

**JORDAN INSURANCE COMPANY**

**PUBLIC SHAREHOLDING COMPANY**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2023**

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Shareholders of Jordan Insurance Company Public Shareholding Company Amman – Jordan**

#### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Jordan Insurance Company Public Shareholding Company (the "Company") which comprise the statement of financial position as at 31 December 2023, and the statement of income, the 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 material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### **Basis for Opinion**

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

#### **Emphasis of a Matter**

As disclosed in note (40) to the financial statements, the solvency reached 114% as at 31 December 2023 which is less than the percentage determined by the Insurance Administration of 200%.

#### **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 2023. 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.

<p><b>1. Adoption of International Financial Reporting Standard No. (17) “Insurance Contracts”</b></p> <p>IFRS 17 replaces IFRS 4 for annual periods beginning on or after 1 January 2023.</p> <p>The Company applied International Financial Reporting Standard No. (17) “Insurance Contracts” by restating the comparative figures for the year 2022 while applying the transitional provisions of International Financial Reporting Standard No. (17) by adopting the full retrospective approach method.</p> <p>The impact of applying International Financial Reporting Standard No. (17) on retained earnings as of 1 January 2022 is JD 648,674 and disclosed in Note (2-1) to the financial statements.</p> <p>The adoption of the standard resulted in changes in the measurement of insurance contracts using updated estimates and assumptions that reflect the timing of cash flows, discount rate measurement, risk adjustment and other requirements.</p> <p>IFRS 17 requires management to apply significant judgments when applying it to the Company's insurance contracts. The Company issues a wide range of insurance contracts and accordingly a significant number of judgments and estimates are applied and implemented respectively.</p> <p>The implementation of IFRS 17 has also had a consequential change in processes, systems and controls. Due to the complexity, and significant judgments applied and estimates made in determining the impact of IFRS 17, this is considered to be a key audit matter.</p> <p>The Company applies the Premium Allocation Approach (PAA) to all insurance contracts it issues and holds with a coverage period of less than one year. For other contracts issued and held where the coverage period is more than one year, the Company performs a premium allocation approach eligibility test to confirm whether the premium allocation approach can be applied. Subject to passing the eligibility test for the premium allocation approach, the Company applied the premium allocation approach to the contracts issued and reinsurance contracts that passed the test. According to the recent test conducted, the General Measurement Model (GMM) was applied to the life portfolio for individuals.</p>	<p><b>How the key audit matter was addressed in the audit</b></p> <p>In relation to the application and impact of adoption of IFRS 17, with the assistance of the actuarial specialist, our audit procedures included:</p> <ul style="list-style-type: none"> <li>- We obtained an understanding of the impact of the Company's adoption of International Financial Reporting Standard No. (17) and identified internal controls, including entity level controls, adopted by the Company for the accounting process and system in accordance with the standard.</li> <li>- Reviewing the impact of applying International Financial Reporting Standard No. (17), including the impact of the measurement and disclosure transition as of 1 January 2022 and 31 December 2022.</li> <li>- We evaluated the competence and objectivity of the actuary appointed by the management. We also utilized our actuary to review whether the calculation methods and the model used were appropriate or not and to evaluate the main assumptions and methodology followed.</li> <li>- We evaluated if the estimates applied in the current and prior year were consistent.</li> <li>- We assessed the key technical accounting decisions, judgments, assumptions and accounting policy elections made in applying the requirements of IFRS 17 to determine if they were in compliance with the requirements of this standard.</li> <li>- We reperformed the mathematical accuracy of the supporting calculations and adjustments used to determine the impact on the Company's equity opening balance as at 1 January 2022 and agreed the results of those calculations to the amounts reported in the financial statements.</li> <li>- We tested the completeness of insurance contracts data by testing the reconciliations of the Company's insurance contract assets and liabilities to insurance contracts disclosed in the 2022 financial statements. We also assessed the adequacy of the disclosures in the financial statements regarding this matter in accordance with IFRS.</li> </ul> <p>The disclosures related to the impact of adoption of International Financial Reporting Standard No. (17) is disclosed in Note (2-1) to financial statements.</p>
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<p><b>2. Recognition of insurance contracts revenue</b></p> <p>Revenue is an important determinant of the Company's profitability. In addition, there is a risk of improper revenue recognition, particularly with regard to the procedures for recognizing revenues in the correct period. Insurance contracts revenues amounted to JD 87,912,673 for the year ended 31 December 2023.</p>	<p><b>How the key audit matter was addressed in the audit</b></p> <p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>- Evaluating the accounting policies used to recognize the Company's revenues and evaluate whether the policies followed are in accordance with International Financial Reporting Standard No. (17).</li> <li>- We examined the Company's controls over revenue recognition, in addition to the main controls for these revenues.</li> <li>- We selected and reviewed a sample of insurance contracts before and after the date of the financial statements to ensure that revenues were recognized in the correct periods.</li> <li>- We performed analytical procedures on revenues accounts based on business activities.</li> <li>- We recalculated revenues for each business activity using data extracted from the Company's systems and acquisition costs based on the earning pattern of contracts. We also examined a sample of transactions and linked them with relevant policies to assess the accuracy of the extracted data. In addition, we tested and reviewed a sample of the entries recorded on the closing date of the financial statements.</li> </ul> <p>The disclosures related to accounting policies for revenue recognition and disclosure related to insurance contracts revenues are disclosed in note (2-1) and note (21) to the financial statement.</p>
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<p><b>3. Measurement and completeness of insurance contracts liabilities in accordance with International Financial Reporting Standard No. (17)</b></p> <p>The Company's insurance contracts liabilities amounted to JD 49,225,439 representing 92% of the total liabilities as at 31 December 2023.</p> <p>Measuring the amount of insurance contracts liabilities involves assumptions and management's use of estimates to calculate and measure Insurance and reinsurance contracts liabilities through measuring the present value of cash flows, risk adjustments, measuring onerous contracts and measuring the discount rate and contract service margin.</p> <p>Based on all of the above, the measurement and completeness of insurance contracts liabilities was considered a key audit matter.</p>	<p><b>How the key audit matter was addressed in the audit</b></p> <p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>- We obtained an understanding of the Company's procedures related to measuring insurance contracts liabilities, including entity-level controls, which the Company has adopted for the accounting process under the standard.</li> <li>- Evaluating the Company's methodology for calculating insurance contracts liabilities and evaluating the policies in accordance with International Financial Reporting Standard 17.</li> <li>- We tested the accuracy and completeness of the historical data used to measure insurance contracts liabilities by tracking a sample of data for the contracts and reconciling the data to previous accounting records.</li> <li>- Testing samples from the claims reserves by comparing the estimated reserve amount of the case with the appropriate documentation and the amounts paid in subsequent periods.</li> <li>- We performed analytical procedures on liabilities accounts based on business activity, and recalculated the unearned premium reserve and issuance costs that constitute the liability for remaining coverage for each business activity using data extracted from the Company's systems.</li> <li>- We evaluated the competence and objectivity of the actuary appointed by the management.</li> <li>- We assessed the adequacy of the disclosures of the financial statement regarding these liabilities.</li> <li>- We assessed the disclosures in the financial statements relating to this matter against the requirements of IFRSs.</li> <li>- In addition, with the assistance of our internal actuarial, we performed the following: <ul style="list-style-type: none"> <li>• Determined if the calculation methods and the model used were appropriate.</li> <li>• Assessed the following key assumptions: <ul style="list-style-type: none"> <li>- Loss ratios</li> <li>- Claims development factors</li> <li>- Discount rates</li> </ul> </li> <li>• Determined if the estimates applied in the current and prior year were consistent.</li> </ul> </li> </ul> <p>The disclosures related to accounting policies for insurance contracts liabilities and disclosure related to insurance contracts liabilities are disclosed in note (2-1) and note (9) to the financial statement.</p>
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## **Other information included in the Company's 2023 annual report**

Other information consists of the information included in the Company's 2023 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2023 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

### **Report on Other Legal and Regulatory Requirements**

The Company maintains proper books of accounts which are in agreement with the financial statements.

**ERNST & YOUNG**  
Amman - Jordan

Amman – Jordan

16 May 2024 except for Notes (20 and 40) dated 10 October 2024



**JORDAN INSURANCE COMPANY PUBLIC SHAREHOLDING COMPANY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023**

	Notes	31 December 2023 JD	31 December 2022 JD (Restated)	1 January 2022 JD (Restated)
<b>Assets</b>				
<b>Investments -</b>				
Bank deposits	3	26,505,583	22,207,347	26,654,164
Financial assets at fair value through profit or loss	4	2,407,605	2,848,284	2,748,881
Financial assets at fair value through other comprehensive income	5	23,661,229	19,917,394	27,866,076
Financial assets at amortized cost	6	673,550	-	-
Investment property - net	7	15,685,726	15,587,294	15,512,881
<b>Total Investments</b>		<b>68,933,693</b>	<b>60,560,319</b>	<b>72,782,002</b>
<b>Other assets -</b>				
Cash on hand and at banks	8	2,720,378	4,716,326	3,536,478
Re-insurance contracts assets - net	9	18,316,779	19,096,027	23,920,054
Deferred tax assets	10/D	2,896,691	2,802,399	2,844,555
Property and equipments - net	11	1,146,192	1,066,887	990,374
Intangible assets - net	12	294,644	341,579	239,895
Other assets	13	3,691,007	3,731,591	3,785,152
<b>Total Assets</b>		<b>97,999,384</b>	<b>92,315,128</b>	<b>108,098,510</b>
<b>Liabilities and Equity</b>				
Insurance contracts liabilities - premium allocation approach	9	47,885,886	40,039,157	35,989,457
Insurance contracts liabilities - general measurement model	9	1,339,553	1,334,015	1,321,611
<b>Total Insurance contract liabilities</b>		<b>49,225,439</b>	<b>41,373,172</b>	<b>37,311,068</b>
<b>Other liabilities -</b>				
Due to banks	14	-	9,050,549	17,763,534
Other provisions	15	1,197,956	1,210,701	1,174,193
Income tax provision	10/A	1,381,727	627,524	85,021
Deferred tax liabilities	10/D	344,514	274,982	1,446,798
Other liabilities	16	1,633,879	697,949	707,047
<b>Total Liabilities</b>		<b>53,783,515</b>	<b>53,234,877</b>	<b>58,487,661</b>
<b>Equity -</b>				
Paid-in capital	17	30,000,000	30,000,000	30,000,000
Statutory reserve	18	7,500,000	7,500,000	7,500,000
Fair value reserve	19	(1,048,967)	(4,374,701)	6,823,258
Retained earnings	20	7,764,836	5,954,952	5,287,591
<b>Total Equity</b>		<b>44,215,869</b>	<b>39,080,251</b>	<b>49,610,849</b>
<b>Total Liabilities and Equity</b>		<b>97,999,384</b>	<b>92,315,128</b>	<b>108,098,510</b>

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

**JORDAN INSURANCE COMPANY PUBLIC SHAREHOLDING COMPANY**  
**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	2023 JD	2022 JD
<b>Revenues -</b>			
Insurance contracts revenues	21	87,912,673	79,513,035
Insurance contracts expenses	22	(63,246,368)	(59,810,729)
<b>Insurance contracts services results</b>		<b>24,666,305</b>	<b>19,702,306</b>
Re-insurance contracts results		(46,598,682)	(42,712,142)
Re-insurance contracts recoveries		25,472,888	25,396,449
<b>Re-insurance contracts services results</b>		<b>(21,125,794)</b>	<b>(17,315,693)</b>
<b>Net insurance contracts results</b>		<b>3,540,511</b>	<b>2,386,613</b>
Finance expense - insurance contracts	23	(330,729)	(301,395)
Finance income - re-insurance contracts - net	24	10,759	24,310
<b>Net insurance contracts financing results</b>		<b>3,220,541</b>	<b>2,109,528</b>
Interest income	25	1,040,271	391,366
Gain from financial assets and investments - net	26	870,770	1,197,529
Other revenues - net	27	697,221	333,829
<b>Total revenues</b>		<b>5,828,803</b>	<b>4,032,252</b>
General and administrative expenses	28	2,139,731	2,048,599
Finance costs		707,871	1,237,381
Other expenses	29	84,466	94,486
<b>Total</b>		<b>2,932,068</b>	<b>3,380,466</b>
<b>Total expenses</b>		<b>2,932,068</b>	<b>3,380,466</b>
<b>Profit for the year before tax</b>		<b>2,896,735</b>	<b>651,786</b>
Less: income tax expense	10/B	(1,086,851)	(590,928)
<b>Profit for the year</b>		<b>1,809,884</b>	<b>60,858</b>
Basic and diluted earnings per share from profit for the year	30	0/060	0/002

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

**JORDAN INSURANCE COMPANY PUBLIC SHAREHOLDING COMPANY**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

	<u>2023</u>	<u>2022</u>
	JD	JD
Profit for the year	1,809,884	60,858
<b>Add: Other comprehensive income after tax not to be reclassified to statement of income in subsequent periods</b>		
Gains from the sale of financial assets at fair value through other comprehensive income	-	606,503
Change in fair value of financial assets through other comprehensive income	<u>3,325,734</u>	<u>(11,197,959)</u>
<b>Total comprehensive income for the year</b>	<u>5,135,618</u>	<u>(10,530,598)</u>

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

**JORDAN INSURANCE COMPANY PUBLIC SHAREHOLDING COMPANY**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

	Paid-in capital	Statutory reserve	Fair value reserve	Retained earnings	Total
	JD	JD	JD	JD	JD
<b><u>2023 -</u></b>					
Balance as at 1 January 2023	30,000,000	7,500,000	(4,374,701)	5,954,952	39,080,251
Total comprehensive income for the year	-	-	3,325,734	1,809,884	5,135,618
<b>Balance as at 31 December 2023</b>	<u>30,000,000</u>	<u>7,500,000</u>	<u>(1,048,967)</u>	<u>7,764,836</u>	<u>44,215,869</u>
<b><u>2022 -</u></b>					
Balance as at 1 January 2022	30,000,000	7,500,000	6,823,258	5,936,265	50,259,523
The effect of IFRS 17 adoption (Note 2-1)	-	-	-	(648,674)	(648,674)
Balance as at 1 January 2022 (Restated)	<u>30,000,000</u>	<u>7,500,000</u>	<u>6,823,258</u>	<u>5,287,591</u>	<u>49,610,849</u>
Total comprehensive income for the year	-	-	(10,591,456)	60,858	(10,530,598)
Transferred from fair value reserve to retained earnings	-	-	(606,503)	606,503	-
<b>Balance as at 31 December 2022</b>	<u>30,000,000</u>	<u>7,500,000</u>	<u>(4,374,701)</u>	<u>5,954,952</u>	<u>39,080,251</u>

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

**JORDAN INSURANCE COMPANY PUBLIC SHAREHOLDING COMPANY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	2023 JD	2022 JD
<b><u>CASH FLOW FROM OPERATING ACTIVITIES:</u></b>			
Profit for the year before tax		2,896,735	651,786
<b>Adjustments -</b>			
Depreciation and amortization	7,11,12	375,513	347,519
Provision for expected credit losses	9,13	500,000	1,307,470
Recoveries from provision for expected credit losses	13	(2,983)	-
Gain on the valuation of financial assets at fair value through profit or loss		(911)	(279,400)
Gain on sale of financial assets at fair value through profit or loss		(22,861)	(185,759)
Gain on sale of property and equipments		(48,500)	(14,278)
Dividends income		(478,061)	(351,652)
Interest income		(1,040,271)	(391,366)
End-of-service indemnity expense		107,470	76,467
<b>Cash flows from operating activities before changes in working capital</b>		<b>2,286,131</b>	<b>1,160,787</b>
Re-insurance contracts assets - net		279,248	3,516,557
Other assets		43,567	53,561
Insurance contracts liabilities - premium allocation approach		7,846,729	4,049,700
Insurance contracts liabilities - general measurement model		5,538	12,404
Other provisions		138,815	57,088
Other liabilities		935,930	(9,098)
<b>Net cash flows from operating activities before income tax and provisions paid</b>		<b>11,535,958</b>	<b>8,840,999</b>
Income tax paid	10/A	(735,177)	(51,893)
End-of-service provision paid		(259,030)	(97,047)
<b>Net cash flows from operating activities</b>		<b>10,541,751</b>	<b>8,692,059</b>
<b><u>CASH FLOW FROM INVESTING ACTIVITIES:</u></b>			
Deposits at banks maturing after three months	3	(351,362)	476,510
Purchase of property and equipment	11	(169,829)	(150,049)
Purchase of intangible assets	12	(107,524)	(259,829)
Purchase of investment properties	7	(228,962)	(190,252)
Proceeds from the sale of property and equipment		48,500	14,279
Purchase of financial assets at fair value through other comprehensive income		(40,332)	(6,618,185)
Purchase of financial assets at amortized cost	6	(673,550)	-
Proceeds from sale of financial assets through profit or loss		464,451	2,849,219
Proceeds from sale of financial assets through other comprehensive income		-	365,756
Dividends received		478,061	351,652
Interest received		1,040,271	391,366
<b>Net cash flows from (used in) investing activities</b>		<b>459,724</b>	<b>(2,769,533)</b>
Net increase in cash and cash equivalent		11,001,475	5,922,526
Cash and cash equivalents at the beginning of the year		15,863,524	9,940,998
<b>Cash and cash equivalents at the end of the year</b>	31	<b>26,864,999</b>	<b>15,863,524</b>

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

**(1) GENERAL**

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

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

The financial statements were approved by the Board of Directors in its meeting held on 16 May 2024, and is subject to the general assembly approval.

