

ARABIA INSURANCE COMPANY - JORDAN

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

30 JUNE 2023

**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF ARABIA INSURANCE COMPANY – JORDAN
PUBLIC SHAREHOLDING COMPANY
AMMAN – JORDAN**

Introduction

We have reviewed the accompanying interim condensed financial statements of Arabia Insurance Company - Jordan ("The Company") a public shareholding company as at 30 June 2023, comprising of interim condensed statement of financial position as at 30 June 2023 and the interim condensed income statement, interim condensed statement of comprehensive income, interim condensed statement of changes in equity, and interim condensed statement of cash flows for the six-month period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed financial statements in accordance with the accounting policies stated in note (2). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with the accounting policies stated in note (2).

Emphasis of Matter: Basis of preparation and restriction of use

We draw attention to note (2) to the attached interim financial statements, which describes the accounting policies used. The financial statements are prepared for the purposes of compliance with the reporting requirements of the Insurance Management Department of the Central Bank of Jordan. As a result, the financial statements may not be suitable for another purpose and it is intended only for the use of management, Insurance Management Department and the Securities Commission and should not be used by other parties. This matter does not modify our conclusion about the interim financial statements.

ARABIA INSURANCE COMPANY- JORDAN
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	30 June 2023 JD (Unaudited)	31 December 2022 JD (Audited)
Assets			
Investments -			
Deposits at banks	3	10,201,105	9,521,944
Financial assets at fair value through income statement	4	2,945,337	2,870,889
Financial assets at fair value through other comprehensive income	5	2,381,966	2,055,004
Financial assets at amortized cost	6	1,518,976	1,322,072
Investment properties	7	1,936,932	1,963,572
Life policyholders' loans		11,065	13,755
Total Investments		18,995,381	17,747,236
Other assets -			
Cash on hand and at banks	19	231,167	1,060,565
Checks under collection	8	894,454	836,763
Accounts receivable, net	9	5,213,389	3,898,487
Reinsurance receivables, net	10	624,427	1,107,642
Deferred tax assets	13	1,292,131	1,489,938
Property and equipment, net		2,085,581	2,120,101
Intangible assets, net		94,190	104,428
Other assets		2,713,652	2,787,561
Total Assets		32,144,372	31,152,721
Liabilities and Equity			
Technical reserves -			
Unearned premiums reserve, net		7,424,129	7,866,982
Outstanding claims reserve, net		7,993,465	8,187,468
Unallocated loss adjusted expenses reserve		100,000	100,000
Premium deficiency reserve		200,000	200,000
Mathematical reserve, net		449,932	469,932
Total technical reserves		16,167,526	16,824,382
Other Liabilities -			
Accounts payable	11	1,503,886	792,499
Reinsurance payables	12	2,398,958	2,218,949
Deferred tax liabilities	13	794,480	774,022
Accrued expenses		179,071	176,252
End-of-service provision		7,524	14,946
Other liabilities		187,241	198,823
Total technical reserves and other liabilities		21,238,686	20,999,873
Equity -			
Authorized and paid-in capital	14	8,000,000	8,000,000
Statutory reserve	15	1,381,765	1,381,765
Voluntary reserve	15	174,717	174,717
Fair value reserve	16	(471,378)	(404,532)
Retained earnings		1,000,898	1,000,898
Profit for the period		819,684	-
Total Shareholders' Equity		10,905,686	10,152,848
Total Liabilities and Shareholders' Equity		32,144,372	31,152,721

The attached notes 1 to 25 form part of these interim condensed financial statements

ARABIA INSURANCE COMPANY- JORDAN
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED INCOME STATEMENT
FOR THE THREE- AND SIX-MONTH PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

		For the three months ended 30 June		For the six months ended 30 June	
	Notes	2023	2022	2023	2022
		JD	JD	JD	JD
Revenues –					
Gross written premiums		5,737,628	5,427,085	13,719,307	13,749,121
Less: reinsurance share		2,053,872	1,896,055	6,178,934	5,282,131
Net written premiums		3,683,756	3,531,030	7,540,373	8,466,990
Net change in unearned premium reserve		213,032	33,769	442,853	(1,673,297)
Net change in mathematical reserve		-	-	20,000	-
Net earned premium		3,896,788	3,564,799	8,003,226	6,793,693
Commissions income		210,612	199,193	628,100	563,526
Insurance policies issuance fees		247,234	208,958	534,082	442,169
Interest income		178,248	108,630	329,495	211,399
Net gain from financial assets and investments	17	11,874	392,116	423,693	746,075
Other revenues related to underwriting accounts		80,099	68,298	143,933	97,521
Total revenues		4,624,855	4,541,994	10,062,529	8,854,383
Claims, losses and expenses					
Paid claims		5,020,419	4,639,661	9,914,053	9,112,608
Add: maturity and surrender of insurance policies		-	25,755	36,793	25,755
Less: recoveries		296,125	393,446	746,106	759,947
Less: reinsurance share		1,302,429	1,082,703	2,485,589	2,110,278
Net paid claims		3,421,865	3,189,267	6,719,151	6,268,138
Net change in outstanding claims reserve		(25,988)	71,160	(198,243)	(39,515)
Allocated employees' expenses		406,803	386,439	771,731	678,100
Allocated general and administrative expenses		136,594	185,084	307,980	358,647
Excess of loss premium		-	-	81,440	62,268
Policies acquisition costs		385,554	354,084	783,595	700,963
Other expenses related to underwriting accounts		73,268	54,348	162,939	129,253
Net claims costs		4,398,096	4,240,382	8,628,593	8,157,854
Unallocated employees' expenses		101,701	96,610	192,933	169,525
Unallocated general and administrative expenses		34,148	46,271	76,995	89,662
Depreciation and amortization		25,798	25,207	51,728	52,744
Provision for expected credit losses		4,597	2,357	4,597	22,420
Total expenses		166,244	170,445	326,253	334,351
Profit for the period before tax		60,515	131,167	1,107,683	362,178
Less: income tax expense	13	15,791	64,064	287,999	125,475
Profit for the period		44,724	67,103	819,684	236,703
		JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted earnings per share (JD/ Fils)	18	0/033	0/008	0/102	0/030

