
	JD	JD	JD
Assets:			
Deposits at banks	15,416,937	-	15,416,937
Financial assets at fair value through Income statement	1,155,362	-	1,155,362
Financial assets at fair value through other comprehensive income	-	1,078,312	1,078,312
Financial assets at amortized cost	-	5,759,922	5,759,922
Investment properties	-	871,063	871,063
Cash on hand and at banks	206,901	-	206,901
Checks under collection	1,326,713	-	1,326,713
Accounts receivable, net	8,251,557	-	8,251,557
Reinsurance receivables, net	1,198,816	-	1,198,816
Deferred tax assets	-	1,420,162	1,420,162
Property and equipment, net	-	3,216,096	3,216,096
Intangible assets, net	-	25,761	25,761
Other assets	296,906	-	296,906
Total Assets	<u>27,853,192</u>	<u>12,371,316</u>	<u>40,224,508</u>
Liabilities:			
Unearned premiums reserve, net	9,574,854	-	9,574,854
Outstanding claims reserve, net	10,382,533	-	10,382,533
Mathematical reserve, net	106,491	-	106,491
Provision for premium deficit	206,000	-	206,000
Bank's Overdraft	345,072	-	345,072
Accounts payable	3,303,771	-	3,303,771
Reinsurance payables	3,307,468	-	3,307,468
Other provisions	-	205,835	205,835
Income tax provision	204,760	-	204,760
Other Liabilities	646,139	-	646,139
Total Liabilities	<u>28,077,088</u>	<u>205,835</u>	<u>28,282,923</u>
Net Assets	<u>(223,896)</u>	<u>12,165,481</u>	<u>11,941,585</u>

(41) LAWSUITS RAISED BY AND AGAINST THE COMPANY

The total of cases filed against the company amounted to JD 3,569,819 as of 31 December 2022, which is a claim for compensation for accidents and labor cases (31 December 2021: JD 3,318,319). In the opinion of the management and the company's lawyer, the company will not have obligations that exceed the amounts allocated to it within provision for claims and provision for other liabilities amounted to JD 3,569,819 as of 31 December 2022 (31 December 2021: JD 3,318,319).

(42) CONTINGENT LIABILITIES

As at 31 December 2022, the Company has contingent liabilities represented in letter of guarantees with an amount of JD 2,466,952 (JD 1,710,721 as at 31 December 2021).

(43) 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.

	<u>level 1</u>	<u>level 2</u>	<u>Total</u>
	JD	JD	JD
31 December 2022-			
Financial assets at fair value through other comprehensive income	-	-	-
Financial assets at fair value through income statement	<u>1,413,781</u>	<u>-</u>	<u>1,413,781</u>
31 December 2021-			
Financial assets at fair value through other comprehensive income	<u>1,078,312</u>	<u>-</u>	<u>1,078,312</u>
Financial assets at fair value through income statement	<u>1,155,362</u>	<u>-</u>	<u>1,155,362</u>

(44) 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.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

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 2024 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.

(45) COMPARATIVE FIGURES

Some of 31 December 2021 balances were reclassified to correspond with those of 31 December 2022 presentation. The reclassification has no effect on the profit or equity for the year ended on 31 December 2021 results.