**(2) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements were prepared in accordance with the standards issued by the International Accounting Standards Board.

The financial statements were prepared according to the historical cost, except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss, which are shown at fair value at the date of the financial statements.

The financial statements are presented in Jordanian Dinar (JD), which is the functional currency of the Company.

**(2-1) CHANGES IN ACCOUNTING POLICIES**

The accounting policies used in the preparation of the financial statements are consistent with those applied in the preparation of the financial statements for the year ended 31 December 2022, except that the Company has implemented the following amendments effective from 1 January 2023:

**International Financial Reporting Standard (IFRS 17) Insurance Contracts:**

IFRS 17 replaces IFRS 4 for annual periods beginning on or after 1 January 2023.

The Company has restated the comparative figures for the year 2022 by applying the transitional provisions of IFRS 17 using the full retrospective approach. The nature of the changes in accounting policies can be summarized as follows:

Changes to classification and measurement:

IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and re-insurance contracts held by the Company.

The key principles of IFRS 17 are that the Company:

- Identifies insurance contracts as those under which the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.
- Separates specified embedded derivatives, distinct investment components and distinct goods or services other than insurance contract services from insurance contracts and accounts for them in accordance with other standards
- Divides the insurance and re-insurance contracts into groups it will recognise and measure
- Recognises and measures groups of insurance contracts at:

A risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information

Add:

- An amount representing the unearned profit in the group of contracts (the contractual service margin or CSM)
- Recognises profit from a group of insurance contracts over each period the Company provides insurance contract services, as the Company is released from risk. If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Company recognises the loss immediately.

- Recognises an asset for insurance acquisition cash flows in respect of acquisition cash flows paid, or incurred, before the related group of insurance contracts is recognised. Such an asset is derecognised when the insurance acquisition cash flows are included in the measurement of the related group of insurance contracts.

Under IFRS 17, the Company's insurance contracts issued, and re-insurance contracts held are eligible to be measured by applying the Premium Allocation Approach (PAA) or Variable Fee Approach (VFA). The PAA simplifies the measurement of insurance contracts in comparison with the General Model (GM) in IFRS 17.

The measurement principles of the PAA differ from the premium allocation approach used by the Company under IFRS 4 in the following:

- The liability for remaining coverage (LRC) reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided.
- For GMM and VFA measurement of the LRC involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these have formed part of the unexpired risk reserve provision).
- Measurement of the liability for incurred claims (LIC) (previously outstanding claims and incurred-but-not-reported (IBNR) reserves) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses.
- Measurement of the asset for remaining coverage (reflecting re-insurance premiums paid for re-insurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts re-insure onerous direct contracts.

The Company has determined that the majority of its insurance contracts qualify for the simplified approach. As a result, the Company has established its policy choice to account for its insurance contracts under the Premium Allocation Approach, where eligible.

The application of the PAA model is optional. This means that if the eligibility criteria are fulfilled for a certain group of insurance contracts, an entity can choose between measuring this group of contracts under the General Model (GM) or under the PAA.



The Company has determined that contracts are eligible for the PAA if they have a coverage period of one year or less (Criteria 1) or the liability for remaining coverage would not differ materially from the liability for remaining coverage under the GM in any of the given reporting periods (Criteria 2) or if the volatility in historical expectations was low, i.e. when expectations were stable over time (Criteria 3).

Variable Fee Approach (VFA) will be applied to all those life contracts where an underlying item can be identified.

#### Changes to presentation and disclosure

For presentation in the statement of financial position, the Company aggregates insurance and re-insurance contracts issued and re-insurance contracts held, respectively and presents separately:

- \* Portfolios of insurance and re-insurance contracts issued that are assets.
- \* Portfolios of insurance and re-insurance contracts issued that are liabilities.
- \* Portfolios of re-insurance contracts held that are assets.
- \* Portfolios of re-insurance contracts held that are liabilities.

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

The line-item descriptions in the statement of income have been changed significantly compared with last year.

#### Transition to IFRS 17

On the transition date, 1 January 2022, the Company:

- Had identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied.
- Had identified, recognised and measured assets for insurance acquisition cash flows as if IFRS 17 has always applied. At transition date, a recoverability assessment was performed, and no impairment loss was identified.
- Derecognised any existing balances that would not exist had IFRS 17 always applied.
- Recognised any resulting net difference in retained earnings.

Full retrospective approach

On transition to IFRS 17, the Company has applied the full retrospective approach unless impractical. The Company has applied the full retrospective approach on transition to all contracts issued on or after 1 January 2022.

**The impact of the adoption of IFRS 17 was as follows:**

	<b>Impact on retained earnings as at 1 January 2022</b>
<b>Items presented for primary insurance contracts and re-insurance contracts</b>	<b><u>JD</u></b>
Change in best estimate	60,848
Loss component impact	(350,545)
Risk adjustment	(549,900)
Discounting impact	<u>190,923</u>
	<b><u>(648,674)</u></b>

**Definition of Accounting Estimates - Amendments to IAS 8**

In February 2021 the amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

These amendments were applied from January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period. Early application is allowed as long as it is disclosed.

The amendments had no impact on the Company's financial statements.

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

In February 2021 the amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide 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.

These amendments were applied from January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period. Early application is allowed as long as it is disclosed.

The amendments had no impact on the Company's financial statements.

#### **Deferred Tax related to Assets and Liabilities happened from a Single Transaction - Amendments to IAS 12**

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

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

The amendments are effective from 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 had no impact on the Company's financial statements.

#### **International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12**

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Company's financial statements as the Company is not in scope of the Pillar Two model rules as its revenue is less than EUR 750 million.

**(2-2) MATERIAL ACCOUNTING POLICES**

The following are the major material accounting policies applied:

**Sector information:**

The business sector represents a group 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 of the Company.

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

**Date of recognition of financial assets:**

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

**IFRS 17 Insurance Contracts**

**Insurance Contract Definition**

The contract under which the insurance company accepts substantial insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event negatively affects the policyholder and the next term groups of insurance contracts issued are initially recognized from the earliest of the following;

- The beginning of the coverage period;
- The date of the first payment;
- The date when the contract is considered onerous.

As for insurance contracts that contain the direct participation feature and that have economic characteristics similar to the insurance contract (long coverage period, recurring premiums and the amount or timing of the return at the discretion of the issuer) and are linked to the same assets or participation in the performance of insurance contracts, contracts that contain that feature at the beginning of the contracts is as follows:

- Participation of the insured/beneficiaries with a share of the insurance contract portfolio.
- The possibility that the Company will pay the insureds/beneficiaries a significant share of the fair value proceeds of the investments associated with the group of insurance contracts.
- There is a high possibility that the amounts paid to the insured/beneficiaries will change by changing the fair value of the investments associated with the group of insurance contracts.

As for contracts that are not classified as an insurance contract, they are, for example, the following:

- Investment contracts that have a legal form similar to an insurance contract, but they do not transfer material insurance risks to the insurance company and include financial risks such as implicit derivatives, change in the fair value of a financial instrument, change in interest rates, change in currency exchange rates, or credit rating, so that they are classified as investment contracts in accordance with IFRS 9.
- Investment contracts that contain the optional participation feature, which are investment contracts with a legal form similar to an insurance contract, except that they do not transfer substantial insurance risks to the issuer and do not meet the definition of an insurance contract, but are classified according to IFRS 17.
- Self-insurance (i.e. maintaining the risks that could have been covered by the insurance contract within the Company, i.e. there is no other party to the contract), such as the Company issuing an insurance contract in the name of the Company, a subsidiary or an associate company, classified in accordance with IFRS 15.

### **Insurance Contract Liabilities**

Insurance contract liabilities are recognized when the Company has liabilities at the date of the financial statements arising from past events related to insurance contracts, and repayment of obligations is probable and reliably measurable.

The amounts recognized as insurance contract liabilities represent the best estimate of the amounts required to settle the obligation as at the date of the financial statements, taking into account the risks and uncertainties associated with insurance contract liabilities. When liabilities are valued on the basis of the estimated cash flows to settle the current obligation, the carrying amount represents the present value of those cash flows.

When some or all of the economic benefits required from third parties to settle liabilities are expected to be recovered, the receivable is recognized as an asset if the actual receipt of compensation is certain and its value can be reliably measured.

### **Retained re-insurance contracts**

They are contracts concluded with re-insurers to compensate the insurance company for claims arising from insurance contracts issued by it.

Re-insurance contracts held are recognized:

- The beginning of the coverage period of the re-insurance contract or upon the initial recognition of the insurance contract issued by the Company if the re-insurance contract is proportional with the set of insurance contracts.
- From the beginning of the coverage period for the set of re-insurance contracts held for other cases.

### **Liabilities for remaining coverage**

The amount that the Company must monitor upon recognition of insurance contracts, which pertains to subsequent financial periods as a result of valid insurance contracts.

### **Liabilities for incurred claims**

It is the total value of the expected costs incurred by the Company as a result of insurance contract covered notices that were signed before the end of the financial period and include those reported and unreported claims, in addition to related expenses.

### **Contractual Service Margin**

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

### **Initial Recognition of Insurance Contracts / General Measurement Model**

The group of insurance contracts at initial recognition is measured according to the following:

1. Cash flows to meet obligations arising from contracts which include:
  - Estimates of future cash flows
  - Adjustments to the time value of money and financial risks associated with future cash flows by not including such financial risks in future cash flow estimates.
  - Non-financial risk adjustments
2. Contractual Service Margin

### **Post-measurement of insurance contracts / General measurement model**

The Company shall recognize the book value of any of the insurance contract groups at the end of each period and the sum of the following shall be:

1. Liabilities for remaining coverage, which includes the net value of cash inflows and outflows after applying the discount rate plus adjustments for non-financial risks and contractual service margin.
2. Liabilities for incurred claims, which is calculated according to the best estimate of future cash flows for payment of claims plus adjustments for non-financial risks, taking into account the application of the discount rate on claims.

### **Initial recognition of insurance contracts / Premiums allocation approach**

The group of insurance contracts at initial recognition is measured according to the following:

- Insurance premiums received upon initial recognition.
- Minus any costs paid for the acquisition of insurance contracts on that date.
- Plus or minus any amount arising from cash flows related to the costs of acquiring insurance contracts.

### **Subsequent measurement / Premium allocation approach**

1. At the end of each subsequent period, the Company shall recognize the book value of the obligation, taking into account the following adjustments to the balance of the obligation:
  - Add insurance premiums received for the period.
  - Minus the cash flows to acquire insurance contracts.
  - Add any amounts related to the amortization of cash flows to acquire insurance contracts recognized as an expense.
  - Adding amendments to the financing component.
  - Minus the amount recognized as insurance income for coverage provided in that period.
  - Minus any paid investment component or transfer of liabilities related to claims incurred.
2. Liabilities for incurred claims, which is calculated according to the best estimate of future cash flows for the payment of claims plus adjustments for non-financial risks, taking into account the application of the discount rate on claims.

### **Amendment of insurance contracts**

The Company amends insurance contracts by addressing anticipated changes in future cash flows as a result of changes in estimates of cash flows for the fulfillment of contracts unless the conditions for the cancellation of recognition of insurance contracts apply.

### **Derecognition of insurance contracts**

The Company derecognise the recognition of insurance contracts in the following cases:

- Termination of the contract adjudication, obligation specified in insurance contract or fulfillment or cancelation.
- If insurance contract is amended and this amendment does not meet the conditions of the amendment according to the requirements of the standard, the Company cancels the contract and recognizes a new contract.

### **Onerous Insurance contracts**

The Company recognizes insurance contracts as contracts expected to lose if the contract is expected to be lost on the date of initial recognition and the loss component is measured by comparing the expected cash flows to meet the requirements of the contract or group of contracts with the cash flows obtained from this contract or group of contracts. The Company shall disclose the loss component if the contractual service margin is zero (applicable only to the general measurement model and variable fee approach).

## **Summary of Measurement Methods**

1. The Company classifies insurance and re-insurance contracts according to the following:

Insurance contract		Re-insurance contract	
Type	Measurement approach	Type	Measurement approach
Motors	Premium allocation approach	Motors	Premium allocation approach
Marine and transportaion	Premium allocation approach	Marine and transportation	Premium allocation approach
Fire and damages property	Premium allocation approach	Fire and damages property	Premium allocation approach
Liability	Premium allocation approach	Liability	Premium allocation approach
Medical	Premium allocation approach	Medical	Premium allocation approach
Life – Group	Premium allocation approach	Life – Group	Premium allocation approach
Life – Individual	General approach	Life – Individual	General approach
Others	Premium allocation approach	Others	Premium allocation approach

## **Aggregation level**

IFRS 17 requires the Company to determine the level of aggregation for applying its requirements.

Insurance contract portfolios are divided into groups by underwriting year so that they group portfolios of insurance contracts with similar risks and managed together.

The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together.

The Company adopted the method of full retrospective application of the transition to IFRS 17 under the approach of premium allocation. Portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, the portfolios of contracts during each year of issue are divided into three groups, as follows:

- Any onerous contracts upon initial recognition.
- Any contracts that, upon initial recognition, do not have a substantial probability of becoming onerous later;
- Any remaining contracts in the portfolio.



### **Profitability level**

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

- Contracts for which there is no probability of becoming onerous upon initial recognition.
- Contracts expected to be onerous.
- Other contracts (if any).

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information.
- Historical information.
- Results of similar contracts it has recognised.
- Environmental factors, e.g., a change in market experience or regulations.

### **Recognition**

The Company recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date.
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

The Company recognises a group of re-insurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of re-insurance contracts held. However, the Company delays the recognition of a group of re-insurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of re-insurance contracts held.
- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related re-insurance contract held in the group of re-insurance contracts held at or before that date.

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set above.

### **Insurance contracts – modification and derecognition**

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired), or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

### **Unit of measurement**

The Company manages insurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are:

- contracts that are onerous at initial recognition
  - contracts that at initial recognition have no significant possibility of becoming onerous subsequently;
- or
- A group of remaining contracts. These Groups represent the level of aggregation at which insurance contracts are initially recognized and measured. Such groups are not subsequently reconsidered.

For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Company uses significant judgement to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same company without performing an individual contract assessment.

For life risk and savings product lines, sets of contracts usually correspond to policyholder pricing Groups that the Company determined to have similar insurance risk and that are priced within the same insurance rate ranges. The Company monitors the profitability of contracts within portfolios and the likelihood of changes in insurance, financial and other exposures resulting in these contracts becoming onerous at the level of these pricing Groups with no information available at a more granular level.

Contracts issued within participating product lines are always priced with high expected profitability margins, and thus, such contracts are allocated to groups of contracts that have no significant possibility of becoming onerous at the time of initial recognition.

Portfolios of re-insurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to re-insurance contracts held, the Company aggregates re-insurance contracts held concluded within a calendar year (annual cohorts) into groups of:

- Contracts for which there is a net gain at initial recognition, if any;
- Contracts for which at initial recognition there is no significant possibility of a net gain arising subsequently; and
- Remaining contracts in the portfolio, if any.

Re-insurance contracts held are assessed for aggregation requirements on an individual contract basis. The Company tracks internal management information reflecting historical experiences of such contracts' performances. This information is used for setting pricing of these contracts such that they result in re-insurance contracts held in a net cost position without a significant possibility of a net gain arising subsequently.

#### **Fulfilment of cash flows within contract boundary**

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Company expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

- (a) Are based on a probability weighted mean of the full range of possible outcomes.
- (b) Are determined from the perspective of the Company, provided the estimates are consistent with observable market prices for market variables; and
- (c) Reflect conditions existing at the measurement date.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the LIC.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

Risk of the Company's non-performance is not included in the measurement of groups of insurance contracts issued.

In the measurement of re-insurance contracts held, the probability weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the re-insurer to reflect the non-performance risk of the re-insurer.

The Company estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts. The Company uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of re-insurance contracts held and such estimates for the groups of underlying insurance contracts.

### **Contract boundary**

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums, or the Company has a substantive obligation to provide the policyholder with insurance coverage or other services. A substantive obligation ends when:

- The Company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- Both of the following criteria are satisfied:
  - The Company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
  - The pricing of premiums related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

Liabilities or assets related to expected premiums or compensation outside the boundaries of the insurance contract are not recognized. These amounts relate to future insurance contracts.

### **Measurement Model Application**

The Company applies the Premium Allocation Approach (PAA) to all the insurance contracts that it issues and re-insurance contracts that it holds for which the coverage period is less than one year. For other contracts issued and held where the coverage period is more than one year, the Company performs PAA Eligibility testing to confirm whether the PAA may be applied. Subject to passing the PAA eligibility testing, the Company applied PAA on contract issued and re-insurance contracts held that pass the testing. As per the recent testing performed, General Measurement Model (GMM) has been applied.

When measuring liabilities for remaining coverage (LRC), the PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

**Initial measurement - Groups of contracts not measured under the PAA - contractual service margin (CSM)**

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Company will recognize as it provides coverage in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous) arising from:

- a) the initial recognition of the FCF.
- b) the derecognition at the date of initial recognition of any asset or liability recognized for insurance acquisition cash flows; and
- c) cash flows arising from the contracts in the group at that date.

A negative CSM at the date of inception means the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognized in the statement of income immediately with no CSM recognized on the balance sheet on initial recognition.

For groups of re-insurance contracts held, any net gain or loss at initial recognition is recognized as the CSM unless the net cost of purchasing re-insurance relates to past events, in which case the Company recognizes the net cost immediately in the statement of income. For re-insurance contracts held, the CSM represents a deferred gain or loss that the Company will recognize as a re-insurance expense as it receives re-insurance coverage in the future.