The attached notes 1 to 25 form part of these interim condensed financial statements

ARABIA INSURANCE COMPANY – JORDAN
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE- AND SIX-MONTH PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

	For the three months ended 30 June		For the six months ended 30 June	
	2023	2022	2023	2022
	JD	JD	JD	JD
Profit for the period	44,724	67,103	819,684	236,703
Add: other comprehensive income items after tax not to be reclassified to income in subsequent periods				
Change in fair value of financial assets through other comprehensive income	(95,124)	8,691	(66,846)	28,554
Total comprehensive income for the period	(50,400)	75,794	752,838	265,257

The attached notes 1 to 25 form part of these interim condensed financial statements

ARABIA INSURANCE COMPANY – JORDAN
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

	Authorized and Paid-in capital	Statutory reserve	Voluntary reserve	Fair value reserve	Retained earnings	Profit for the period	Total
	JD	JD	JD	JD	JD	JD	JD
For the six months ended 30 June 2023							
Balance as at 1 January 2023	8,000,000	1,381,765	174,717	(404,532)	1,000,898	-	10,152,848
Total comprehensive income	-	-	-	-	-	819,684	819,684
Change in Fair Value Reserves	-	-	-	(66,846)	-	-	(66,846)
Balance as at 30 June 2023	<u>8,000,000</u>	<u>1,381,765</u>	<u>174,717</u>	<u>(471,378)</u>	<u>1,000,898</u>	<u>819,684</u>	<u>10,905,686</u>
For the six months ended 30 June 2022							
Balance as at 1 January 2022	8,000,000	1,381,765	174,717	(452,741)	1,299,451	-	10,403,192
Total comprehensive income	-	-	-	-	-	236,703	236,703
Change in Fair Value Reserves	-	-	-	28,554	-	-	28,554
Balance as at 30 June 2022	<u>8,000,000</u>	<u>1,381,765</u>	<u>174,717</u>	<u>(424,187)</u>	<u>1,299,451</u>	<u>236,703</u>	<u>10,668,449</u>

The attached notes 1 to 25 form part of these interim condensed financial statements

ARABIA INSURANCE COMPANY – JORDAN
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

	Notes	For the six months ended 30	
		June	
		2023	2022
		JD	JD
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit for the period before tax		1,107,683	362,178
Adjustments for non-cash items			
Depreciation and amortization		51,728	52,744
Investment properties depreciation	7	26,640	26,640
Net change in unearned premiums reserve		(442,853)	1,673,297
Net change in outstanding claims reserve		(198,243)	(39,515)
Net change in mathematical reserve		(20,000)	-
End-of-service provision		6,961	6,961
Provision for expected credit loss		4,597	22,420
Net change in of financial assets at fair value through income statement		(74,448)	(449,082)
Interest income		(329,495)	(211,399)
Cash flows from operating activities before changes in working capital		132,570	1,444,244
Cheques under collection		(58,274)	(196,436)
Accounts receivable		(1,314,902)	(675,352)
Reinsurance receivables		483,215	(340,269)
Other assets		67,234	57,828
Accounts payable		711,387	(342,577)
Reinsurance payables		180,009	(167,053)
Accrued expenses		2,819	86,120
Other liabilities		(11,582)	54,208
End of Service Benefits		(14,383)	-
Net cash flows from (used in) operating activities before income tax paid		178,093	(79,287)
Income tax paid	13	(21,271)	(19,018)
Net cash flows from (used in) operating activities		156,822	(98,305)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Bank deposits (maturing after three months)		(1,299,474)	(3,072,098)
Financial assets at amortized cost		-	87,300
Life policyholders' loans		2,690	-
Purchase of property and equipment		(6,087)	(10,000)
Purchase of intangible assets		(883)	(2,710)
Purchase of financial assets at amortized cost		(200,000)	-
Purchases of financial assets at fair value through income statement		-	(178,038)
Proceeds from sales of financial assets at fair value through other comprehensive income		(417,295)	-
Proceeds from sales of financial assets at fair value through income statement		-	19,223
Interest received		315,434	216,307
Net cash flows used in investing activities		(1,605,615)	(2,940,016)
Net decrease in cash and cash equivalent		(1,448,793)	(3,038,321)
Cash and cash equivalent at the beginning of the period		6,963,185	6,597,487
Cash and cash equivalent at the end of the period	19	5,514,392	3,559,166

The attached notes 1 to 25 form part of these interim condensed financial statements

ARABIA INSURANCE COMPANY – JORDAN
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING REVENUES FOR THE LIFE INSURANCE
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

	Life	
	For the six months ended	
	30 June	
	2023	2022
	JD	JD
Written premiums-		
Direct insurance	634,231	495,662
Facultative inward insurance	-	387,293
Total premiums	634,231	882,955
Less:		
Local reinsurance share	-	255,139
Foreign reinsurance share	508,148	390,892
Net written premiums	126,083	236,924
Add:		
Mathematical reserve at the beginning of the period	733,442	709,132
Less: reinsurance share	263,510	233,660
Net mathematical reserve at the beginning of the period	469,932	475,472
Less:		
Mathematical reserve at the end of the period	713,442	709,132
Less: reinsurance share	263,510	233,660
Net mathematical reserve at the end of the period	449,932	475,472
Net earned revenues from the written premiums	146,083	236,924

ARABIA INSURANCE COMPANY – JORDAN
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CLAIMS COST FOR THE LIFE INSURANCE
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