For insurance contracts acquired through business combination, at initial recognition, the CSM is an amount that results in no income or expenses arising from:

- a) the initial recognition of the FCF; and
- b) cash flows arising from the contracts in the Group at that date, including the fair value of the groups of contracts acquired at the acquisition date as a proxy of the premiums received.

No contracts acquired were assessed as onerous at initial recognition.

### **Subsequent measurement – Groups of contracts not measured under the PAA**

The carrying amount at the end of each reporting period of a group of insurance contracts issued is the sum of:

- a. the LRC, comprising:
  - 1) the FCF related to future service allocated to the Company at that date; and
  - 2) the CSM of the Group at that date; and
- b. the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

The book value amount at the end of each reporting period of a group of re-insurance contracts held is the sum of:

- a. the remaining coverage, comprising:
  - 1) the FCF related to future service allocated to the Group at that date; and
  - 2) the CSM of the Group at that date; and
- b. the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

### **Changes in cash flows**

The FCF are updated by the Company for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates.

The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

- a) changes that relate to current or past service are recognized in the statement of income; and
- b) changes that relate to future service are recognized by adjusting the CSM or the loss component within the LRC as per the policy below.

For insurance contracts under the GMM, the following adjustments relate to future service and thus adjust the CSM:

- a) Experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;
- b) Changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;
- c) Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and
- d) Changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments a, b and c above are measured using the locked-in discount rates as described in the section Interest accretion on the CSM below.

### **Changes to the contractual service margin**

For insurance contracts issued, at the end of each reporting period, the carrying amount of the CSM is adjusted by the Company to reflect the effect of the following changes:

- a) The effect of any new contracts added to the Company.
- b) For contracts measured under the GMM, interest accreted on the carrying amount of the CSM.
- c) Changes in the FCF relating to future service are recognized by adjusting the CSM. Changes in the FCF are recognized in the CSM to the extent the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognized in insurance service expenses and a loss component is recognized within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.
- d) The effect of any currency exchange differences.
- e) The amount recognized as insurance revenue for services provided during the period determined after all other adjustments above.

For a group of re-insurance contracts held, the carrying amount of the CSM at the end of each reporting period is adjusted to reflect changes in the FCF in the same manner as a group of underlying insurance contracts issued, except that when underlying contracts are onerous and thus changes in the underlying FCF related to future service are recognized in insurance service expenses by adjusting the loss component, respective changes in the FCF of re-insurance contracts held are also recognized in the insurance service result.

### **Onerous contracts – Loss component on GMM**

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous, and the Company recognizes the excess in insurance service expenses and records it as a loss component of the LRC.

When a loss component exists, the Company allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows:

- a) Expected incurred claims and expenses for the period;
- b) Changes in the risk adjustment for non-financial risk for the risk expired; and
- c) Finance income (expenses) from insurance contracts issued.

The amounts of loss component allocation in a. and b. above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

**Initial and subsequent measurement – Groups of contracts measured under the PAA**

The Company uses the PAA for measuring contracts with a coverage period of one year or less and on contracts that pass the eligibility testing as stated above.

The excess of loss re-insurance contracts held provide coverage on the insurance contracts originated for claims incurred during an accident year and are accounted for under the PAA.

For insurance contracts issued, on initial recognition, the Company measures the LRC at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the prepaid acquisition cash flows asset.

For re-insurance contracts held on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid.

The book value of a group of insurance contracts issued at the end of each reporting period is the sum of:

- a) The LRC; and
- b) The LIC, comprising the FCF related to past service allocated to the group at the reporting date.

The book value of a group of re-insurance contracts held at the end of each reporting period is the sum of:

- a) The remaining coverage; and
- b) The incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- a) Increased for premiums received in the period;
- b) Decreased for insurance acquisition cash flows paid in the period;
- c) Decreased for the amounts of expected premiums received recognized as insurance revenue for the services provided in the period; and
- d) Increased for the amortization of insurance acquisition cash flows in the period recognized as insurance service expenses.

For re-insurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

- a) Increased for ceding premiums paid in the period; and
- b) Decreased for the amounts of ceding premiums recognized as re-insurance expenses for the services received in the period.

The Company does not adjust the LRC for insurance contracts issued and the remaining coverage for re-insurance contracts held for the effect of the time value of money as insurance premiums are due within the coverage of contracts, which is one year or less.



For contracts measured under the PAA, the LIC is measured similarly to the LIC's measurement under the GMM. Future cash flows are adjusted for the time value of money since motor insurance contracts issued by the Company and measured under the PAA typically have a settlement period of over one year.

#### **Onerous contracts – Loss component on PAA**

For all contracts measured under PAA, the Company assumes that no such contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise.

For non-onerous contracts, the Company assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous.

In addition, if facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. Once a group of contracts is determined as onerous on initial or subsequent assessment, loss is recognized immediately in the statement of income in insurance service expense.

The loss component is then amortized to the statement of income over the coverage period to offset incurred claims in insurance service expense. If facts and circumstances indicate that the expected profitability of the onerous group during the remaining coverage has changed, then the Company remeasures the same and adjusts the loss component as required until the loss component is reduced to zero. The loss component is measured on a gross basis but may be mitigated by a loss recovery component if the contracts are covered by re-insurance.

#### **Insurance acquisition costs**

The Company includes the following acquisition cash flows within the insurance contract boundary that arise from selling, underwriting and starting a group of insurance contracts and that are:

- a) Costs directly attributable to individual contracts and groups of contracts; and
- b) Costs directly attributable to the portfolio of insurance contracts to which the group belongs, which are allocated on a reasonable and consistent basis to measure the group of insurance contracts.

Before a group of insurance contracts is recognized, the Company could pay directly attributable acquisition costs to originate them. When such prepaid costs are refundable in case of insurance contracts termination, they are recorded as a prepaid insurance acquisition cash flows asset within other assets and allocated to the carrying amount of a group of insurance contracts when the insurance contracts are subsequently recognized.

The acquisition costs are generally capitalized and recognized in the statement of income over the life of the contracts. However, for contracts under PAA approach, there is an option to recognize any insurance acquisition cash flows as an expense when the Company incurs those costs. No separate asset is recognized for deferred acquisition costs. Instead, qualifying insurance acquisition cash flows are subsumed into the insurance liability for remaining coverage.

### **Risk adjustment for non-financial risk**

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts.

For re-insurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the re-insurer.

### **Insurance revenue**

As the Company provides services under the group of insurance contracts, it reduces the LRC and recognizes insurance revenue. The amount of insurance revenue recognized in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the Company expects to be entitled to in exchange for those services.

For contracts not measured under the PAA, insurance revenue comprises the following:

- Amounts relating to the changes in the LRC:
  - a. Insurance claims and expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
    - i. Amounts related to the loss component;
    - ii. Repayments of investment components;
    - iii. Amounts of transaction-based taxes collected in a fiduciary capacity; and
    - iv. Insurance acquisition expenses;
  - b. Changes in the risk adjustment for non-financial risk, excluding:
    - i. Changes included in insurance finance income (expenses);
    - ii. Changes that relate to future coverage (which adjust the CSM); and
    - iii. Amounts allocated to the loss component;
  - c. Amounts of the CSM recognized in statement of income for the services provided in the period; and
  - d. Experience adjustments arising from premiums received in the period that relate to past and current service and related cash flows such as insurance acquisition cash flows and premium-based taxes.
- Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a group of contracts.

For groups of insurance contracts measured under the PAA, the Company recognizes insurance revenue based on the passage of time over the coverage period of a group of contracts.

**Insurance service expenses**

Insurance service expenses include the following:

- a) Incurred claims and benefits excluding investment components;
- b) Other incurred directly attributable insurance service expenses;
- c) Insurance acquisitions costs incurred and amortization of insurance acquisition cash flows;
- d) Changes that relate to past service (i.e. changes in the FCF relating to the LIC); and
- e) Changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components).

For contracts not measured under the PAA, amortization of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue as described above.

For contracts measured under the PAA, amortization of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in other operating expenses in the statement of income.

**Net income (expenses) from re-insurance contracts held**

The Company presents financial performance of groups of re-insurance contracts held on a net basis between the amounts recoverable from re-insurers and allocation of the premiums for re-insurance contracts held, comprising the following amounts:

- a) Re-insurance expenses;
- b) Incurred claims recovery;
- c) Other incurred directly attributable insurance service expenses;
- d) Effect of changes in risk of re-insurer non-performance;
- e) For contracts measured under the GMM, changes that relate to future service (i.e. changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts); and
- f) Changes relating to past service (i.e. adjustments to incurred claims).

Re-insurance expenses are recognized similarly to insurance revenue. The amount of re-insurance expenses recognized in the reporting period depicts the transfer of received services at an amount that reflects the portion of ceding premiums the Company expects to pay in exchange for those services.

For contracts not measured under the PAA, re-insurance expenses comprise the following amounts relating to changes in the remaining coverage:

- a) Insurance claims and other expenses recovery in the period measured at the amounts expected to be incurred at the beginning of the period, excluding repayments of investment components.
- b) Changes in the risk adjustment for non-financial risk, excluding:
  - Changes included in finance income (expenses) from re-insurance contracts held; and
  - Changes that relate to future coverage (which adjust the CSM);
- c) Amounts of the CSM recognized in statement of income for the services received in the period; and
- d) Ceded premium experience adjustments relating to past and current service.

For groups of re-insurance contracts held measured under the PAA, the Company recognizes re-insurance expenses based on the passage of time over the coverage period of a group of contracts.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of re-insurance expenses.

### **Insurance finance income or expenses**

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- a) The effect of the time value of money and changes in the time value of money; and
- b) The effect of financial risk and changes in financial risk.

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:

- a) Interest accreted on the FCF and the CSM;
- b) The effect of changes in interest rates and other financial assumptions; and
- c) Foreign exchange differences arising from contracts denominated in a foreign currency.

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:

- a) Interest accreted on the LIC; and
- b) The effect of changes in interest rates and other financial assumptions.

### **Discount rates**

The Company adopt a bottom-up approach in deriving appropriate discount rates. The starting point for these discount rates will be appropriate reference liquid risk-free curves– taking consideration for the currency characteristics of the contracts and their respective cashflows. The risk-free reference curve will be the European Insurance and Occupational Pensions Authority curve, and the relevant country specific credit risk premium will be loaded as required.

### **Risk adjustments**

IFRS 17 requires to measure insurance contracts at initial recognition as the sum of the following items

- Future Cash Flow (FCF) and comprising the Present Value of Future Cash Flows (PVFCF) with an appropriate discounting structure.
- Risk Adjustment (RA) for non-financial risk.
- Contractual Service Margin (CSM).

The risk adjustment for non-financial risk is the compensation that the entity requires for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk.

### **Derivation of the risk adjustment**

The Company has determined that the derivation of the risk adjustment shall be performed at the operating company level using an appropriate methodology that is in line with IFRS 17 guidelines.

The risk adjustment for the Liability for Incurred Claims (LIC) has been estimated based the quantile approach performed on company's triangles with consideration to market benchmarks.

The Company applies judgment to determine the appropriate risk adjustment based on the non-financial risks associated with their portfolios of insurance contracts to determine the desired risk adjustment.

### **Fair value**

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

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 are 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 expected future cash flows discounted at the original effective interest rate.

The standard permits in rarely 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.

### **C- Financial assets at fair value through profit or loss**

- These assets represent investments in shares of companies for trading purposes and that their purpose is to generate profits from short-term market price fluctuations or trading profit margin.
- These assets are recognized at fair value upon purchase (acquisition expenses are charged to the statement of income and expenses upon purchase) and subsequently revalued at fair value. The change in fair value is reflected in the statement of income and expenses, including the change in fair value resulting from the differences in the conversion of items of non-cash assets in foreign currencies. In the event of the sale of these assets or part of them, the resulting profit or loss is taken into account in the statement of income.
- Dividends or accrued interest are recorded in the statement of income.

### **Impairment in Financial Assets Value**

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, the recoverable value is estimated in order to determine impairment loss.

Impairment amounts are determined by the following:

- Impairment in financial assets recorded at amortized cost is determined on the basis of the present value of the expected cash flows discounted at the original interest rate.

Impairment loss is recognized in the statement of income. Any recoveries in the future resulting from previously recognized impairment is credited to the statement of income.

### **Investment Properties**

Investment properties are stated at cost less accumulated depreciation and are depreciated (excluding lands). The impairment loss is recorded in the statement of income, Operating revenues and expenses related to these investments are recorded in the statement of income.

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 and at banks, and bank deposits maturing within three months, less bank overdrafts and restricted balances.

### **Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Property and equipment (except land) are depreciated when its ready for use. Depreciation is computed on a straight-line basis using the following depreciation rates, and the depreciation expense is recorded in the statement of income:

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

Depreciation expense is calculated when property and equipment are ready for use.

Property and equipment under construction are stated at cost less impairment loss.

Assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use. The impairment loss is recorded in the statement of income.

The useful life and depreciation method 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 no future economic benefits are expected to arise from the continued use of the asset.

### **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.



### **Pledged financial assets**

Represents those financial assets pledged to other parties with the existence of the right-of-use for the other party (sale, repledge). A periodic review is performed for those properties as per the applicable accounting policies to evaluate each based on their respective class.

### **Intangible assets**

Intangible assets acquired through business combinations are recorded at their fair value on that date, other intangible assets acquired through other way are measured on initial recognition at cost.

Intangible assets are classified based on either its estimated usual economic lives or indefinite useful lives. Intangible assets, with finite lives, are amortized over the useful economic lives and is in the statement of income 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, and any impairment is taken to the statement of income.

Indications of impairment of intangible assets are reviewed for and their useful economic lives are reassessed at each reporting date. Adjustments are reflected in the current and subsequent periods.

Intangible assets include computer software and software licenses. These intangible assets are amortized on a straight-line basis at a rate of 20% annually.

### **Lease contract 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.

## **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 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.

### **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 accounts receivable and checks under collection. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors and economic environment.

### **End-of-service provision**

The plans liability is determined actuarial expert. The obligation provision and pension costs are determined using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Past service costs are recognized in profit or loss on the earlier of the date of plan amendment or the date that the company recognizes related costs. Actuarial gains or losses are recognized in OCI in the period in which they occur. Gain or loss is realized from amendment or payment of the benefits when it occurs. The end of service obligation is measured at the present value of estimated future cash flows using a discount rate that is similar to the interest rate on government bonds.

## **Income tax**

Income tax represents accrued and deferred 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 expenditures and revenues that are not tax deductible in the current year but in the preceding years or the accepted accumulated losses or any other not deductibles for tax purposes.

The taxes are calculated based on enacted tax percentages which are stated by laws and regulation in the Hashemite Kingdom of Jordan.

## **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 offset, 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.

## **Dividend and interest revenues**

The dividends revenues are realized when the shareholders have 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 interest rate.

## **Expense recognition**

Expenses are recognized using the accrual basis.

## **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 JD at rates of exchange prevailing at the statement of financial position date as issued by Central Bank of Jordan.

Non-financial assets and non-monetary liabilities denominated in foreign currencies at fair value are translated at the date of the determined fair value.

Any gains or losses are taken to the statement of income.

Translation gains or losses on non-monetary items are recorded as part of change in fair value.

## **Use of Estimates**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

The details of significant estimates made by management as follows:

- A provision for expected credit losses is estimated by the management based on their principles and assumptions according to International Financial Reporting Standards.
- The financial year is charged with its related income tax in accordance with laws and 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.
- 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.
- The management periodically reviews whether a financial asset or group of financial assets is impaired. if so, this impairment is taken to the statement of income for the year.
- The management of the Company assesses the factors that affect the measurement of the right-of-use assets and lease liabilities related to them and takes into account all the factors related to the option to extend or renew the lease contracts, noting that the management conducts tests to determine whether the contract contains rent. Management also uses estimates to determine the appropriate discount rate to measure lease contracts liabilities.

## **Insurance and re-insurance contracts**

### **A. PAA Eligibility Assessment**

The Company has calculated a Liability for remaining coverage (LRC) and Asset for remaining coverage (ARC) for those groups of insurance contracts written and re-insurance contracts held respectively where the coverage period was more than one year. After calculating the liabilities/assets applying PAA and GMM approach respectively, the Company then checks for any material differences for the contracts with coverage period of more than one year. In case the Company notes any material differences, it follows the GMM approach, and where there is no material difference, the Company has opted for PAA approach. The calculation was performed under both simplified approaches i.e., Premium Allocation Approach (PAA) and General Measurement Model (GMM).

Situations, which may cause the LRC and / or ARC under the PAA to differ from the LRC and / or ARC under the GMM:

- When the expectation of the profitability for the remaining coverage changes at a particular valuation date during the coverage period of a group of contracts;
- If yield curves change significantly from those in place at the Company's initial recognition;
- When the incidence of claims occurrence differs from the coverage units; and
- The effect of discounting under the GMM creates an inherent difference, this difference compounds over longer contract durations.

### **B. Liability for incurred claims**

The main assumption underlying these techniques is that a company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years, but can also be further analyzed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

### **C. Onerousness determination**

For contracts measured under GMM a company of contracts is onerous at initial recognition if there is a net outflow of fulfilment cash flows. As a result, a liability for the net outflow is recognized as a loss component within the liability for remaining coverage and a loss is recognized immediately in the statement of income in insurance service expense. The loss component is then amortized to statement of income over the coverage period to offset incurred claims in insurance service expense.

For contracts measured under PAA, the Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise.

The Company also considers facts and circumstances to identify whether a group of contracts are onerous based on the following key inputs:

- Pricing information: Underwriting combined ratios and price adequacy ratios.
- Historical combined ratio of similar and comparable sets of contracts.
- Any relevant inputs from underwriters;
- Other external factors such as inflation and change in market claims experience or change in regulations; and
- For subsequent measurement, the Company also relies on the same group of contracts' weighted actual emerging experience.

### **D. Expense distribution**

The Company identifies expenses which are directly attributable towards acquiring insurance contracts (acquisition costs) and fulfilling /maintaining (other attributable expenses) such contracts and those expenses which are not directly attributable to the aforementioned contracts (non-attributable expenses). Acquisition costs, such as underwriting costs including other expenses except for initial commission paid, are no longer recognized in the statement of income when incurred and instead spread over the lifetime of the group of contracts based on the passage of time.

Other attributable expenses are allocated to the groups of contracts using an allocation mechanism considering the activity-based costing principles. The Company has determined costs directly identified to the groups of contracts, as well as costs where a judgement is applied to determine the share of expenses as applicable to that Company.

On the other hand, non-directly attributable expenses and overheads are recognized in the statement of income immediately when incurred. The proportion of directly attributable and non-attributable costs at inception will change the pattern at which expenses are recognized.

**JORDAN INSURANCE COMPANY PUBLIC SHAREHOLDING COMPANY**  
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**(3) BANK DEPOSITS**

	31 December 2023				31 December 2022
	Deposits maturing in 1 month	Deposits maturing in 1 month to 3 months	Deposits maturing more than one year	Total	Total
	JD	JD	JD	JD	JD
<b>Inside Jordan -</b>					
Arab Jordan Investment Bank	639,389	-	-	639,389	269,951
Jordan Commercial Bank	-	207,529	-	207,529	204,649
Arab Bank *	-	-	1,064,962	1,064,962	800,000
Arab Banking Corporation Bank	102,756	-	-	102,756	-
Cairo Amman Bank	-	-	-	-	1,200,000
Blom Bank	789,198	-	-	789,198	52,963
Jordan Kuwait Bank	5,721	-	-	5,721	5,458
Total banks deposits inside Jordan	<u>1,537,064</u>	<u>207,529</u>	<u>1,064,962</u>	<u>2,809,555</u>	<u>2,533,021</u>
<b>Outside Jordan -</b>					
Arab Bank – UAE	-	4,697,628	1,296,000	5,993,628	8,005,718
Mashreq Bank	-	10,982,400	-	10,982,400	4,679,040
First Abu Dhabi Bank	-	6,720,000	-	6,720,000	6,989,568
Total bank deposits outside Jordan	<u>-</u>	<u>22,400,028</u>	<u>1,296,000</u>	<u>23,696,028</u>	<u>19,674,326</u>
Total deposit at bank	<u>1,537,064</u>	<u>22,607,557</u>	<u>2,360,962</u>	<u>26,505,583</u>	<u>22,207,347</u>

\* Deposits pledged to the order of the Governor of the Central Bank of Jordan in addition to his position amounted to JD 1,050,000 as at 31 December 2023 (JD 800,000 as at 31 December 2022) maturing after one year.

- Interest rates on deposits at banks in Jordanian dinars ranges from 3% to 6% and in US dollars from 0.05% to 0.25% as at 31 December 2023 (31 December 2022: Interest rates on deposit at banks in Jordanian dinars from 2% to 4% and in US dollars from 0.05% to 0.25%).

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

This item consists of the following:

	31 December 2023 JD	31 December 2022 JD
Shares of listed companies	<u>2,407,605</u>	<u>2,848,284</u>

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

This item consists of the following:

	31 December 2023	31 December 2022
	JD	JD
<b>Inside Jordan:</b>		
Listed shares	5,198,902	6,569,729
Unlisted shares	47,480	30,209
	<u>5,246,382</u>	<u>6,599,938</u>
<b>Outside Jordan:</b>		
Listed shares	14,007,823	9,202,258
Unlisted shares*	4,407,024	4,115,198
	<u>18,414,847</u>	<u>13,317,456</u>
	<u>23,661,229</u>	<u>19,917,394</u>

\*This item includes the investment in Asia insurance Company (Iraq) for an amount of JD 4,362,140 (net after increase the effect of fair value revaluation of JD 291,826 as at 31 December 2023) (31 December 2022: JD 4,070,314). The Company's shares in Asia Insurance Company amounted to 5,925,000,000 shares/Iraqi Dinar which is 19.75% of the paid-in capital as at 31 December 2023 and 31 December 2022

**(6) FINANCIAL ASSETS AT AMORTIZED COST**

This item consists of the following:

	31 December 2023	31 December 2022
	JD	JD
Listed bonds in financial markets	<u>673,550</u>	<u>-</u>



**JORDAN INSURANCE COMPANY PUBLIC SHAREHOLDING COMPANY**  
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**(7) INVESTMENT PROPERTY - NET**

This item consists of the following:

	Land** JD	Buildings JD	Total JD
<b>2023 -</b>			
<b>Cost -</b>			
Balance at 1 January	11,947,104	7,340,894	19,287,998
Additions	32,557	196,405	228,962
<b>Balance at 31 December</b>	<b>11,979,661</b>	<b>7,537,299</b>	<b>19,516,960</b>
<b>Accumulated depreciation -</b>			
Balance at 1 January	-	3,700,704	3,700,704
Depreciation for the year	-	130,530	130,530
Balance at 31 December	-	3,831,234	3,831,234
<b>Net book value at 31 December</b>	<b>11,979,661</b>	<b>3,706,065</b>	<b>15,685,726</b>
<b>2022 -</b>			
<b>Cost -</b>			
Balance at 1 January	11,946,304	7,151,442	19,097,746
Additions	800	189,452	190,252
<b>Balance at 31 December</b>	<b>11,947,104</b>	<b>7,340,894</b>	<b>19,287,998</b>
<b>Accumulated depreciation -</b>			
Balance at 1 January	-	3,584,865	3,584,865
Depreciation for the year	-	115,839	115,839
Balance at 31 December	-	3,700,704	3,700,704
<b>Net book value at 31 December</b>	<b>11,947,104</b>	<b>3,640,190</b>	<b>15,587,294</b>

\* The fair value of investment properties has been determined by licensed real estate experts as at 31 December 2023 in the amount of JD 27,041,925 (2022: JD 25,910,404). In the opinion of management the fair value of investment properties exceeds their book value as at 31 December 2023.

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

**(8) CASH ON HAND AND AT BANKS**

This item consists of the following:

	31 December 2023 JD	31 December 2022 JD
Cash on hand	36,205	36,927
Bank balances	2,684,173	4,679,399
	<b>2,720,378</b>	<b>4,716,326</b>

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**(9) INSURANCE CONTRACTS ASSETS/LIABILITIES**

**Re-insurance contracts assets**

	2023			2022			1 January 2022		
	Premium allocation approach (9-C)	General approach (9-C)	Total	Premium allocation approach (9-C)	General approach (9-C)	Total	Premium allocation approach (9-C)	General approach (9-C)	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Liability of remaining coverage	(1,744,094)	75,926	(1,668,168)	1,434,983	72,781	1,507,764	3,201,283	62,276	3,263,559
Liability of incurred claims	19,984,947	-	19,984,947	17,588,263	-	17,588,263	20,656,495	-	20,656,495
Total	18,240,853	75,926	18,316,779	19,023,246	72,781	19,096,027	23,857,778	62,276	23,920,054

**Insurance contracts liabilities**

	2023			2022			1 January 2022		
	Premium allocation approach (9-A)	General approach (9-B)	Total	Premium allocation approach (9-A)	General approach (9-B)	Total	Premium allocation approach (9-A)	General approach (9-B)	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Liability of remaining coverage	9,172,030	-	9,172,030	6,431,159	-	6,431,159	1,619,077	-	1,619,077
Liability of incurred claims	38,713,856	-	38,713,856	33,607,998	-	33,607,998	34,370,381	-	34,370,381
Present value of future cash flows	-	1,077,324	1,077,324	-	1,021,267	1,021,267	-	1,137,647	1,137,647
Risk adjustment - non-financial	-	2,601	2,601	-	2,658	2,658	-	2,926	2,926
CSM	-	259,628	259,628	-	310,090	310,090	-	181,037	181,037
Total	47,885,886	1,339,553	49,225,439	40,039,157	1,334,015	41,373,172	35,989,458	1,321,610	37,311,068

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**(9-A) INSURANCE CONTRACTS ASSETS/LIABILITIES – PREMIUM ALLOCATION APPROACH**

2023 -	Liability for remaining coverage		Liability for incurred claims		Total
	Non-onerous contracts	Onerous contracts	Present value of future cash flows	Risk adjustment - non-financial	
	JD	JD	JD	JD	
<b>Insurance contracts liabilities as at 1 January 2023</b>	5,616,285	814,874	32,624,347	983,651	40,039,157
<b>Insurance contracts assets as at 1 January 2023</b>	-	-	-	-	-
Insurance contracts liabilities as at 1 January 2023	5,616,285	814,874	32,624,347	983,651	40,039,157
Insurance revenues	(87,789,494)	-	-	-	(87,789,494)
Incurred claims and other directly attributable expenses	-	(857,902)	54,295,378	655,128	54,092,604
Changes that relate to past service - changes in FCF relating to LIC	-	1,088,017	340,416	(250,559)	1,177,874
Insurance acquisition cash flows assets impairment	7,939,353	-	-	-	7,939,353
Insurance services expenses	7,939,353	230,115	54,635,794	404,569	63,209,831
Insurance services results	(79,850,141)	230,115	54,635,794	404,569	(24,579,663)
Finance expenses from insurance contracts issued	-	-	324,244	6,485	330,729
Total amounts recognised in the statement of income	(79,850,141)	230,115	54,960,038	411,054	(24,248,934)
<b>Cash flows:</b>					
Premiums received	90,300,250	-	-	-	90,300,250
Claims and other directly attributable expenses paid	-	-	(50,265,234)	-	(50,265,234)
Insurance contracts acquisition cash flows	(7,939,353)	-	-	-	(7,939,353)
Total cash flows	82,360,897	-	(50,265,234)	-	32,095,663
<b>Insurance contracts liabilities as at 31 December 2023</b>	8,127,041	1,044,989	37,319,151	1,394,705	47,885,886
<b>Insurance contracts assets as at 31 December 2023</b>	-	-	-	-	-
<b>Insurance contracts liabilities as at 31 December 2023</b>	8,127,041	1,044,989	37,319,151	1,394,705	47,885,886

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**INSURANCE CONTRACTS ASSETS/LIABILITIES – PREMIUM ALLOCATION APPROACH**

2022 -	Liability for remaining coverage		Liability for incurred claims		Total
	Non-onerous contracts	Onerous contracts	Present value of future cash flows	Risk adjustment - non-financial	
	JD	JD	JD	JD	
<b>Insurance contracts liabilities as at 1 January 2022</b>	1,083,169	535,908	33,393,083	977,298	35,989,458
<b>Insurance contracts assets at 1 January 2022</b>	-	-	-	-	-
Insurance contracts liabilities as at 1 January 2022	1,083,169	535,908	33,393,083	977,298	35,989,458
Insurance revenues	(79,391,192)	-	-	-	(79,391,192)
Incurred claims and other directly attributable expenses	-	(325,131)	51,049,800	564,188	51,288,857
Changes that relate to past service - changes in FCF relating to LIC	-	604,097	640,636	(563,508)	681,225
Insurance acquisition cash flows assets impairment	7,822,423	-	-	-	7,822,423
Insurance services expenses	7,822,423	278,966	51,690,436	680	59,792,505
Insurance services results	(71,568,769)	278,966	51,690,436	680	(19,598,687)
Finance expenses from insurance contracts issued	-	-	295,216	5,673	300,889
Total amounts recognised in the statement of income	(71,568,769)	278,966	51,985,652	6,353	(19,297,798)
<b>Cash Flows:</b>					
Premiums received	83,924,308	-	-	-	83,924,308
Claims and other directly attributable expenses paid	-	-	(52,754,388)	-	(52,754,388)
Insurance contracts acquisition cash flows	(7,822,423)	-	-	-	(7,822,423)
Total cash flows	76,101,885	-	(52,754,388)	-	23,347,497
<b>Insurance contracts liabilities as at 31 December 2022</b>	5,616,285	814,874	32,624,347	983,651	40,039,157
<b>Insurance contracts assets as at 31 December 2022</b>	-	-	-	-	-
<b>Insurance contracts liabilities as at 31 December 2022</b>	5,616,285	814,874	32,624,347	983,651	40,039,157

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**(9-B) INSURANCE CONTRATS ASSETS/LIABILITIES – GENERAL APPROACH**

2023 -	Present value of future cash flows	Risk adjustment - non- financial	CSM	Total
	JD	JD	JD	JD
Insurance contracts liabilities as at 1 January 2023	1,021,267	2,658	310,090	1,334,015
Insurance contracts assets as at 1 January 2023	-	-	-	-
Insurance contracts liabilities as at 1 January 2023	1,021,267	2,658	310,090	1,334,015
Changes related to current service:				
Changes in the risk adjustment for non-financial risk for the risk expired	-	(150)	-	(150)
Experience adjustments - relating to insurance services expenses	(110,952)	-	-	(110,952)
Changes related to future service:				
Changes in estimates that adjust the CSM	-	-	(11,869)	(11,869)
Insurance services results	(110,952)	(150)	(11,869)	(122,971)
Finance expenses from insurance contracts issued	38,500	93	(38,593)	-
Total amounts recognised in the statement of income	(72,452)	(57)	(50,462)	(122,971)
Cash flows:				
Premiums received	128,509	-	-	128,509
Total cash flows	128,509	-	-	128,509
Insurance contracts liabilities as at 31 December 2023	1,077,324	2,601	259,628	1,339,553
Insurance contracts assets as at 31 December 2023	-	-	-	-
Insurance contracts liabilities as at 31 December 2023	1,077,324	2,601	259,628	1,339,553

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**INSURANCE CONTRACTS ASSETS/LIABILITIES – GENERAL APPROACH**

2022 -	Present value of future cash flows	Risk adjustment - non- financial	CSM	Total
	JD	JD	JD	JD
Insurance contracts liabilities as at 1 January 2022	1,137,647	2,926	181,037	1,321,610
Insurance contracts assets as at 1 January 2022	-	-	-	-
Insurance contracts liabilities as at 1 January 2022	1,137,647	2,926	181,037	1,321,610
Changes related to current service:				
Changes in the risk adjustment for non-financial risk for the risk expired	-	(364)	-	(364)
Experience adjustments - relating to insurance services expenses	(300,331)	-	-	(300,331)
Changes related to future service:				
Changes in estimates that adjust the CSM	-	-	165,485	165,485
Insurance services results	(300,331)	(364)	165,485	(135,210)
Finance expenses from insurance contracts issued	36,842	96	(36,432)	506
Total amounts recognized in the statement of income	(263,489)	(268)	129,053	(134,704)
Cash flows:				
Total premiums received	147,109	-	-	147,109
Total cash flows	147,109	-	-	147,109
Insurance contracts liabilities as at 31 December 2022	1,021,267	2,658	310,090	1,334,015
Insurance contracts assets as at 31 December 2022	-	-	-	-
Insurance contracts liabilities as at 31 December 2022	1,021,267	2,658	310,090	1,334,015

**CHECKS UNDER COLLECTION RELATED TO INSURANCE OPERATIONS**

This item represents checks under collection related to insurance operations, which were taken into account in calculating the insurance contracts assets and liabilities.

	<u>2023</u>	<u>2022</u>
	JD	JD
Checks under collection due within six months	75,267	223,382
Checks under collection due within more than six months up to one year	2,135,642	1,775,678
	<u>2,210,909</u>	<u>1,999,060</u>
Provision for expected credit losses*	<u>(35,350)</u>	<u>(35,350)</u>
	<u>2,175,559</u>	<u>1,963,710</u>

\* Movements on provision for expected credit losses during the year were as follows:

	<u>2023</u>	<u>2022</u>
	JD	JD
Balance at the beginning of the year	35,350	185,350
Transferred to account receivables related to insurance operations provision for expected credit losses	-	(150,000)
Balance at the end of the year	<u>35,350</u>	<u>35,350</u>

**ACCOUNTS RECEIVABLE RELATED TO INSURANCE OPERATIONS**

This item represents receivables related to insurance operations that were taken into account in the calculation of insurance contracts assets and liabilities:

	<u>2023</u>	<u>2022</u>
	JD	JD
Policyholders' receivables	15,901,403	14,828,031
Brokers' receivables	4,131,192	4,179,972
Employees' receivables	87,114	100,492
Other receivables	1,289,108	1,111,358
	<u>21,408,817</u>	<u>20,219,853</u>
Provision for expected credit losses **	<u>(4,893,469)</u>	<u>(4,696,194)</u>
	<u>16,515,348</u>	<u>15,523,659</u>

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The details of the aging of receivables are as follows:

	Undue receivables	0-90 days	91-180 days	181-365 days	More than 365 days	Total
	JD	JD	JD	JD	JD	JD
2023	3,069,769	9,062,622	1,997,257	2,041,210	5,237,959	21,408,817
2022	2,853,797	5,964,222	1,196,966	2,895,083	7,309,785	20,219,853

\*\* Movement on the provision for expected credit losses during the year were as follows:

	2023	2022
	JD	JD
Balance at the beginning of the year	4,696,194	3,471,308
Provision for expected credit losses for the year	200,000	1,076,600
Receivables written-off	(2,725)	(1,714)
Transferred from provision for expected credit loss checks under collections	-	150,000
Balance at the end of the year	<u>4,893,469</u>	<u>4,696,194</u>

**LIFE POLICYHOLDERS' LOANS RELATED TO INSURANCE OPERATIONS**

This item represents policyholder loans related to insurance operations, which are taken into account in the calculation of insurance contracts assets and liabilities:

This item consists of the following:

	2023	2022
	JD	JD
Loans to life policyholders which do not exceed the surrender value	<u>21,959</u>	<u>26,739</u>

The maturity date for loans to life policyholders consists the following:

	More than a year	Total
	JD	JD
<b>2023 -</b>	21,959	21,959
<b>2022 -</b>	26,739	26,739



**ACCOUNT PAYABLES RELATED TO INSURANCE OPERATIONS**

This item represents the payables related to insurance operations that were taken into account in the calculation of insurance contracts assets and liabilities.