	Life	
	For the six months ended	
	30 June	
	2023	2022
	JD	JD
Paid claims	527,765	515,263
Maturity and surrender of policies	36,793	25,755
Less: foreign reinsurance share	465,233	428,386
Net paid claims	99,325	112,632
Add:		
Outstanding claims reserve at the end of the period	524,393	598,964
Unreported	17,500	-
Less:		
Reinsurance share	433,015	402,952
Net outstanding claims reserve at the end of the period	108,878	196,012
Reported	91,378	196,012
Unreported	17,500	-
Less:		
Outstanding claims reserve at the beginning of the period	533,247	551,719
Unreported	17,500	-
Less:		
Reinsurance share	443,851	413,808
Net outstanding claims reserve at the beginning of the period	106,896	137,911
Net claims cost	101,307	170,733

ARABIA INSURANCE COMPANY – JORDAN
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING PROFITS FOR THE LIFE INSURANCE
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

	Life	
	For the six months ended	
	30 June	
	2023	2022
	JD	JD
Net earned revenue from written premiums	146,083	236,924
Less:		
Net claims cost	101,307	170,733
	44,776	66,191
Add:		
Commissions received	8,650	7,816
Insurance policies issuance fees	10,500	10,236
Investment income related to underwriting accounts	42,517	37,616
Total revenues	61,667	55,668
Less:		
Policies acquisition cost	17,618	29,259
General and administrative expenses related to underwriting accounts	49,915	66,579
Other expenses related to underwriting accounts	4,720	2,902
Total expenses	72,253	98,740
Underwriting profit	34,190	23,119

ARABIA INSURANCE COMPANY – JORDAN
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING REVENUES FOR THE GENERAL INSURANCE
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

	Motor		Marine and transportation		Fire and property		Credit		Medical		Others		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Written premiums -														
Direct insurance	6,016,992	5,693,499	358,747	271,438	1,105,949	1,071,171	-	-	3,224,812	2,544,801	429,479	176,427	11,135,979	9,757,336
Facultative inward reinsurance	639,352	560,151	37,307	14,119	1,269,815	1,111,768	-	-	1,559	1,420,941	1,064	1,851	1,949,097	3,108,830
Total Premiums	6,656,344	6,253,650	396,054	285,557	2,375,764	2,182,939	-	-	3,226,371	3,965,742	430,543	178,278	13,085,076	12,866,166
Less:														
Local reinsurance share	552,590	480,133	91,655	76,193	1,266,498	1,294,465	-	-	-	-	17,063	25,504	1,927,806	1,876,295
Foreign reinsurance share	171,309	133,955	272,156	164,146	1,018,994	812,448	-	-	1,921,632	1,541,741	358,889	107,515	3,742,980	2,759,805
Net written premium	5,932,445	5,639,562	32,243	45,218	90,272	76,026	-	-	1,304,739	2,424,001	54,591	45,259	7,414,290	8,230,066
Add:														
Balance at the beginning of the period														
Unearned premium reserve	7,020,777	5,266,443	134,692	135,392	1,050,138	644,674	-	-	2,429,589	1,265,776	515,819	535,100	11,151,015	7,847,385
Less: reinsurance share	447,797	379,358	120,755	122,383	1,000,567	600,192	-	-	1,346,539	669,487	368,375	422,717	3,284,033	2,194,137
Net unearned premium reserve	6,572,980	4,887,085	13,937	13,009	49,571	44,482	-	-	1,083,050	596,289	147,444	112,383	7,866,982	5,653,248
Premium deficiency reserve at the beginning of the period	200,000	200,000	-	-	-	-	-	-	-	-	-	-	200,000	200,000
Less:														
Balance at the ending of the period														
Unearned premium reserve	6,569,434	5,844,318	205,448	142,951	1,565,754	1,311,881	-	-	2,821,163	2,873,898	483,611	300,360	11,645,410	10,473,408
Less: reinsurance share	447,148	369,679	188,409	130,031	1,505,717	1,257,632	-	-	1,710,691	1,192,472	369,316	197,049	4,221,281	3,146,863
Net unearned premiums reserve	6,122,286	5,474,639	17,039	12,920	60,037	54,249	-	-	1,110,472	1,681,426	114,295	103,311	7,424,129	7,326,545
Premium deficiency reserve at the end of the period	200,000	200,000	-	-	-	-	-	-	-	-	-	-	200,000	200,000
Net earned revenues from written premiums	6,383,139	5,052,008	29,141	45,307	79,806	66,259	-	-	1,277,317	1,338,864	87,740	54,331	7,857,143	6,556,769

ARABIA INSURANCE COMPANY – JORDAN
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CLAIMS COST FOR THE GENERAL INSURANCE
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

	Motor		Marine and transportation		Fire and property		Credit		Medical		Others		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	6,456,142	6,082,489	1,816	715	206,913	361,452	262	82,428	2,683,998	2,046,973	37,157	23,288	9,386,288	8,597,345
Less:														
Recoveries	662,030	693,040	-	100	2,358	5,403	891	4,384	78,638	56,403	2,189	617	746,106	759,947
Local reinsurance share	246,831	237,902	617	-	5,847	1,870	-	-	-	-	-	1,554	253,295	241,326
Foreign reinsurance share	124,800	160,063	1,006	492	158,042	295,603	(597)	77,553	1,456,399	888,980	27,411	17,875	1,767,061	1,440,566
Net paid claims	<u>5,422,481</u>	<u>4,991,484</u>	<u>193</u>	<u>123</u>	<u>40,666</u>	<u>58,576</u>	<u>(32)</u>	<u>491</u>	<u>1,148,961</u>	<u>1,101,590</u>	<u>7,557</u>	<u>3,242</u>	<u>6,619,826</u>	<u>6,155,506</u>
Add:														
Outstanding claims reserve at the end of the period														
Reported	5,124,046	5,011,087	17,370	52,032	1,752,458	468,123	-	222,943	414,854	423,858	1,212,095	1,219,010	8,520,823	7,397,053
Unreported	2,660,496	1,354,500	5,000	5,000	5,000	5,000	-	-	13,455	8,298	8,000	8,000	2,691,951	1,380,798
Less:														
Reinsurance share at the end of the period	406,823	335,384	14,087	48,346	1,649,960	384,083	-	219,063	84,031	95,181	1,173,286	1,200,775	3,328,187	2,282,832
Recoveries	2,386,546	2,262,645	-	-	-	-	-	44,791	-	-	-	-	2,386,546	2,307,436
Net outstanding claims reserve at the end of the period	<u>4,991,173</u>	<u>3,767,558</u>	<u>8,283</u>	<u>8,686</u>	<u>107,498</u>	<u>89,040</u>	<u>-</u>	<u>(40,911)</u>	<u>344,278</u>	<u>336,975</u>	<u>46,809</u>	<u>26,235</u>	<u>5,498,041</u>	<u>4,187,583</u>
Reported	2,030,677	2,413,058	3,283	3,686	102,498	84,040	-	(40,911)	330,823	328,677	38,809	18,235	2,806,090	2,806,785
Unreported	2,660,496	1,354,500	5,000	5,000	5,000	5,000	-	-	13,455	8,298	8,000	8,000	2,691,951	1,380,798
Unallocated loss adjusted expenses reserve	100,000	100,000	-	-	-	-	-	-	-	-	-	-	100,000	100,000
Less:														
Outstanding claims reserve at the beginning of the period														
Reported	5,012,381	5,114,295	15,029	46,285	1,664,488	455,283	222,943	302,178	714,883	508,994	1,218,848	1,204,181	8,848,572	7,631,216
Unreported	2,660,496	1,354,500	5,000	5,000	5,000	5,000	-	-	29,501	25,649	8,000	8,000	2,707,997	1,398,149
Less:														
Reinsurance share at the beginning of the period	376,622	497,960	12,196	43,410	1,558,743	364,424	219,063	297,701	123,834	90,860	1,185,539	1,173,081	3,475,997	2,467,436
Recoveries	2,353,327	2,233,631	-	-	-	-	28,979	43,099	-	-	-	-	2,382,306	2,276,730
Net outstanding claims reserve at the beginning of the period	<u>4,942,928</u>	<u>3,737,204</u>	<u>7,833</u>	<u>7,875</u>	<u>110,745</u>	<u>95,859</u>	<u>(25,099)</u>	<u>(38,622)</u>	<u>620,550</u>	<u>443,783</u>	<u>41,309</u>	<u>39,100</u>	<u>5,698,266</u>	<u>4,285,199</u>
Unallocated loss adjusted expenses reserve	100,000	100,000	-	-	-	-	-	-	-	-	-	-	100,000	100,000
Net claims cost	<u>5,470,726</u>	<u>5,021,838</u>	<u>643</u>	<u>934</u>	<u>37,419</u>	<u>51,757</u>	<u>25,067</u>	<u>(1,798)</u>	<u>872,689</u>	<u>994,782</u>	<u>13,057</u>	<u>(9,623)</u>	<u>6,419,601</u>	<u>6,057,890</u>

ARABIA INSURANCE COMPANY – JORDAN
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF PROFITS FOR THE GENERAL INSURANCE
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

	Motor		Marine and transportation		Fire and property		Credit		Medical		Others		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net earned revenue from written premiums	6,383,139	5,052,008	29,141	45,307	79,806	66,259	-	-	1,277,317	1,338,864	87,740	54,331	7,857,143	6,556,769
Less:														
Net claims cost	5,470,726	5,021,838	643	934	37,419	51,757	25,067	(1,798)	872,689	994,782	13,057	(9,623)	6,419,601	6,057,890
	912,413	30,170	28,498	44,373	42,387	14,502	(25,067)	1,798	404,628	344,082	74,683	63,954	1,437,542	498,879
Add:														
Commissions received	-	-	124,418	78,125	326,731	286,011	-	-	94,680	134,321	73,621	57,253	619,450	555,710
Insurance policies issuance fees	325,093	287,259	10,888	7,467	28,077	23,490	-	-	149,550	108,735	9,974	4,982	523,582	431,933
Other revenue related to underwriting accounts	6,300	5,796	21,696	13,654	-	109	4,924	-	111,013	77,962	-	-	143,933	97,521
Total revenues	331,393	293,055	157,002	99,246	354,808	309,610	4,924	-	355,243	321,018	83,595	62,235	1,286,965	1,085,164
Less:														
Policies acquisition costs	358,176	334,352	27,499	20,431	67,620	58,778	-	-	304,502	248,408	8,180	9,735	765,977	671,704
Excess of loss premiums	51,247	36,289	4,317	2,809	25,876	23,170	-	-	-	-	-	-	81,440	62,268
General and administrative expenses related to underwriting accounts	523,854	471,554	31,170	21,532	186,973	164,604	-	-	253,915	299,034	33,884	13,444	1,029,796	970,168
Other expenses related to underwriting accounts	118,755	94,876	1,710	1,443	5,103	13,862	-	-	24,509	14,887	8,142	1,283	158,219	126,351
Total expenses	1,052,032	937,071	64,696	46,215	285,572	260,414	-	-	582,926	562,329	50,206	24,462	2,035,432	1,830,491
Underwriting profit (loss)	191,774	(613,846)	120,804	97,404	111,623	63,698	(20,143)	1,798	176,945	102,771	108,072	101,727	689,075	(246,448)

(1) GENERAL

Arabia Insurance Company - Jordan was established in 1975 and registered as a Jordanian Public Shareholding Company with headquarters in Amman - Jordan with an authorized capital of JD 2,000,000 divided into 2,000,000 shares, with a par value of JD 1 for each. The Company's Capital was increased on several occasions, the last of which was on February of the year 2008 so that it became JD 8,000,000 divided into 8,000,000 shares.

The Company is engaged in insurance and re-insurance business including life and general insurance (motors insurance, transport insurance, fire insurance, other damage to property and liability insurance, and the life insurance sector).

Pursuant to the resolution of the General Assembly of the shareholders on 30 April 2012, the name of the company was changed on 31 May 2012 to "Arabia Insurance Company - Jordan" instead of "Arabia General Insurance Company".