	<u>2023</u>	<u>2022</u>
	JD	JD
Policyholders' payables	1,128,125	943,496
Garages' payables and vehicle's parts	715,679	512,257
Agents' payables	619,714	554,760
Other payables	825,480	680,682
	<u>3,288,998</u>	<u>2,691,195</u>

**RE-INSURANCE ACCOUNTS RECEIVABLE**

This item represents receivables related to re-insurance operations that have been taken into account in the calculation of re-insurance contracts assets and liabilities.

	<u>2023</u>	<u>2022</u>
	JD	JD
Insurance company (local)	3,935,863	3,632,406
Insurance company (foreign)	1,892,635	1,760,458
	<u>5,828,498</u>	<u>5,392,864</u>
Provision for expected credit losses*	(1,661,642)	(1,361,642)
	<u>4,166,856</u>	<u>4,031,222</u>

\* Movements on provision for expected credit losses during the year:

	<u>2023</u>	<u>2022</u>
	JD	JD
Balance at the beginning of the year	1,361,642	1,161,642
Provision for expected credit losses for the year	300,000	200,000
Balance at the end of the year	<u>1,661,642</u>	<u>1,361,642</u>

The details of the aging of the re-insurance receivables are as follows:

	<u>Undue receivables</u>	<u>0-90 days</u>	<u>91-180 days</u>	<u>181-365 days</u>	<u>More than 365 days</u>	<u>Total</u>
	JD	JD	JD	JD	JD	JD
<b>2023</b>	17,442	1,365,335	663,896	1,088,935	2,692,890	5,828,498
<b>2022</b>	46,612	1,262,676	1,085,823	1,165,220	1,832,533	5,392,864

**RE-INSURANCE ACCOUNT PAYABLES**

This item represents payables related to re-insurance operations that were taken into account in the calculation of re-insurance contracts assets and liabilities.

	<u>2023</u>	<u>2022</u>
	JD	JD
Local re-insurance companies	1,629,746	1,832,785
Foreign re-insurance companies	<u>10,399,171</u>	<u>5,701,701</u>
	<u>12,028,917</u>	<u>7,534,486</u>

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**(9-C) RE-INSURANCE CONTRACTS ASSETS/ LIABILITIES – PREMIUM ALLOCATION APPROACH**

2023 -	Liability for remaining coverage		Liability for incurred claims		Total
	Non-onerous contracts	Onerous contracts	Present value of future cash flows	Risk adjustment – non-financial	
	JD	JD	JD	JD	JD
<b>Re-insurance contracts liabilities as at 1 January 2023</b>	-	-	-	-	-
<b>Re-insurance contracts assets as at 1 January 2023</b>	1,416,165	18,818	17,158,998	429,265	19,023,246
Re-insurance contracts assets as at 1 January 2023	1,416,165	18,818	17,158,998	429,265	19,023,246
Re-insurance expenses	(46,559,315)	-	-	-	(46,559,315)
Incurred claims recovery	-	(590,810)	18,066,240	515,263	17,990,693
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	574,337	4,680,420	(258,486)	4,996,271
Effect of changes in risk of non-performance by issuer of re-insurance contracts held	2,481,764	-	-	-	2,481,764
Re-insurance services results	(44,077,551)	(16,473)	22,746,660	256,777	(21,090,587)
Finance income from re-insurance contracts held	-	-	10,539	220	10,759
Total amounts recognized in the statement of income	(44,077,551)	(16,473)	22,757,199	256,997	(21,079,828)
<b>Cash flows:</b>					
Total premiums paid net of ceding commissions and other directly attributable expenses	40,914,947	-	-	-	40,914,947
Recoveries from re-insurance	-	-	(20,617,512)	-	(20,617,512)
Total cash flows	40,914,947	-	(20,617,512)	-	20,297,435
<b>Re-insurance contracts liabilities as at 31 December 2023</b>	-	-	-	-	-
<b>Re-insurance contracts assets as at 31 December 2023</b>	(1,746,439)	2,345	19,298,685	686,262	18,240,853
<b>Re-insurance contracts net assets as at 31 December 2023</b>	(1,746,439)	2,345	19,298,685	686,262	18,240,853

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**(9-C) RE-INSURANCE CONTRACTS ASSETS/ LIABILITIES – PREMIUM ALLOCATION APPROACH**

2022 -	Liability for remaining coverage		Liability for incurred claims		Total
	Non-onerous contracts	Onerous contracts	Present value of future cash flows	Risk adjustment - non-financial	
	JD	JD	JD	JD	JD
Re-insurance contracts liabilities as at 1 January 2022	-	-	-	-	-
Re-insurance contracts assets as at 1 January 2022	3,099,097	102,186	20,229,097	427,398	23,857,778
Re-insurance contracts assets as at 1 January 2022	3,099,097	102,186	20,229,097	427,398	23,857,778
Re-insurance expenses	(42,967,066)	-	-	-	(42,967,066)
Incurred claims recovery	-	(417,263)	21,381,719	629,058	21,593,514
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	333,895	(1,320,422)	(627,406)	(1,613,933)
Effect of changes in risk of non-performance by issuer of re-insurance contracts held	2,506,062	-	-	-	2,506,062
Insurance services results	(40,461,004)	(83,368)	20,061,297	1,652	(20,481,423)
Finance income from re-insurance contracts held	-	-	24,095	215	24,310
Total amounts recognised in the statement of income	(40,461,004)	(83,368)	20,085,392	1,867	(20,457,113)
<b>Cash flows:</b>					
Total premiums paid net of ceding commissions and other directly attributable expenses	38,778,072	-	-	-	38,778,072
Recoveries from re-insurance	-	-	(23,155,491)	-	(23,155,491)
Total cash flows	38,778,072	-	(23,155,491)	-	15,622,581
Re-insurance contracts liabilities as at 31 December 2022	-	-	-	-	-
Re-insurance contracts assets as at 31 December 2022	1,416,165	18,818	17,158,998	429,265	19,023,246
Re-insurance contracts assets as at 31 December 2022	1,416,165	18,818	17,158,998	429,265	19,023,246

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**(9-C) RE-INSURANCE CONTRACTS ASSETS/ LIABILITIES – GENERAL APPROACH**

2023 -	Present value of future cash flows	Risk adjustment - non-financial	CSM	Total
	JD	JD	JD	JD
<b>Re-insurance contracts liabilities as at 1 January 2023</b>	-	-	-	-
<b>Re-insurance contracts assets as at 1 January 2023</b>	46,835	102	25,844	72,781
Re-insurance contracts assets as at 1 January 2023	<u>46,835</u>	<u>102</u>	<u>25,844</u>	<u>72,781</u>
<b>Changes related to current service:</b>				
Changes in the risk adjustment for non-financial risk for the risk expired	-	(17)	-	(17)
Experience adjustments-relating to insurance services expenses	(54,635)	-	-	(54,635)
<b>Changes related to future service:</b>				
Changes in estimates that adjust the CSM	-	-	15,285	15,285
<b>Re-insurance services results</b>	<u>(54,635)</u>	<u>(17)</u>	<u>15,285</u>	<u>(39,367)</u>
<b>Total amounts recognised in the statement of income</b>	<u>(54,635)</u>	<u>(17)</u>	<u>15,285</u>	<u>(39,367)</u>
<b>Cash flows:</b>				
Premiums received	42,512	-	-	42,512
Total cash flows	<u>42,512</u>	<u>-</u>	<u>-</u>	<u>42,512</u>
<b>Re-insurance contracts liabilities as at 31 December 2023</b>	-	-	-	-
<b>Re-insurance contracts assets as at 31 December 2023</b>	34,712	85	41,129	75,926
<b>Re-insurance contracts assets as at 31 December 2023</b>	<u>34,712</u>	<u>85</u>	<u>41,129</u>	<u>75,926</u>

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**(9-C) RE-INSURANCE CONTRACTS ASSETS/ LIABILITIES – GENERAL APPROACH**

2022 -	Present value of future cash flows	Risk adjustment - non-financial	CSM	Total
	JD	JD	JD	JD
<b>Re-insurance contracts liabilities as at 1 January 2022</b>	-	-	-	-
<b>Re-insurance contracts assets as at 1 January 2022</b>	18,177	88	44,011	62,276
Re-insurance contracts liabilities as at 1 January 2022	<u>18,177</u>	<u>88</u>	<u>44,011</u>	<u>62,276</u>
<b>Changes related to current service:</b>				
Changes in the risk adjustment for non-financial risk for the risk expired	-	14	-	14
Experience adjustments-relating to insurance service expenses	(18,133)	-	-	(18,133)
<b>Changes related to future service:</b>				
Changes in estimates that adjust the CSM	-	-	(18,167)	(18,167)
<b>Re Insurance services results</b>	<u>(18,133)</u>	<u>14</u>	<u>(18,167)</u>	<u>(36,286)</u>
<b>Total amounts recognised in the statement of income</b>	<u>(18,133)</u>	<u>14</u>	<u>(18,167)</u>	<u>(36,286)</u>
<b>Cash flows:</b>				
Premiums received	46,791	-	-	46,791
Total cash flows	<u>46,791</u>	<u>-</u>	<u>-</u>	<u>46,791</u>
<b>Re-insurance contracts liabilities as at 31 December 2022</b>	-	-	-	-
<b>Re-insurance contracts assets as at 31 December 2022</b>	46,835	102	25,844	72,781
<b>Re-insurance contracts assets as at 31 December 2022</b>	<u>46,835</u>	<u>102</u>	<u>25,844</u>	<u>72,781</u>

**(10) INCOME TAX**

**A- Income tax provision**

The income tax provision was calculated in accordance with Income Tax Law Number (34) of 2014 and its amendments, based on the Company's business results 31 December 2023,2022

Movements on the income tax provision were as follows:

	31 December 2023	31 December 2022
	JD	JD
Balance at the beginning of the year	627,524	85,021
Income tax expense for the year	1,489,380	487,000
The tax impact of selling financial assets at fair value through the statement of other comprehensive income	-	107,396
Income tax paid	<u>(735,177)</u>	<u>(51,893)</u>
	<u>1,381,727</u>	<u>627,524</u>

**B- Income tax expense**

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

	31 December 2023	31 December 2022
	JD	JD
Income tax due on the year's profit	1,489,380	487,000
Impact of deferred taxes	<u>(402,529)</u>	<u>103,928</u>
Income tax expense for the year	<u>1,086,851</u>	<u>590,928</u>

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C- Summary of the reconciliation between accounting profit and taxable profit is as follows:

	31 December 2023 JD	31 December 2022 JD
Accounting profit for Jordanian branches	4,309,225	1,751,258
<u>Add:</u> Expenses that are not tax acceptable	1,760,403	803,957
<u>Less:</u> Non-taxable profits	(368,872)	(515,137)
Taxable profit for the year	5,700,756	2,040,078
Statutory income tax rate	26%	26%
Effective income tax rate	19%	29%

D- Deferred tax assets & liabilities

- The details of deferred tax assets are as follows:

	31 December 2023					31 December 2022
<u>Included accounts</u>	Balance at the beginning of the year JD	Additions JD	Released amounts JD	Balance at the end of the year JD	Deferred tax JD	Deferred tax JD
Expected credit losses	3,771,624	470,000	-	4,241,624	1,102,822	980,622
End-of-service indemnity provision	258,425	29,466	86,415	201,476	52,384	67,190
Insurance contracts liabilities	3,037,713	906,287	-	3,944,000	1,025,440	789,805
Valuation losses for financial assets at fair value through profit or loss (inside Jordan)	1,081,134	228,845	-	1,309,979	340,595	281,095
Valuation losses for financial assets at fair value through other comprehensive income (inside Jordan)	4,460,757	-	4,460,757	-	-	148,396
Valuation losses for financial assets at fair value through other comprehensive income (outside Jordan)	570,751	873,289	-	1,444,040	375,450	535,291
	<u>13,180,404</u>	<u>2,507,887</u>	<u>4,547,172</u>	<u>11,141,119</u>	<u>2,896,691</u>	<u>2,802,399</u>



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- The details of deferred tax liabilities are as follows:

	31 December 2023					31 December 2022
<u>Included accounts</u>	Balance at the beginning of the year	Additions	Released Amounts	Balance at the end of the year	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Valuation gains for financial assets at fair value through profit or loss(outside Jordan)	2,291,518	-	-	2,291,518	274,982	274,982
Valuation gains for financial assets at fair value through other comprehensive income (inside Jordan)	-	579,434	-	579,434	69,532	-
	<u>2,291,518</u>	<u>579,434</u>	<u>-</u>	<u>2,870,952</u>	<u>344,514</u>	<u>274,982</u>

Movements on deferred tax assets were as follows:

	31 December 2023	31 December 2022
	JD	JD
Balance at the beginning of the year	2,802,399	2,844,555
Addition to deferred tax assets	652,051	777,153
Released from deferred tax assets	<u>(557,759)</u>	<u>(819,309)</u>
Balance at the end of the year	<u>2,896,691</u>	<u>2,802,399</u>

Movements on deferred tax liabilities were as follows:

	2023	2022
	JD	JD
Balance at the beginning of the year	274,982	1,446,798
Addition to deferred tax liabilities	69,532	-
Released from deferred tax liabilities	<u>-</u>	<u>(1,171,816)</u>
Balance at the end of the year	<u>344,514</u>	<u>274,982</u>

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**E- Tax status**

- A final settlement of income tax has been reached in Jordan until the end of 2018. The Company submitted its tax returns for the years 2019 until 2022.
- The Income Tax Department audited the financial statements for the years 2019 and 2020 and amended the self-assessment statement submitted by the Company for these years, resulting in the Company being required to pay tax differences amounting to JD 756,000. The Company rejected this amendment and a case was filed with the tax court. In the opinion of the Company's management and the legal advisor assigned to follow up on this case, the result will be in the Company's favor.
- The financial statements for the years 2021 and 2022 have not been audited by the Income Tax Department until the date of preparing these financial statements.
- The income tax provision for the year ended 31 December 2022 has been calculated and in the opinion of the Company's management and tax consultant, the provisions in the financial statements are sufficient to fulfill any tax liabilities.

**(11) PROPERTY AND EQUIPMENT, NET**

This item consists of the following:

	Land	Building	Tools, equipment and furniture	Vehicles	Total
	JD	JD	JD	JD	JD
<b>2023 -</b>					
<b>Cost:</b>					
Balance as at 1 January	511,113	594,469	1,661,638	371,551	3,138,771
Additions	-	2,273	34,082	133,474	169,829
Disposals	-	-	-	(139,200)	(139,200)
Balance as at 31 December	511,113	596,742	1,695,720	365,825	3,169,400
<b>Accumulated depreciation:</b>					
Balance as at 1 January	-	230,769	1,527,792	313,323	2,071,884
Depreciation for the year	-	11,069	52,659	26,796	90,524
Disposals	-	-	-	(139,200)	(139,200)
Balance as at 31 December	-	241,838	1,580,451	200,919	2,023,208
<b>Net book value as at 31 December</b>	<b>511,113</b>	<b>354,904</b>	<b>115,269</b>	<b>164,906</b>	<b>1,146,192</b>

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	Land	Building	Tools, equipment and furniture	Vehicles	Total
	JD	JD	JD	JD	JD
<b>2022 -</b>					
<b>Cost:</b>					
Balance as at 1 January	511,113	594,136	1,580,422	353,051	3,038,722
Additions	-	333	81,216	68,500	150,049
Disposals	-	-	-	(50,000)	(50,000)
Balance as at 31 December	511,113	594,469	1,661,638	371,551	3,138,771
<b>Accumulated depreciation:</b>					
Balance as at 1 January	-	219,746	1,475,556	353,046	2,048,348
Depreciation for the year	-	11,023	52,236	10,276	73,535
Disposals	-	-	-	(49,999)	(49,999)
Balance at the end of the year	-	230,769	1,527,792	313,323	2,071,884
<b>Net book value as at 31 December</b>	<b>511,113</b>	<b>363,700</b>	<b>133,846</b>	<b>58,228</b>	<b>1,066,887</b>

**(12) INTANGIBLE ASSETS - NET**

This item consists of the following:

	Computer systems and programs	
	31 December	
	2023	2022
	JD	JD
<b>Cost:</b>		
Balance as at 1 January	1,309,512	1,049,683
Additions	107,524	259,829
<b>Balance as at 31 December</b>	<b>1,417,036</b>	<b>1,309,512</b>
<b>Accumulated depreciation:</b>		
Balance as at 1 January	967,933	809,788
Amortization for the year	154,459	158,145
<b>Balance as at 31 December</b>	<b>1,122,392</b>	<b>967,933</b>
<b>Net book value as at 31 December</b>	<b>294,644</b>	<b>341,579</b>

**(13) OTHER ASSETS**

This item consists of the following:

	31 December 2023	31 December 2022
	JD	JD
Refundable deposits	1,216,692	1,333,226
Prepaid expenses	570,784	669,497
Accrued revenues	232,495	117,382
Employee receivables	87,114	100,492
Other receivables	1,656,717	1,586,772
	3,763,802	3,807,369
Less: Provision for expected credit losses*	(72,795)	(75,778)
	3,691,007	3,731,591

\* The movement in the allowance for expected credit losses during the year is as follows:

	2023	2022
	JD	JD
Balance at the beginning of the year	75,778	44,908
Provision for expected credit losses for the year	-	30,870
Recovered from expected credit losses for the year	(2,983)	-
Balance at the end of the year	72,795	75,778

**(14) DUE TO BANKS**

This item consists of the following:

	31 December 2023	31 December 2022
	JD	JD
Bank of Jordan*	-	5,000,000
Cairo Amman Bank**	-	2,787,093
Arab Bank***	-	1,263,456
	-	9,050,549

- \* This item represents the utilized balance as at 31 December 2022 of the overdraft facilities granted by the Bank of Jordan and the ceiling of JD 5 million at an interest rate of 10% calculated on a daily basis and credited monthly and is guaranteed by the solvency of the financial company, The main objective of these facilities is to finance the Company's activities. The balance has been paid as at 31 December 2023.
- \*\* This item represents the utilized balance as at 31 December 2022 of the overdraft facilities granted by Cairo Amman bank with a ceiling of JD 8.9 million at an interest rate of 11.25% calculated on a daily basis and credited monthly and is guaranteed by the financial solvency of the Company. The main objective of these facilities is to finance the Company's activities. The balance has been paid as at 31 December 2023.
- \*\*\* This item represents the utilized balance as at 31 December 2022 of the overdraft facilities granted by Arab bank at a ceiling of JD 5.5 million at an interest rate of 11.25% calculated on a daily basis and credited monthly and it is guaranteed by the solvency of the financial Company. The main objective of these facilities is to finance the Company's activities. The balance has been paid as at 31 December 2023.