Arabia Insurance Company - Jordan is 51% owned by Arabia Company (Holding Company - Lebanon).

The interim condensed financial statements were approved for issuance by the board of directors in its meeting No.(3) held on 28 July 2023.

(2-1) Basis of preparation

The interim condensed financial statements for the six months ending on 30 June 2023 were prepared in accordance with the instructions of the Insurance Management Department of the Central Bank in their letter No. 17/1/12675 dated 20 July 2023 and in accordance with the accounting policies followed by the Company set out below, as the company did not apply the International Financial Reporting Standard No. (17) effective from 1 January 2023, and continued to prepare the financial statements in accordance with the International Financial Reporting Standard No. (4) according to the instructions of the aforementioned regulatory authorities.

The Jordanian Dinar is the functional and reporting currency of the interim condensed financial statements.

The interim condensed financial statements have been prepared on historical cost convention, except for financial assets at fair value through income statement and financial assets at fair value through other comprehensive (OCI) income which have been measured at fair value at the reporting date.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group annual report as of 31 December 2022. In addition, results for the six-month period ended 30 June 2023 do not necessarily indicate to the results that may be expected for the financial year ending 31 December 2023.

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

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

- Financial assets are measured at amortized cost only if these assets are held within a business model whose objective is to hold the assets to collect their contractual cash flows.
- The cash flows according to contractual condition for these assets arise in specific dates and only represent payment for the asset amount and for the interest calculated on these assets.

Assets at amortized cost is recorded at cost upon purchase plus acquisition expenses, the premium/ discount (if any) is amortized by using the effective interest rate method records on the

interest or for its account. Any provisions resulted from impairment in its value is deducted and any impairment in its value is recorded in the statement of income.

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

The standard permits in cases to measure these assets at fair value through statement of income if that eliminates or reduces to a large extent the inconsistency in measurement (sometimes called accounting mismatch) that arise from measurement of assets or liabilities, or profit and loss recognition resulted from them in different basis.

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 statement of income.

These financial assets are not subject to impairment testing.

Dividend income is recognized in the statement of income.

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 with percentage between 2% to 12%.

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

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

Insurance policy acquisition cost

Insurance policies issuance cost represents commissions paid to intermediaries and other direct costs incurred in relation to the issuance and renewal of insurance contracts. These acquisition costs are recorded in the statement of income.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Property and equipment (except for 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
Office equipment	10
Computers	12
Vehicles	15
Furniture and interior fittings	6
Air conditions	10
Decorations	15
Boards	20
Elevators	10
Safety and security systems	12
Transformers and generators	10

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 of property and equipment 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 are no future economic benefits are expected to arise from the continued use of the asset.

Leases

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating a lease, if the lease term reflects the company exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Significant judgement in determining the lease term of contracts with renewal options

The company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The company has the option, under some of its leases to lease the assets for additional terms. The

company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew.

That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The company included the renewal period as part of the lease term for leases of plant and machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on production if a replacement is not readily available.

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 accounting policies based on original classifications.

Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle

the present 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 flows.

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 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 standers simplified approach of International Financial Reporting Standard (IFRS 9) and has calculated the expected credit loss on all its financial instruments. The company has established a provision matrix that is based on the company historical credit loss experience, adjusted for formed- 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 setted and the net amount is reported in the statement of financial position when there is a legally enforceable rights 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 income

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

Interest income 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.

Expenditures 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 represent 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

General and administrative expenses are distributed to each insurance division separately. Moreover, 80% of the non-distributable general and administrative expenses is allocated to different insurance departments based on the ratio of written premiums of the department to total premiums.

Employees' expenses

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

Insurance policy acquisition cost

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

(2-2) Business Segment

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 is 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.

(2-3) Use of Estimates

The preparation of the interim condensed financial statements requires Company's 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. Considerable judgment by Company's 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 Company's management based on their principles and assumptions according to IFRS9.
- The financial year is charged with its related income tax in accordance with regulations.
- The management periodically reviews tangible 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 interim condensed 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's lawyers' studies in which contingent risk is determined, review of such study is performed periodically.

ARABIA INSURANCE COMPANY – JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2023 (UNAUDITED)

(3) DEPOSITS AT BANKS

This item consists of the following:

	30 June 2023				31 December 2022
	Deposits Maturing Within One Month	Deposits Maturing Within Three Months	Deposits Maturing after Three Months	Total	Total
	JD	JD	JD	JD	JD
				(Unaudited)	(Audited)
Inside Jordan	1,553,225	3,730,000	4,931,670	10,214,895	9,534,816
Provision for expected credit losses *	(2,096)	(5,036)	(6,658)	(13,790)	(12,872)
	<u>1,551,129</u>	<u>3,724,964</u>	<u>4,925,012</u>	<u>10,201,105</u>	<u>9,521,944</u>

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

	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period /year	12,872	11,971
Additions during the period /year	<u>918</u>	<u>901</u>
Balance at the end of the period /year	<u>13,790</u>	<u>12,872</u>

Interest rates on Bank deposits in Jordanian Dinar range from 4% to 6.650% for the period ended 30 June 2023.

Deposits pledged in favor of the Central Bank Governor in addition to his position amounted to JD 822,670 as at 30 June 2023 (30 June 2022: JD 802,543) at Jordan Ahli Bank and it matures during the year.

(4) FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME STATEMENT

This item consists of the following:

	30 June 2023 JD (Unaudited)	31 December 2022 JD (Audited)
Shares		
Inside Jordan -		
Quoted Shares	2,813,887	2,739,113
Outside Jordan		
Quoted Shares	9,344	9,230
Bonds		
Outside Jordan -		
Jordan Government's loan debentures and bonds*	122,106	122,546
Total financial assets at fair value through income statement	2,945,337	2,870,889

* This item represents Jordan Government's debentures bond, listed in London Stock Market and is due on 10 October 2047.