**(15) OTHER PROVISIONS**

This item consists of the following:

	31 December 2023	31 December 2022
	JD	JD
Provision for end-of-service compensation	832,011	983,571
Provision for commission on collective profits insurance policies	268,596	152,933
Provision for insurance management fees	89,085	70,797
Provision for default reserve in re-insurance	4,864	-
Allowance for vacations	3,400	3,400
	<u>1,197,956</u>	<u>1,210,701</u>

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Movements on other provisions were as follows:

	31 December 2023				31 December 2022
	Beginning balance for the year	Provision for the year	Paid during the year	Ending balance for the year	Ending balance for the year
	JD	JD	JD	JD	JD
Provision for end-of-service compensation	983,571	107,470	259,030	832,011	983,571
Provision for commission on collective profits					
Insurance policies	152,933	115,663	-	268,596	152,933
Provision for insurance management fees	70,797	360,025	341,737	89,085	70,797
Provision for default reserve in re-insurance	-	4,864	-	4,864	-
Allowance for vacations	3,400	-	-	3,400	3,400
	<u>1,210,701</u>	<u>588,022</u>	<u>600,767</u>	<u>1,197,956</u>	<u>1,210,701</u>

**(16) OTHER LIABILITIES**

This item consists of the following:

	31 December 2023	31 December 2022
	JD	JD
Sales tax due	659,635	94,926
Revenues received in advance	423,980	360,201
Accrud expenses	177,944	121,328
Deposit of the Ministry of Finance	90,689	35,454
Board members remuneration	60,000	55,000
Life insurance deposits	14,596	14,555
Unpaid visa deposits	10,243	6,010
Entitlement deposits for individual insurance policies	5,685	5,685
Car parking deposits	4,920	4,790
Others	186,187	-
	<u>1,633,879</u>	<u>697,949</u>

**(17) PAID-IN CAPITAL**

The authorized and paid-in capital amounted to JD 30,000,000 divided into 30,000,000 shares with a par value of JD 1 per each as at 31 December 2023 and 31 December 2022.

**(18) STATUTORY RESERVE**

This amount represents appropriations at 10% of net income before income tax. Moreover, the reserve balance amounted to 25% of the Company's capital according to the Companies Law. This reserve is not available for distribution to shareholders.

**(19) FAIR VALUE RESERVE**

Movements on the fair value reserve during the year were as follows:

	31 December 2023 JD	31 December 2022 JD
Balance at the beginning of the year	(4,374,701)	6,823,258
Changes in fair value, net	3,325,734	(10,591,456)
Transfer from fair value reserve to retained earnings	-	(606,503)
Balance at the end of the year	<u>(1,048,967)</u>	<u>(4,374,701)</u>

**(20) RETAINED EARNINGS**

Movements on retained earnings during the year were as follows:

	31 December 2023 JD	31 December 2022 JD
Balances at the beginning of the year	5,954,952	5,936,265
Effect of the implementation of IFRS 17	-	(648,674)
Adjusted balance	<u>5,954,952</u>	<u>5,287,591</u>
Profit for the year	1,809,884	60,858
Transfer from fair value reserve to retained earnings	-	606,503
Balance at the end of the year	<u>7,764,836</u>	<u>5,954,952</u>

The retained earnings balance includes an amount of JD 2,521,241 restricted against deferred tax assets as at 31 December 2023 (JD 2,118,712 as at 31 December 2022).

The retained earnings balance includes an amount of JD 235,083 as at 31 December 2023, representing the difference between the deficit of fair value reserve of JD 1,048,969 and the effect of early adoption of International Financial Reporting Standard No. (9) of JD 1,284,052 which represents the revaluation differences and may not be used until realized according to the regulations of the Jordan Securities Commission.

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**(21) INSURANCE CONTRACTS REVENUES**

**2023 -**

	Motor	Fire and general insurance	Engineering	Liability	Marine	Medical	General accidents	Life	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Insurance contracts revenues	21,934,212	17,435,630	1,315,063	868,583	1,361,896	11,087,155	172,519	31,764,879	85,939,937
Insurance contract issuance fees	904,245	132,325	43,371	9,393	15,597	309,402	1,186	434,038	1,849,557
Expected incurred claims	-	-	-	-	-	-	-	113,085	113,085
Allocation of a portion of the premiums related to the recovery of cash flows for the acquisition of insurance	-	-	-	-	-	-	-	746	746
Expected incurred expenses	-	-	-	-	-	-	-	9,250	9,250
Change in risk adjustments – non financial	-	-	-	-	-	-	-	98	98
	<u>22,838,457</u>	<u>17,567,955</u>	<u>1,358,434</u>	<u>877,976</u>	<u>1,377,493</u>	<u>11,396,557</u>	<u>173,705</u>	<u>32,322,096</u>	<u>87,912,673</u>

**2022 -**

	Motor	Fire and general insurance	Engineering	Liability	Marine	Medical	General accidents	Life	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Insurance contracts revenues	18,577,570	14,124,769	2,522,044	956,516	1,328,831	10,652,817	167,841	29,323,919	77,654,307
Insurance contract issuance fees	775,365	136,243	17,254	10,182	15,581	284,252	1,371	496,637	1,736,885
Reclaims of policy acquisition costs	-	-	-	-	-	-	-	110,914	110,914
Expected incurred claims	-	-	-	-	-	-	-	1,182	1,182
Expected incurred expenses	-	-	-	-	-	-	-	93	93
Change in risk adjustments – non financial	-	-	-	-	-	-	-	9,653	9,653
	<u>19,352,935</u>	<u>14,261,012</u>	<u>2,539,298</u>	<u>966,698</u>	<u>1,344,412</u>	<u>10,937,069</u>	<u>169,212</u>	<u>29,942,399</u>	<u>79,513,035</u>



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**(22) INSURANCE CONTRACTS EXPENSES**

**2023 -**

	Motor	Fire and general insurance	Engineering	Liability	Marine	Medical	General accidents	Life	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Incurred insurance claims	(16,646,133)	(1,207,682)	535,853	42,286	(343,785)	(8,757,597)	(113,732)	(23,832,888)	(50,323,678)
Amortization of acquisition costs	(3,344,070)	(662,465)	(43,499)	(58,435)	(155,887)	(1,152,922)	(24,009)	(2,498,066)	(7,939,353)
General and administrative expenses (Note 28)	(2,282,270)	(436,208)	(28,365)	(23,909)	(52,392)	(901,351)	(5,981)	(618,177)	(4,348,653)
Recovered from loss from onerous contracts	(270,948)	-	-	-	-	-	-	40,833	(230,115)
Risk adjustments - non-financial	(75,740)	(285,083)	111,859	(36,368)	(74,090)	110,142	(26,913)	(128,376)	(404,569)
Total insurance contracts expense	<u>(22,619,161)</u>	<u>(2,591,438)</u>	<u>575,848</u>	<u>(76,426)</u>	<u>(626,154)</u>	<u>(10,701,728)</u>	<u>(170,635)</u>	<u>(27,036,674)</u>	<u>(63,246,368)</u>

**2022 -**

	Motor	Fire and general insurance	Engineering	Liability	Marine	Medical	General accidents	Life	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Incurred insurance claims	(14,542,645)	(664,359)	(41,107)	(86,821)	(143,371)	(8,536,601)	29,260	(22,865,979)	(46,851,623)
Amortization of acquisition costs	(3,168,336)	(632,589)	(84,499)	(37,153)	(185,801)	(1,359,597)	(22,525)	(2,331,923)	(7,822,423)
General and administrative expenses (Note 28)	(2,524,827)	(444,340)	(68,422)	(22,696)	(101,017)	(1,014,819)	(7,077)	(673,839)	(4,857,037)
Recovered from loss from onerous contracts	(392,632)	-	49,435	-	-	-	-	64,231	(278,966)
Risk adjustments - non-financial	(14,185)	(10,166)	6,084	(648)	4,421	35,571	1,223	(22,980)	(680)
Total insurance contracts expense	<u>(20,642,625)</u>	<u>(1,751,454)</u>	<u>(138,509)</u>	<u>(147,318)</u>	<u>(425,768)</u>	<u>(10,875,446)</u>	<u>881</u>	<u>(25,830,490)</u>	<u>(59,810,729)</u>

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**(23) FINANCE EXPENSE - INSURANCE CONTRACTS, NET**

	<u>2023</u>	<u>2022</u>
	JD	JD
Finance expense	<u>(330,729)</u>	<u>(301,395)</u>

The Company used discount rates that ranged between 1% and 4% as at 31 December 2023 (31 December 2022: 1% and 3%).

**(24) FINANCE INCOME – RE-INSURANCE CONTRACTS - NET**

	<u>2023</u>	<u>2022</u>
	JD	JD
Finance income	<u>10,759</u>	<u>24,310</u>

The Company used discount rates that ranged between 1% and 2% as at 31 December 2023 and 2022.

**(25) INTEREST INCOME**

This item consists of the following:

	<u>2023</u>	<u>2022</u>
	JD	JD
Bank interest	1,040,271	391,366
Cash dividends	<u>200,000</u>	<u>200,000</u>
<b>Total</b>	1,240,271	591,366
Amount transferred to insurance revenues	<u>(200,000)</u>	<u>(200,000)</u>
	<u>1,040,271</u>	<u>391,366</u>

**(26) NET GAIN FROM FINANCIAL ASSETS AND INVESTMENTS**

This item consists of the following:

	<u>2023</u>	<u>2022</u>
	JD	JD
Cash dividends from financial assets at fair value through profit or loss	478,061	351,652
Rental income – net	368,931	380,718
Gain on the sale of financial assets at fair value through profit or loss	22,861	185,759
Gain on the valuation of financial assets at fair value through profit or loss	917	279,400
	<u>870,770</u>	<u>1,197,529</u>

**(27) OTHER REVENUE, NET**

This item consists of the following:

	<u>2023</u>	<u>2022</u>
	JD	JD
Currency exchange losses	(81,359)	(127,290)
Help-on-the-road service premiums	27,587	23,846
Treaties profits*	136,519	83,639
Earned discount	116,519	75,473
Others	497,955	278,161
	<u>697,221</u>	<u>333,829</u>

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

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**(28) GENERAL AND ADMINISTRATIVE EXPENSES**

This item consists of the following:

	<u>2023</u>	<u>2022</u>
	JD	JD
Salaries and bonuses	2,436,127	2,522,923
Other expense for medical insurance	549,682	501,948
Expected credit loss expense	301,641	187,838
Medical expenses	250,368	233,154
Depreciation and amortization	219,038	201,773
Insurance authority fees	217,196	192,869
Expenses and attorney's fees	215,820	206,005
The Company's share of social security	210,613	190,386
Computer software services	171,472	115,354
Government fees and other fees	149,936	207,622
Expenses of the Jordanian Federation of Insurance Companies	143,045	124,212
Travel and transportation	117,643	107,743
Professional fees	115,834	77,990
Marketing expenses	94,133	118,927
Post and communications	93,735	106,429
Written off receivables expense and discounts allowances	88,881	71,782
Donations and gifts	83,512	18,828
Miscellaneous vehicle insurance expenses	73,302	162,963
Transportation allowance for members of the Board of Directors	69,572	77,483
Rent	69,298	50,029
Stationery and publications	67,818	62,315
Water, electricity and heating	47,549	49,462
Insurance expenses	38,672	47,552
Tenders and guarantees expenses	34,091	48,847
Provision for end-of-service indemnity	27,950	19,031
National agent commissions / external	22,008	24,795
Hospitality and gifts	21,382	18,814
Subscriptions	8,602	9,039
Employees development and training	7,612	2,674
Bank interest and commissions	5,690	6,109
Computer Maintenance	5,661	7,739
Advertising, publishing and marketing	3,932	5,774
Maintenance	2,771	3,443
Licenses to use computer programs	779	1,233
Revaluation expenses	549	5,025
Others	522,470	1,117,526
Total	<u>6,488,384</u>	<u>6,905,636</u>
Total general and administrative expenses allocated to insurance contracts expenses (Note 22)	<u>4,348,653</u>	<u>4,857,037</u>
Total general and administrative expenses unallocated to insurance contracts expenses	<u>2,139,731</u>	<u>2,048,599</u>

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**(29) OTHER EXPENSES**

This item consists of the following:

	2023 JD	2022 JD
End-of-service indemnity	29,466	39,486
Board of directors bonuses	55,000	55,000
	<u>84,466</u>	<u>94,486</u>

**(30) BASIC AND DILUTED EARNINGS PER SHARE FROM PROFIT FOR THE YEAR**

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

	31 December 2023 JD	31 December 2022 JD
Profit for the year	1,809,884	60,858
	Share	Share
Weighted average number of shares	30,000,000	30,000,000
	JD/share	JD/share
Basic and diluted earnings per share for the year	0/060	0/002

**(31) CASH AND CASH EQUIVALENTS**

The details of this item are as follows:

	31 December 2023 JD	31 December 2022 JD
Deposits mature within three months (Note 3)	24,144,621	20,197,747
Current accounts at banks (Note 8)	2,684,173	4,679,399
Cash on hand (Note 8)	36,205	36,927
Deduct: due to banks (Note 14)	-	(9,050,549)
Cash and Cash Equivalents	<u>26,864,999</u>	<u>15,863,524</u>

**(32) RELATED PARTY TRANSACTIONS AND BALANCES**

The related parties represent partners and companies in which they are major shareholders, subsidiaries, and the Company's senior executive management. Prices and terms related to these transactions are approved by the Company's management.

Below is a summary of the balances with related parties as shown in the statement of financial position as at 31 December:

	Nature of relationship	31 December 2023	31 December 2022
<b>Due from related parties-Policyholders' receivables</b>		JD	JD
	Company's employees' saving fund		
Jordan Insurance Company Saving Fund		242,337	243,638
	Company owned by a Board Member		
Industrial Commercial Company		206,862	233,235
	Company owned by a Board Member		
Jordanian Commercial Company		248,818	125,162
Other receivables		26,666	42,286
		<u>724,683</u>	<u>644,321</u>
<b>Due to related parties</b>			
Munich Re-insurance Company (Reinsurance Company)	Member of the Board of Directors	1,429,461	1,139,069
Other payables		52,080	18,353
		<u>1,481,541</u>	<u>1,157,422</u>

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Transactions with related parties included in the statement of income are as follows:

	Nature of relationship	2023 JD	2022 JD
<b>Underwriting premiums</b>			
	Company owned		
Jordanian Commercial Company	by a Board Member	303,368	485,217
	Company owned		
Industrial Commercial Company	by a Board Member	267,582	279,228
	Company owned		
Jordanian Commercial Company / Insurance receivables	by a Board Member	193,151	146,662
Other underwriting revenues		104,301	134,966
		<u>868,402</u>	<u>1,046,073</u>
Amounts paid to Munich re-insurance company	Board Member	<u>-</u>	<u>293,348</u>

Top Executive management (salaries, bonuses, and other benefits) are as follows:

	2023 JD	2022 JD
Salaries and bonuses	<u>463,462</u>	<u>455,339</u>

**(33) LAWSUITS AGAINST THE COMPANY**

There are lawsuits against the Company claiming compensation on various accidents, The lawsuits at courts with determined amounts totaled around JD 1,374,276 as at 31 December 2023 (JD 1,815,874 as at 31 December 2022). In the opinion of the Company's management and its lawyer, no liabilities in excess of the provisions within the insurance contracts liabilities shall arise.

**(34) CONTINGENT LIABILITIES**

As at the date of the statement of financial position, the Company had contingent liabilities represented in bank guarantees in an amount of JD 2,879,895 guaranteed by the Company's solvency as at 31 December 2023 (JD 3,015,896 as at 31 December 2022).

**(35) FAIR VALUE LEVELS**

A - The fair value of the Company's financial assets, which are continuously determined at fair value:

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 is directly observable or estimated using another valuation technique.