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

This item consists of the following:

	30 June 2023 JD (Unaudited)	31 December 2022 JD (Audited)
Shares		
Inside Jordan -		
Quoted shares	2,381,966	2,055,004
Total financial assets at fair value through other comprehensive income	2,381,966	2,055,004

ARABIA INSURANCE COMPANY – JORDAN
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2023 (UNAUDITED)

(6) FINANCIAL ASSETS AT AMORTIZED COST

This item consists of the following:

	30 June 2023	31 December 2022
	JD (Unaudited)	JD (Audited)
Inside Jordan -		
Unquoted bonds		
Corporate bonds and loan debentures	1,412,700	1,212,700
Less: Provision for expected credit loss*	(21,869)	(18,773)
Total	1,390,831	1,193,927
Outside Jordan		
Corporate bonds and loan debentures	196,069	196,069
Foreign Governments loan debentures and bonds	71,699	71,699
Less: Provision for expected credit loss*	(139,623)	(139,623)
Total	128,145	128,145
Total financial assets at amortized cost	1,518,976	1,322,072

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

	30 June 2023	31 December 2022
	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period/ year	158,396	152,007
Additions during the period/ year	3,096	6,389
Balance at the end of the period/ year	161,492	158,396

ARABIA INSURANCE COMPANY – JORDAN
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2023 (UNAUDITED)

The maturity of the bonds extends to the following dates:

	From 1 to 3 months	From 3 to 6 months	From 6 to 9 months	From 9 to one year	More than one year	Total
	JD	JD	JD	JD	JD	JD
						(Unaudited)
<u>Inside Jordan</u>						
Corporate loan debentures and bonds	-	-	-	-	1,390,831	1,390,831
<u>Outside Jordan</u>						
Corporate loan debentures and bonds	128,145	-	-	-	-	128,145
Total	128,145	-	-	-	1,390,831	1,518,976

- The interest rates on loan debentures and bonds in Jordanian Dinar ranged from 6.75% to 8.5% and on foreign currency loan debentures and bonds ranged from 5.125% to 6.375% during the period ended 30 June 2023 (2022: interest rates on loan debentures and bonds in Jordanian Dinar ranged from 6.75% to 7.5% and on foreign currency bonds ranged from 5.125% to 7%)
- The bonds have fixed rates.

(7) INVESTMENT PROPERTIES

This item consists of the following:

	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Land	316,146	316,146
Building, net	1,620,786	1,647,426
	<u>1,936,932</u>	<u>1,963,572</u>

The fair value of investment properties has been determined by real estate experts as of 31 December 2021 to be JD 2,315,750.

The depreciation on the investment properties for the six months period ended 30 June 2023 is JD 26,640 (30 June 2022: JD 26,640).

ARABIA INSURANCE COMPANY – JORDAN
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 JUNE 2023 (UNAUDITED)

(8) CHEQUES UNDER COLLECTION

This item consists of the following:

	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Cheques under collection*	903,489	845,215
Provision for expected credit losses **	(9,035)	(8,452)
	<u>894,454</u>	<u>836,763</u>

* The maturity dates of cheques under collection are up to 30 June 2024.

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

	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	8,452	8,151
Additions during the period/ year	<u>583</u>	<u>301</u>
Balance at the end of the period/ year	<u>9,035</u>	<u>8,452</u>

(9) ACCOUNTS RECEIVABLE, NET

This item consists of the following:

	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Policyholders' receivable	5,341,966	4,081,662
Other receivable*	413,771	1,980
Brokers' receivable	275,202	278,262
Employees' receivable	11,717	12,789
Agents' receivables	<u>4,923</u>	<u>357,984</u>
	6,047,579	4,732,677
Less: provision for expected credit losses **	<u>(834,190)</u>	<u>(834,190)</u>
Receivables, net	<u>5,213,389</u>	<u>3,898,487</u>

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* This item includes customers' receivables that have lawsuits raised against them by JD 391,397 as at 30 June 2023, noting that a full provision has been booked for these lawsuits (31 December 2022: 333,392 JD)

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

	30 June 2023	31 December 2022
	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period/ year	834,190	931,290
Recoveries during the period/ year	-	(97,100)
Balance at the end of the period/ year	834,190	834,190

	30 June 2023					31 December 2022
	Accrued and collectable	1 – 90 Days	91 – 180 Days	181 – 365 Days	Over 365 Days	Total
	JD	JD	JD	JD	JD	JD
30 June 2023	4,162,359	541,489	433,639	75,902	-	5,213,389
31 December 2022	3,146,712	483,784	180,394	87,597	-	3,898,487

(10) REINSURANCE RECEIVABLE, NET

This item consists of the following:

	30 June 2023	31 December 2022
	JD (Unaudited)	JD (Audited)
Local reinsurance companies	832,800	1,027,375
Foreign reinsurance companies	88,885	377,525
	921,685	1,404,900
Provision for expected credit loss*	(297,258)	(297,258)
Reinsurance receivable, net	624,427	1,107,642

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

	30 June 2023	31 December 2022
	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period/ year	297,258	175,158
Additions during the period/ year	-	122,100
Balance at the end of the period/ year	297,258	297,258

(11) ACCOUNTS PAYABLE

This item consists of the following:

	30 June 2023	31 December 2022
	JD (Unaudited)	JD (Audited)
Agents' payable	112,548	223,004
Suppliers' payable*	576,778	259,796
Customers' payable	482,042	192,817
Brokers' payable	313,036	107,002
Employees' payable	18,649	7,644
Medical entities' payable*	833	2,236
	1,503,886	792,499

* This item includes an amount of JD 400,470 as of 30 June 2023, for the Medical Third-Party Administrators (TPAs) (JD 297,618 as of 31 December 2022).

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(12) REINSURANCE PAYABLES

This item consists of the following:

	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Local reinsurance companies	170,278	73,133
Foreign reinsurance companies	790,938	925,967
Reinsurers' deposits	1,437,742	1,219,849
	<u>2,398,958</u>	<u>2,218,949</u>

(13) INCOME TAX

A- Income tax provision

Movement on the income tax provision is as follows:

	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	(72,269)	(68,543)
Income tax paid on bank interest	(18,540)	(29,866)
Income tax paid for the period / year	(2,731)	(3,836)
Income tax for the period / year	46,247	-
Income tax for prior years	-	29,976
Balance at the end of the period / year	<u>(47,293)</u>	<u>(72,269)</u>

B- Income Tax Expense

Income tax in the condensed interim income statement represents the following:

	For the six months ended	
	30 June 2023	30 June 2023
	JD	JD
	(Unaudited)	(Unaudited)
Expense (surplus) in income tax expense accrued on the profit of the period	262,634	(26,487)
Income tax for prior years	-	29,976
Impact of deferred tax assets	4,907	(3,138)
Impact of deferred tax liabilities	20,458	125,124
Income tax for the period	287,999	125,475

The Company filed its tax returns for the year 2022 and 2021 on time. The Income Tax Department has not reviewed the company's records up until the reporting date. In the opinion of the Company's management and the tax consultant, there are no tax liabilities.

A final settlement was reached with the Income Tax Department until the end of year 2020. In the opinion of management and the tax consultant, the income tax provision is sufficient to meet any tax obligation.

Sales Tax

A final settlement was reached with the Sales Tax Department until the end of December 2022.

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C- Deferred tax assets and deferred tax liabilities

The movements on the deferred tax assets and deferred tax liabilities are as follows:

	30 June 2023			31 December 2022	
	Balance at the beginning of the period	Amounts released	Amounts added	Balance at the end of the period	Deferred tax
	JD	JD	JD	JD	JD
					(Unaudited) (Audited)
A. Deferred Tax Assets					
Expected credit losses	1,311,168	-	4,597	1,315,765	342,099
IBNR provision	2,725,497	16,046	-	2,709,451	704,457
End-of-service provision	14,946	14,383	6,961	7,524	1,956
Unallocated loss adjusted expenses reserve	100,000	-	-	100,000	26,000
Premium deficiency reserve	200,000	-	-	200,000	52,000
Unrealized loss – financial assets at fair value through other comprehensive income	546,663	-	90,333	636,996	165,619
Accumulated tax losses	832,263	832,263	-	-	-
	<u>5,730,537</u>	<u>862,692</u>	<u>101,891</u>	<u>4,969,736</u>	<u>1,292,131</u>
B. Deferred Tax Liabilities					
Unrealized profit – financial assets at fair value through income statement	594,700	3,440	77,888	669,148	173,978
Claim recoveries	2,382,306	-	4,240	2,386,546	620,502
	<u>2,977,006</u>	<u>3,440</u>	<u>82,128</u>	<u>3,055,694</u>	<u>794,480</u>

Deferred taxes have been calculated according to the tax rates, which the Company is subjected to 26%. and the management believes that the deferred tax assets will be utilized in the near future.

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The movement on deferred tax assets and liabilities is as follows:

	30 June 2023		31 December 2022	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Balance at the Beginning of the period				
/ year	1,489,938	774,022	1,259,655	619,349
Additions	26,493	21,353	357,224	154,673
Releases	224,300	895	126,941	-
Balance at the end of the period / year	<u>1,292,131</u>	<u>794,480</u>	<u>1,489,938</u>	<u>774,022</u>

(14) PAID-IN CAPITAL

The authorized and paid in capital as at 30 June 2023 amounted to JD 8,000,000 divided into 8,000,000 shares, the par value of each is JD 1.

(15) LEGAL RESERVES

The Company did not appropriate for legal reserves in accordance with the regulations of Companies Law as these financial statements are interim financial statements.

(16) FAIR VALUE RESERVE

This amount represents the change in fair value of financial assets at fair value through other comprehensive income. The details of this item are as follows:

	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	(404,532)	(452,741)
Net Changes during the period / year	(66,846)	67,782
Gain on sale of financial assets at fair value through other comprehensive income	-	(19,573)
Balance at the end of period / year	<u>(471,378)</u>	<u>(404,532)</u>

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(17) NET GAIN FROM FINANCIAL ASSETS AND INVESTMENTS

The details of this item are as follows:

	For the six months ended 30 June	
	2023	2022
	JD	JD
	(Unaudited)	(Unaudited)
Cash dividends received from financial assets at fair value through income statement	195,351	152,227
Cash dividends received from financial assets at fair value through other comprehensive income	130,453	120,950
Net change in fair value of financial assets at fair value through income statement	74,448	449,082
Investment property depreciation (note 7)	(26,640)	(26,640)
Investment properties rent income	37,012	36,104
Gain on sale of financial assets at fair through income statement	-	3,705
Other revenue	13,069	10,647
	<u>423,693</u>	<u>746,075</u>

(18) BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit for the period by the weighted average of the outstanding shares. The details of this item are as follows:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period / JD	44,724	67,103	819,684	236,703
Weighted average of outstanding shares / share	8,000,000	8,000,000	8,000,000	8,000,000
	<u>JD/Fils</u>	<u>JD/Fils</u>	<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted profit earnings per share for the period	<u>0/006</u>	<u>0/008</u>	<u>0/102</u>	<u>0/030</u>

The basic earnings per share is equal to the diluted profit earnings per share for the period.

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(19) CASH AND CASH EQUIVALENTS

The details of this item are as follows:

	30 June 2023	30 June 2022
	JD	JD
	(Unaudited)	(Audited)
Cash on hand	5,030	860
Add: deposits at banks mature within three months	226,137	1,059,705
	<u>231,167</u>	<u>1,060,565</u>

The cash and cash equivalents appearing in the interim condensed statement of cash flows represent the following:

	30 June 2023	30 June 2022
	JD	JD
	(Unaudited)	(Unaudited)
Cash on hand and at banks	231,167	299,662
Add: deposits at banks mature within three months	6,105,895	4,062,047
Less: deposits pledged in favor of the Central Bank Governor (Note 3)	<u>(822,670)</u>	<u>(802,543)</u>
	<u>5,514,392</u>	<u>3,559,166</u>

(20) RELATED PARTY TRANSACTIONS

The Company entered into transactions with major shareholders, members of the Board of Directors, and top executive management within its ordinary course of business. All insurance credit granted to related parties are considered operating, and no related provisions have been taken.