When estimating the fair value of an asset or liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Some of the Company's financial assets are measured at fair value at the end of each financial year, and the following table provides information on how the fair value of these financial assets is determined (valuation methods and inputs used).

	<u>Level (1)</u>	<u>Level (2)</u>	<u>Level (3)</u>	<u>Total</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
<b>31 December 2023</b>				
Financial assets:				
Financial assets at fair value through other comprehensive income	19,206,725	-	4,454,504	23,661,229
Financial assets at fair value through profit or loss	2,407,605	-	-	2,407,605
Financial assets at amortized cost	-	-	673,550	673,550
	<u>21,614,330</u>	<u>-</u>	<u>5,128,054</u>	<u>26,742,384</u>
<b>31 December 2022</b>				
Financial assets:				
Financial assets at fair value through other comprehensive income	15,771,987	-	4,145,407	19,917,394
Financial assets at fair value through profit or loss	2,848,284	-	-	2,848,284
Financial assets at amortized cost	-	-	-	-
	<u>18,620,271</u>	<u>-</u>	<u>4,145,407</u>	<u>22,765,678</u>

There were no transfers between Level 1 and Level 2 during the year ended 31 December 2023, and the year ended 31 December 2022.



**(36) THE FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES THAT ARE NOT PRESENTED AT FAIR VALUE IN THE FINANCIAL STATEMENTS**

There are no material differences between the carrying amount and the fair value of the financial assets and liabilities as at the end of the year 2023 and 2022.

**(37) RISK MANAGEMENT**

**First: Explanatory Disclosures:**

Risk management is the evaluation of the risk process of measurement and development of strategies to manage it. These strategies include the transfer of risks to another party, avoiding and mitigating their adverse effect on the Company, in addition to accepting the related consequences partially or wholly. Risk management can be divided into four sections:

**First:** Material risks such as natural catastrophes, fires, accidents, and other external risks not relating to the Company's operations.

**Second:** Legal risks resulting from legal claims or any risks arising from the laws and regulations issued by the Insurance Commission and the related non-compliance.

**Third:** Intangible risks that are difficult to identify such as knowledge risk that occurs upon the application of inadequate knowledge by employees, Moreover, relationships risks occur when there is inefficient cooperation with clients. All these risks reduce the employee's productivity in knowledge and lessen the effectiveness of expenditures, profit, service, quality, reputation, and the quality of gains.

Management of risks adopted by the Company relies on prioritizing so that risks with huge losses and high probability are treated first while risks with lower losses and lesser probability are treated later on.

**Risk Management Policy**

**First: Planning and Preparation**

The work scope plan and criteria for adopting and evaluating risks at the Company have been set through creating the Institutional Development and Quality Department that monitors this performance.

**Second: Identification of Risks**

Risks represent events that create problems upon their occurrence. Therefore, these problems should be identified at their origin, When the problem or its origin is identified, the related accident may lead to new risks that can be treated prior to their occurrence. There are many ways to identify risks such as identification based on objectives as each of the Company's sections has certain objectives it endeavors to achieve. Any event that threatens the achievement of these objectives is considered a risk. Based on this, risks are studied and pursued. Moreover, there is a type of risk identification based on a comprehensive classification of all probable sources of risk. Still another type of risk identification is common risks especially for similar companies.

### **Third: Risk Treatment Method**

The Company deals with probable risks by means of the following methods:

- **Transfer:** This represents the process of transferring the risk to another party through contracts or financial protection.
- **Avoidance:** This is an active process to ward off risk through avoiding works that lead to risks. Avoidance is the best preventive method against risk. This may deprive the Company from conducting certain activities profitable for the Company.
- **Reduction:** This is the process of decreasing the loss arising from the occurrence of risk.
- **Acceptance:** There should be a policy to accept unavoidable risks as acceptance of small risks is an effective strategy.

### **Fourth: Plan**

An easy and clear plan has been set to deal with risks through a pricing policy that relies on historical statistics to avoid the occurrence of risks from any insurance branch so that the premium covers the probable cumulative risks.

### **Fifth: Execution**

The Company's technical departments execute the plan so that the risk effects are mitigated. Moreover, all avoidable risks are avoided.

### **Sixth: Plan Review and Evaluation**

The risks department follows up on the Company's development and constantly and continuously develops and upgrades the plan in effect.

### **Risk Management Arrangements**

#### **Determinants**

Top priority is given to the Risks Department, This affects the Company's productivity and profitability, Moreover, the Risks Department distinguishes between actual risk and doubt, priorities are given to risks with huge losses and high probability so as to avoid them.

### **Risks Management Responsibilities**

- Upgrading the risk data base constantly and continuously.
- Predicting any probable risk.
- Cooperating with executive management to treat risks and mitigate risk.
- Preparing plans and risk reports continuously in order to avoid the probable risk or reduce the probability of its occurrence.

### **Risk Treatment Strategy**

- Determining the Company's objectives.
- Clarifying strategies for the Company's objectives.
- Distinguishing risk.
- Assessing risk.
- Identifying methods to avoid and treat risk.

### **Second: Quantitative Disclosures:**

#### **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. As regards 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 is engaged in insurance business against fire, accidents, marine and transportation, motor insurance, public liability, and medical insurance through its main branch located in Jabal Amman, 3<sup>rd</sup> circle in Amman and its branches in United Arab Emirates and Kuwait.

Through its personnel consisting of professionals and administrative staff, the Company provides the best service to its clients. Moreover, a plan has been set to protect it against probable risks whether natural or unnatural. This requires that the necessary provisions as well as the necessary technical equipment be made available to maintain the Company's continuity and viability, hence, the necessity to set the risk management strategy.

## **Steps in Determining Assumptions**

These steps rely on the internal data derived from the quarterly claims reports and the sorting of the executed insurance policies as at the statement of financial position date to identify the outstanding insurance policies, The effective results for the year's accidents are selected for each type of insurance based on the evaluation of the most appropriate mechanism for observing the historical development.

## **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 vehicles insurance claims were reported and on the year in which underwriting of the other general insurance types was executed as follows:

### **Gross - Motor Insurance:**

<b>The accident occurrence year -</b>	2019 and before JD	2020 JD	2021 JD	2022 JD	2023 JD	Total JD
At the end of the year	-	11,871,909	13,449,689	15,471,512	18,207,923	59,001,033
After one year	-	11,160,927	12,572,715	14,839,196	-	38,572,838
After two years	-	11,158,093	12,321,529	-	-	23,479,622
After three years	-	11,214,172	-	-	-	11,214,172
<b>Total accumulated claims paid</b>	-	10,477,469	11,369,645	12,635,849	10,685,346	45,168,309
<b>Total liabilities</b>	4,114,028	736,703	951,884	2,203,346	7,522,577	15,528,538
Discounting effect	-	-	-	-	-	(270,621 )
<b>Total liabilities for incurred claims</b>	4,114,028	736,703	951,884	2,203,346	7,522,577	15,257,917

### **Net - Motor Insurance:**

<b>The accident occurrence year -</b>	2019 and before JD	2020 JD	2021 JD	2022 JD	2023 JD	Total JD
At the end of the year	-	11,624,105	13,219,533	15,110,195	17,797,067	57,750,900
After one year	-	10,922,735	12,358,241	14,478,635	-	37,759,611
After two years	-	10,910,872	12,119,633	-	-	23,030,505
After three years	-	10,969,846	-	-	-	10,969,846
<b>Total accumulated claims paid</b>	-	10,262,471	11,176,438	12,392,801	10,398,757	44,230,467
<b>Total liabilities</b>	3,910,977	707,375	943,195	2,085,833	7,398,310	15,045,690
Discounting effect	-	-	-	-	-	(265,083)
<b>Total liabilities for incurred claims</b>	3,910,977	707,375	943,195	2,085,833	7,398,310	14,780,607

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**Gross - Medical:**

The accident occurrence year -	2019 and before JD	2020 JD	2021 JD	2022 JD	2023 JD	Total JD
At the end of the year	-	6,948,394	7,893,642	8,262,820	8,694,866	31,799,722
After one year	-	6,775,313	8,174,844	8,295,455	-	23,245,612
After two years	-	6,780,703	8,201,240	-	-	14,981,943
After three years	-	6,781,429	-	-	-	6,781,429
<b>Total accumulated claims paid</b>	-	6,781,429	8,175,858	8,295,110	7,366,382	30,618,779
<b>Total liabilities</b>	-	-	25,382	345	1,328,484	1,354,211
<b>Total liabilities for incurred claims</b>	-	-	25,382	345	1,328,484	1,354,211

**Net - Medical:**

The accident occurrence year -	2019 and before JD	2020 JD	2021 JD	2022 JD	2023 JD	Total JD
At the end of the year	-	3,679,134	4,310,950	4,507,480	4,722,284	17,219,848
After one year	-	3,583,212	4,473,773	4,517,814	-	12,574,799
After two years	-	3,584,499	4,482,117	-	-	8,066,616
After three years	-	3,584,898	-	-	-	3,584,898
<b>Total accumulated claims paid</b>	-	3,584,898	4,474,730	4,517,616	4,005,636	16,582,880
<b>Total liabilities</b>	-	-	7,387	198	716,648	724,233
<b>Total liabilities for incurred claims</b>	-	-	7,387	198	716,648	724,233

**Gross - Fire:**

The accident occurrence year -	2019 and before JD	2020 JD	2021 JD	2022 JD	2023 JD	Total JD
At the end of the year	-	3,898,492	1,405,179	2,189,932	1,405,281	8,898,884
After one year	-	2,331,709	270,505	2,199,055	-	4,801,269
After two years	-	2,204,470	286,672	-	-	2,491,142
After three years	-	2,087,455	-	-	-	2,087,455
<b>Total accumulated claims paid</b>	-	2,075,973	254,730	761,192	280,934	3,372,829
<b>Total liabilities</b>	1,284,990	11,481	31,943	1,437,863	1,124,347	3,890,624
<b>Total liabilities for incurred claims</b>	1,284,990	11,481	31,943	1,437,863	1,124,347	3,890,624

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**Net - Fire:**

<b>The accident occurrence year -</b>	2019 and before JD	2020 JD	2021 JD	2022 JD	2023 JD	Total JD
At the end of the year	-	204,676	71,564	180,924	1,005,142	1,462,306
After one year	-	236,764	28,450	(296,306)	-	(31,092)
After two years	-	130,092	25,898	-	-	155,990
After three years	-	105,953	-	-	-	105,953
<b>Total accumulated claims paid</b>	-	98,041	27,994	92,872	84,881	303,788
<b>Total liabilities</b>	(340,394)	7,911	(2,096)	(389,178)	920,261	196,504
<b>Total liabilities for incurred claims</b>	(340,394)	7,911	(2,096)	(389,178)	920,261	196,504

**Gross - Marine:**

<b>The accident occurrence year -</b>	2019 and before JD	2020 JD	2021 JD	2022 JD	2023 JD	Total JD
At the end of the year	-	1,187,285	457,478	394,640	401,464	2,440,867
After one year	-	966,428	435,570	379,626	-	1,781,624
After two years	-	964,962	420,748	-	-	1,385,710
After three years	-	985,074	-	-	-	985,074
<b>Total accumulated claims paid</b>	-	888,112	304,949	318,534	153,951	1,665,546
<b>Total liabilities</b>	382,823	96,962	115,799	61,093	247,513	904,190
<b>Total liabilities for incurred claims</b>	382,823	96,962	115,799	61,093	247,513	904,190

**Net - Marine:**

<b>The accident occurrence year -</b>	2019 and before JD	2020 JD	2021 JD	2022 JD	2023 JD	Total JD
At the end of the year	-	193,536	118,792	118,783	157,703	588,814
After one year	-	129,533	101,031	106,149	-	336,713
After two years	-	129,446	94,091	-	-	223,537
After three years	-	134,337	-	-	-	134,337
<b>Total accumulated claims paid</b>	-	123,266	81,190	97,846	44,470	346,772
<b>Total liabilities</b>	23,064	11,072	12,901	8,303	113,233	168,573
<b>Total liabilities for incurred claims</b>	23,064	11,072	12,901	8,303	113,233	168,573

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**Gross- Liability:**

The accident occurrence year -	2019 and before JD	2020 JD	2021 JD	2022 JD	2023 JD	Total JD
At the end of the year	-	1,239,611	402,401	246,362	153,302	2,041,676
After one year	-	32,371	244,507	73,967	-	350,845
After two years	-	32,967	215,618	-	-	248,585
After three years	-	40,702	-	-	-	40,702
<b>Total accumulated claims paid</b>	-	8,435	9,916	43,717	15,521	77,589
<b>Total liabilities</b>	13,445	32,267	205,702	30,250	137,780	419,444
<b>Total liabilities for incurred claims</b>	13,445	32,267	205,702	30,250	137,780	419,444

**Net - Liability:**

The accident occurrence year -	2019 and before JD	2020 JD	2021 JD	2022 JD	2023 JD	Total JD
At the end of the year	-	130,382	18,147	39,363	96,781	284,673
After one year	-	6,360	1,264	7,738	-	15,362
After two years	-	5,422	(47,701)	-	-	(42,279)
After three years	-	(416)	-	-	-	(416)
<b>Total accumulated claims paid</b>	-	2,523	2,975	10,347	4,593	20,438
<b>Total liabilities</b>	(3,354)	(2,939)	(50,675)	(2,610)	92,188	32,610
<b>Total liabilities for incurred claims</b>	(3,354)	(2,939)	(50,675)	(2,610)	92,188	32,610

**Gross - Life:**

The accident occurrence year -	2019 and before JD	2020 JD	2021 JD	2022 JD	2023 JD	Total JD
At the end of the year	-	16,650,475	26,641,412	19,977,377	21,520,113	84,789,377
After one year	-	16,749,978	28,883,028	21,911,844	-	67,544,850
After two years	-	16,916,023	28,983,017	-	-	45,899,040
After three years	-	17,010,641	-	-	-	17,010,641
<b>Total accumulated claims paid</b>	-	16,640,191	28,060,651	20,443,284	14,304,427	79,448,553
<b>Total liabilities</b>	1,318,650	370,450	922,366	1,468,561	7,215,686	11,295,713
<b>Total liabilities for incurred claims</b>	1,318,650	370,450	922,366	1,468,561	7,215,686	11,295,713

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**Net - Life:**

The accident occurrence year -	2019 and before JD	2020 JD	2021 JD	2022 JD	2023 JD	Total JD
At the end of the year	-	4,281,802	5,846,315	5,066,886	5,537,318	20,732,321
After one year	-	4,235,111	6,533,109	5,669,827	-	16,438,047
After two years	-	4,280,500	6,502,015	-	-	10,782,515
After three years	-	4,293,972	-	-	-	4,293,972
<b>Total accumulated claims paid</b>	-	4,216,529	6,344,302	5,392,923	3,988,972	19,942,726
<b>Total liabilities</b>	1,318,650	370,450	922,366	1,468,561	7,215,686	11,295,713
<b>Total liabilities for incurred claims</b>	1,318,650	370,450	922,366	1,468,561	7,215,686	11,295,713

**Gross - Others:**

The accident occurrence year -	2019 and before JD	2020 JD	2021 JD	2022 JD	2023 JD	Total JD
At the end of the year	-	90,238	203,644	51,111	139,910	484,903
After one year	-	63,396	178,195	61,715	-	303,306
After two years	-	65,129	176,048	-	-	241,177
After three years	-	65,361	-	-	-	65,361
<b>Total accumulated claims paid</b>	-	46,666	163,412	48,585	23,255	281,918
<b>Total liabilities</b>	138,656	18,694	12,637	13,131	116,655	299,773
<b>Total liabilities for incurred claims</b>	138,656	18,694	12,637	13,131	116,655	299,773

**Net - Others:**

The accident occurrence year -	2019 and before JD	2020 JD	2021 JD	2022 JD	2023 JD	Total JD
At the end of the year	-	32,694	78,183	41,601	116,249	268,727
After one year	-	27,385	65,058	58,486	-	150,929
After two years	-	28,825	62,714	-	-	91,539
After three years	-	29,070	-	-	-	29,070
<b>Total accumulated claims paid</b>	-	17,375	56,775	48,585	23,255	145,990
<b>Total liabilities</b>	52,536	11,694	5,940	9,901	92,994	173,065
<b>Total liabilities for incurred claims</b>	52,536	11,694	5,940	9,901	92,994	173,065



### **3. INSURANCE RISK CONCENTRATIONS**

Below are schedules presenting risk concentration based on insurance types and the geographical distribution:

Insurance liabilities are concentrated based on insurance type as follows:

	2023		2022	
	Net	Gross	Net	Gross
	JD	JD	JD	JD
Motor	15,595,205	16,082,685	14,284,495	14,784,722
Marine	205,388	999,854	183,468	1,153,135
Fire and properties	290,927	4,313,198	279,688	4,368,042
Liability	44,682	462,462	39,297	517,878
Medical	783,442	1,429,503	790,997	1,427,658
Life	2,510,505	11,801,733	1,664,581	8,371,916
Others	198,584	335,428	143,980	293,456
Total	<u>19,628,733</u>	<u>35,424,863</u>	<u>17,386,506</u>	<u>30,916,807</u>

Assets and liabilities are concentrated based on geographical distribution and sectors as follows:

	31 December 2023		31 December 2022	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
<b>A- According to geographical area</b>				
Inside Jordan	<u>94,057,885</u>	<u>47,323,849</u>	<u>86,699,895</u>	<u>43,994,245</u>
Other Middle East Countries	3,941,499	6,273,479	5,496,240	9,240,632
Europe	-	-	-	-
Asia *	-	-	-	-
Africa *	-	-	-	-
United States of America	-	-	-	-
Other Countries	-	-	-	-
	<u>3,941,499</u>	<u>6,273,479</u>	<u>5,496,240</u>	<u>9,240,632</u>
Total	<u>97,999,384</u>	<u>53,597,328</u>	<u>92,196,135</u>	<u>53,234,877</u>

\* Except for Middle East countries.