The pricing policy and terms related to these transactions are approved by the Company's management.

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The following is a summary of the transactions with related parties during the period / year:

	Related Party			Total	
	Major	Board	Top	30 June	31
	Shareholders	Members	Executive	2023	December
	JD	JD	Management	2023	2022
			JD	JD	JD
				(Unaudited)	(Audited)
Items included in the interim condensed statement of financial position:					
Accounts receivable	4,607	202	323	5,132	410
Accounts payable	-	111,585	-	111,585	86,505

The following is a summary of the benefits (salaries and remunerations) of the executive management:

	30 June 2023	30 June 2022
	JD	JD
	(Unaudited)	(Unaudited)
Salaries and remunerations	156,470	151,970
Board of Directors transportations and compensations	19,388	12,998
	<u>175,858</u>	<u>164,968</u>

(21) FAIR VALUE HIERARCHY

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether this price can be observed directly or estimated using another evaluation technique.

When estimating the fair value of the asset or the obligation, the Company takes into account the characteristics of the asset or the obligation if market participants take those characteristics into account when pricing the asset or obligation on the measurement date.

The Company uses the following arrangement of valuation methods and alternatives in determining and presenting fair value of financial instruments:

- Level 1: Quoted market prices in active markets for the same assets and liabilities.
- Level 2: Other techniques where all inputs that have an important impact on fair value can be observable, directly or indirectly, from market information.
- Level 3: Other techniques where inputs are used that have an important impact on fair value but are not based on observable market information.

The following table shows the analysis of financial instruments recorded at fair value and in the above hierarchy:

	Level 1 JD	Level 2 JD	Level 3 JD	Total JD
30 June 2023 (Unaudited) -				
Financial assets				
Financial assets at fair value through income statement	2,945,337	-	-	2,945,337
Financial assets at fair value through other comprehensive income	2,381,966	-	-	2,381,966
	<u>5,327,303</u>	<u>-</u>	<u>-</u>	<u>5,327,303</u>
31 December 2022 (Audited) -				
Financial assets				
Financial assets at fair value through income statement	2,870,889	-	-	2,870,889
Financial assets at fair value through other comprehensive income	2,055,004	-	-	2,055,004
	<u>4,925,893</u>	<u>-</u>	<u>-</u>	<u>4,925,893</u>

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	Book Value			Total	Fair value at period/year end JD
	Level 1	Level 2	Level 3		
30 June 2023 (Unaudited) -					
Investment properties	-	-	1,936,932	1,936,932	2,315,750
31 December 2023 (Unaudited) -					
Investment properties	-	-	1,963,572	1,963,572	2,315,750

(22) LAWSUITS AGAINST THE COMPANY

The Company is the defendant in a number of lawsuits amounted to JD 569,789 as at 30 June 2023 (31 December 2022: JD 705,432). The Company has taken sufficient provisions to meet any liabilities from these litigations. In the opinion of the Company's management and its lawyer, the provisions calculated on these lawsuits are sufficient to meet the liabilities from these litigations.

The value of the cases filed by the Company on others amounted to JD 2,176,188 as at 30 June 2023 (31 December 2022: JD 2,300,000).

(23) CONTINGENT LIABILITIES

As at the date of the interim condensed financial statements, the Company has contingent liabilities which are represented in bank guarantees amounted to JD 245,315 and JD 292,549 as at 30 June 2023 and at 31 December 2022 respectively.

(24) SEGMENT ANALYSIS

A. Information about the Company's business sectors:

For administrative purposes, the Company was organized into two sectors of business, the general insurance sector, including vehicle insurance, transport insurance, fire insurance, other damage to property and liability insurance, and the life insurance sector. These two sectors form the basis for the company to show information on key sectors. The two sectors 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 used with other parties.

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B. Geographical Distribution Information

Following is the distribution of Revenues, Assets, and Capital Expenditures according to the geographical distribution:

	Inside Jordan		Outside Jordan		Total	
	30 June	31 December	30 June	31 December	30 June	31 December
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD (Unaudited)	JD (Audited)
Total assets	31,976,660	30,658,068	167,712	494,653	32,144,372	31,152,721

	Inside Jordan		Outside Jordan		Total	
	For the Six-Month		For the Six-Month		For the Six-Month	
	Period Ended 30 June		Period Ended 30 June		Period Ended 30 June	
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD (Unaudited)	JD (Unaudited)
Total revenue	9,471,315	8,339,990	591,214	514,393	10,062,529	8,854,383
Capital expenditures	6,970	12,710	-	-	6,970	12,710

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(25) STATEMENT OF FINANCIAL POSITION FOR LIFE

	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Assets -		
Deposits at banks	1,235,000	1,205,000
Financial assets at fair value through income statement	88,576	92,016
Financial assets at fair value through other comprehensive income	91,596	85,961
Life policyholders' loans	11,065	13,755
Total investments	1,426,237	1,396,732
Account receivables	174,086	235,397
Reinsurance receivables	25,731	63,705
Total assets	1,626,054	1,695,834
Liabilities and Head Office Equity-		
Outstanding claim reserve	108,878	106,896
Mathematical reserve	449,932	469,932
Total technical reserves	558,810	576,828
Account payable	29,813	16,028
Reinsurance payables	219,006	310,704
Total liabilities	807,629	903,560
Head Office current account	784,235	727,852
Profit for the period /year	34,190	64,422
Total shareholders' equity	818,425	792,274
Total liabilities and Head office equity	1,626,054	1,695,834