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	2023		2022	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
<b>B- According to Sector</b>				
Public sector	707,287	14,641	750,033	9,711
Private sector				
Companies and corporations	94,777,427	53,310,524	88,873,177	53,022,257
Individuals	2,514,670	272,163	2,572,925	202,909
Total	97,999,384	53,597,328	92,196,135	53,234,877

**INSURANCE RISK SENSITIVITY**

The table below shows the effect of the possible reasonable change in underwriting premium rates on the statement of income and equity keeping all other affecting variables fixed.

2023 -	Change	CSM		Effect on the current year's pre-tax profit		Effect on equity	
		Gross	Net	Gross	Net	Gross	Net
		JD	JD	JD	JD	JD	JD
	%						
Mortality rate	+5	4,015	38,743	(851)	31,104	(851)	31,104
Mortality rate	-5	(4,078)	39,402	834	34,798	834	34,798
Longevity	+5	(4,078)	39,402	834	34,798	834	34,798
Longevity	-5	4,015	38,743	(851)	31,104	(851)	31,104
Expenses	+5	3,570	2,886	399	(6,411)	399	(6,411)
Expenses	-5	(3,579)	35,507	(407)	32,554	(407)	32,554
Expiration rate	+5	1,681	40,921	5,302	38,075	5,302	38,075
Expiration rate	-5	(1,233)	37,707	(5,313)	27,841	(5,313)	27,841

2022 -	Change	CSM		Effect on the current year's pre-tax profit		Effect on equity	
		Gross	Net	Gross	Net	Gross	Net
		JD	JD	JD	JD	JD	JD
	%						
Mortality rate	+5	4,273	2,107	(1,643)	(5,464)	(1,643)	(5,464)
Mortality rate	-5	(4,336)	2,173	1,625	(1,241)	1,625	(1,241)
Longevity	+5	(4,336)	2,173	1,625	(1,241)	1,625	(1,241)
Longevity	-5	4,273	2,107	(1,643)	(5,464)	(1,643)	(5,464)
Expenses	+5	3,596	5,748	203	(3,140)	203	(3,140)
Expenses	-5	(3,601)	(1,448)	(207)	(3,550)	(207)	(3,550)
Expiration rate	+5	(75)	2,502	2,601	(860)	2,601	(860)
Expiration rate	-5	495	2,225	(2,608)	(5,828)	(2,608)	(5,828)

## **A- Financial Risks**

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

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

### **1- Market Risks**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result 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 risk and its related controls are measured through sensitivity analysis.

	<b>Change in the indicator</b>	<b>Effect on profit for the year</b>	<b>Effects on shareholder's equity</b>
	<b>%</b>	<b>JD</b>	<b>JD</b>
<b>2023</b>	5	120,380	960,336
<b>2022</b>	5	142,414	788,599

In the case of a negative change, the impact will be equal to the above change but with the opposite sign.

### **2- Interest Rate Risk**

The Company is exposed to interest rate risks on its interest-bearing assets and liabilities, such as bank deposits.

Interest rates on bank deposit balances in Jordanian dinars range from 3% to 6% and in dollars from 0.05% to 0.25% as at 31 December 2023 (31 December 2022: interest rates on bank deposit balances in Jordanian dinars ranged from 2% to 4% and in dollars from 0.05% to 0.25%).

The following table shows the income statement sensitivity to potential interest rate changes as at 31 December 2023 and 2022, assuming all other influencing variables remain constant.

Income statement sensitivity represents the impact of potential interest rate changes on the Company's profit for one year, calculated based on financial assets and liabilities with variable interest rates as at 31 December 2023 and 2022.

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	+ 0.5%		- 0.5%	
	2023	2022	2023	2022
	JD	JD	JD	JD
Increase (decrease) in profit for the year	132,528	111,037	(132,528)	(111,037)
Shareholders' equity	132,528	111,037	(132,528)	(111,037)

The table below shows the sensitivity of exposure to interest rates related to bonds as at 31 December 2023, where the analysis was prepared on the assumption that the outstanding bond amount on the date of the financial statements remained constant throughout the financial year.

	+ 0,5%		- 0,5%	
	2023	2022	2023	2022
	JD	JD	JD	JD
Increase (decrease) in profit for the year	3,368	-	(3,368)	-
Shareholders' equity	3,368	-	(3,368)	-

### **3- Foreign Currencies Risks**

Foreign currency risk is the risk of changes in the value of financial instruments due to changes in foreign exchange rates. The Jordanian dinar is the Company's base currency. The Board of Directors sets limits for the financial position of each currency held by the Company. The foreign currency position is monitored daily, and strategies are followed to ensure that the foreign currency position remains within the approved limits.

Most of the Company's transactions are in Jordanian dinars and US dollars. The exchange rate of the Jordanian dinar is pegged at a fixed rate to the US dollar (1/41 dollars per dinar).

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**4- Liquidity Risk**

Liquidity risk is the risk that the Company will be unable to provide the necessary funding to meet its obligations as they become due. To mitigate these risks, management diversifies funding sources, manages assets and liabilities, aligns their maturities, and maintains an adequate balance of cash and cash equivalents as well as marketable securities.

The Company monitors its liquidity needs on a monthly basis, and management ensures that sufficient funds are available to meet any obligations as they arise. Significant amounts of the Company's funds are invested in locally traded stocks.

Most of the Company's time deposits as at the financial statement date mature within original periods ranging from three months to one year.

The table below summarizes the maturities of financial liabilities based on the remaining period to the contractual maturity date from the date of the financial statements:

<b>31 December 2023</b>	Less than month	1 month to 3 months	3-6 months	6 months to 1 year	1-3 years	Without maturity	Total
	JD	JD	JD	JD	JD	JD	JD
<b>Liabilities -</b>							
Insurance contracts liabilities	5,856,896	15,968,390	12,700,492	7,809,195	5,512,373	1,378,093	49,225,439
Income tax provision	547,053	-	834,674	-	-	-	1,381,727
Other provisions	145,125	-	-	-	-	1,052,831	1,197,956
Deferred tax liabilities	-	-	-	344,514	-	-	344,514
Other liabilities	1,231,922	191,721	87,735	22,591	-	99,910	1,633,879
<b>Total</b>	<b>7,780,996</b>	<b>16,160,111</b>	<b>13,622,901</b>	<b>8,176,300</b>	<b>5,512,373</b>	<b>2,530,834</b>	<b>53,783,515</b>
<b>Total Assets</b>	<b>6,388,083</b>	<b>3,388,919</b>	<b>8,353,432</b>	<b>11,925,828</b>	<b>49,335,816</b>	<b>18,607,306</b>	<b>97,999,384</b>
<b>31 December 2022</b>							
<b>Liabilities -</b>							
Insurance contracts liabilities	4,931,952	13,391,725	10,671,262	6,575,936	4,641,837	1,160,460	41,373,172
Due to banks	-	-	-	9,050,549	-	-	9,050,549
Income tax provision	248,449	-	379,075	-	-	-	627,524
Other provisions	146,669	-	-	-	-	1,064,032	1,210,701
Deferred tax liabilities	-	-	-	274,982	-	-	274,982
Other liabilities	479,418	114,784	42,973	15,403	-	45,371	697,949
<b>Total</b>	<b>5,806,488</b>	<b>13,506,509</b>	<b>11,093,310</b>	<b>15,916,870</b>	<b>4,641,837</b>	<b>2,269,863</b>	<b>53,234,877</b>
<b>Total Assets</b>	<b>6,128,790</b>	<b>3,188,236</b>	<b>7,858,768</b>	<b>11,219,614</b>	<b>46,414,287</b>	<b>17,505,433</b>	<b>92,315,128</b>

**(38) 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:

	Within 1 year	More than 1 year	Total
	JD	JD	JD
<b><u>2023 -</u></b>			
<b>Assets -</b>			
Banks deposits	24,144,621	2,360,962	26,505,583
Financial assets at fair value through other comprehensive income	-	23,661,229	23,661,229
Financial assets at fair value through profit or loss	2,407,605	-	2,407,605
Financial assets at amortized cost	-	673,550	673,550
Investment property	-	15,685,726	15,685,726
Cash on hand and at banks	2,720,378	-	2,720,378
Re-insurance contracts assets - net	18,316,779	-	18,316,779
Deferred tax assets	-	2,896,691	2,896,691
Property and equipment – net	-	1,146,192	1,146,192
Intangible assets - net	-	294,644	294,644
Other assets	3,341,070	349,937	3,691,007
<b>Total Assets</b>	<b>50,930,453</b>	<b>47,068,931</b>	<b>97,999,384</b>
<b>Liabilities -</b>			
Insurance contracts liabilities	49,225,439	-	49,225,439
Other provisions	1,197,956	-	1,197,956
Income tax provision	1,381,727	-	1,381,727
Deferred tax liabilities	344,514	-	344,514
Other liabilities	1,633,879	-	1,633,879
<b>Total Liabilities</b>	<b>53,783,515</b>	<b>-</b>	<b>53,783,515</b>
<b>Net Assets</b>	<b>(2,853,062)</b>	<b>47,068,931</b>	<b>44,215,869</b>

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<b><u>2022 -</u></b>	Within 1 year JD	More than 1 year JD	Total JD
<b>Assets -</b>			
Banks deposits	20,197,747	2,009,600	22,207,347
Financial assets at fair value through profit or loss	2,848,284	-	2,848,284
Financial assets at fair value through other comprehensive income	-	19,917,394	19,917,394
Investment property	-	15,587,294	15,587,294
Cash on hand and at banks	4,716,326	-	4,716,326
Re-insurance contracts assets - net	19,096,027	-	19,096,027
Deferred tax assets	-	2,802,399	2,802,399
Property and equipment – net	-	1,066,887	1,066,887
Intangible assets – net	-	341,579	341,579
Other assets	3,426,585	305,006	3,731,591
<b>Total Assets</b>	<b>50,284,969</b>	<b>42,030,159</b>	<b>92,315,128</b>
<b>Liabilities -</b>			
Insurance contracts liabilities	41,373,172	-	41,373,172
Due to banks	9,050,549	-	9,050,549
Other provisions	1,210,701	-	1,210,701
Income tax provision	627,524	-	627,524
Deferred tax liabilities	274,982	-	274,982
Other liabilities	697,949	-	697,949
<b>Total Liabilities</b>	<b>53,234,877</b>	<b>-</b>	<b>53,234,877</b>
<b>Net Assets</b>	<b>(2,949,908)</b>	<b>42,030,159</b>	<b>39,080,251</b>

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**(39) ANALYSIS OF MAIN SECTORS INCLUDING DISTRIBUTION OF THE ASSETS AND LIABILITIES OF THE COMPANY BY PRODUCT TYPE**

	Motor		Marine and transportation		Fire and damages property		Liability		Medical		Others		Life		Total	
	2023	2022	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	JD	JD
<b>Assets</b>																
Re-insurance contracts assets	(1,700,406)	(654,706)	1,260,023	1,610,528	9,729,845	9,393,688	604,564	827,032	987,854	1,531,999	184,031	204,184	7,250,868	6,183,302	18,316,779	19,096,027
Accounts receivable	4,771,036	4,287,835	263,498	302,263	3,594,965	3,276,702	151,262	194,131	1,519,653	1,733,895	48,022	55,355	6,166,912	5,673,478	16,515,348	15,523,659
Financial assets	7,197,051	5,799,588	379,131	378,386	6,015,810	4,793,945	226,506	233,097	3,332,448	3,069,779	44,394	42,394	9,547,044	8,448,489	26,742,384	22,765,678
Investments property	4,221,425	3,970,884	222,379	259,076	3,528,569	3,282,337	132,857	159,598	1,954,645	2,101,828	26,039	29,026	5,599,812	5,784,545	15,685,726	15,587,294
Other assets	1,442,558	1,430,898	137,277	144,165	837,096	823,564	20,223	25,357	397,523	383,941	3,963	4,612	852,367	919,054	3,691,007	3,731,591
<b>Total assets</b>	<b>15,931,664</b>	<b>14,834,499</b>	<b>2,262,308</b>	<b>2,694,418</b>	<b>23,706,285</b>	<b>21,570,236</b>	<b>1,135,412</b>	<b>1,439,215</b>	<b>8,192,123</b>	<b>8,821,442</b>	<b>306,449</b>	<b>335,571</b>	<b>29,417,003</b>	<b>27,008,868</b>	<b>80,951,244</b>	<b>76,704,249</b>
<b>Liabilities</b>																
Insurance contracts liabilities	26,463,422	22,648,357	1,252,349	1,442,974	8,054,788	6,918,713	492,429	620,858	3,887,010	3,898,291	351,381	307,412	8,724,060	5,536,567	49,225,439	41,373,172
Other provisions	322,400	308,428	16,983	20,122	269,485	254,947	10,147	12,396	149,281	163,254	1,989	2,255	427,671	449,299	1,197,956	1,210,701
Other liabilities	463,098	268,223	18,001	9,583	407,012	121,424	10,755	5,904	279,604	77,753	2,108	1,074	453,301	213,988	1,633,879	697,949
<b>Total liabilities</b>	<b>27,248,920</b>	<b>23,225,008</b>	<b>1,287,333</b>	<b>1,472,679</b>	<b>8,731,285</b>	<b>7,295,084</b>	<b>513,331</b>	<b>639,158</b>	<b>4,315,895</b>	<b>4,139,298</b>	<b>355,478</b>	<b>310,741</b>	<b>9,605,032</b>	<b>6,199,854</b>	<b>52,057,274</b>	<b>43,281,822</b>



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The following is the distribution of the statement of income items of the Company by product type:

	Motor		Marine		Fire and damages property		Liability		Medical		Life		Others		Total	
	2023	2022	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	JD	JD
Insurance contracts revenues	22,838,457	19,352,934	1,377,493	1,344,412	18,926,389	16,800,310	877,976	966,701	11,396,557	10,937,069	32,322,096	29,942,396	173,705	169,213	87,912,673	79,513,035
Less: insurance contracts expenses	22,619,164	20,642,627	626,153	425,768	2,015,589	1,889,962	76,425	147,319	10,701,729	10,875,446	27,036,673	25,830,490	170,635	(883)	63,246,368	59,810,729
<b>Insurance contracts services results</b>	<b>219,293</b>	<b>(1,289,693)</b>	<b>751,340</b>	<b>918,644</b>	<b>16,910,800</b>	<b>14,910,348</b>	<b>801,551</b>	<b>819,382</b>	<b>694,828</b>	<b>61,623</b>	<b>5,285,423</b>	<b>4,111,906</b>	<b>3,070</b>	<b>170,096</b>	<b>24,666,305</b>	<b>19,702,306</b>
Re-insurance contracts results	(1,380,055)	(942,487)	(1,153,827)	(1,124,458)	(18,608,511)	(16,426,280)	(833,084)	(921,250)	(4,134,915)	(3,943,495)	(20,440,504)	(19,308,333)	(47,786)	(45,839)	(46,598,682)	(42,712,142)
Re-insurance contracts recoveries	569,300	1,524,188	594,659	403,322	2,490,452	2,395,390	71,401	183,026	3,977,050	3,866,327	17,731,803	16,996,739	38,223	27,457	25,472,888	25,396,449
<b>Re-insurance contracts services results</b>	<b>(810,755)</b>	<b>581,701</b>	<b>(559,168)</b>	<b>(721,136)</b>	<b>(16,118,059)</b>	<b>(14,030,890)</b>	<b>(761,683)</b>	<b>(738,224)</b>	<b>(157,865)</b>	<b>(77,168)</b>	<b>(2,708,722)</b>	<b>(2,311,594)</b>	<b>(9,563)</b>	<b>(18,382)</b>	<b>(21,125,794)</b>	<b>(17,315,693)</b>
<b>Net insurance and re-insurance contracts results</b>	<b>(591,462)</b>	<b>(707,992)</b>	<b>192,172</b>	<b>197,508</b>	<b>792,741</b>	<b>879,458</b>	<b>39,868</b>	<b>81,158</b>	<b>536,963</b>	<b>(15,545)</b>	<b>2,576,721</b>	<b>1,800,312</b>	<b>(6,493)</b>	<b>151,714</b>	<b>3,540,511</b>	<b>2,386,613</b>
Finance expense – insurance contracts	(330,729)	(300,893)	-	-	-	-	-	-	-	-	-	(502)	-	-	(330,729)	(301,395)
Finance income – re-insurance contracts	10,759	24,310	-	-	-	-	-	-	-	-	-	-	-	-	10,759	24,310
<b>Net insurance and re-insurance contracts results</b>	<b>(911,432)</b>	<b>(984,575)</b>	<b>192,172</b>	<b>197,508</b>	<b>792,741</b>	<b>879,458</b>	<b>39,868</b>	<b>81,158</b>	<b>536,963</b>	<b>(15,545)</b>	<b>2,576,722</b>	<b>1,799,810</b>	<b>(6,493)</b>	<b>151,714</b>	<b>3,220,541</b>	<b>2,109,528</b>

## **B- Geographic concentration of risk**

This disclosure illustrates the geographic distribution of the Company's operations, the Company mainly operates in Jordan, which represents domestic operations,

The following table represents the distribution of revenues and assets of the Company and capital expenditure by geographic region:

	Inside the Kingdom		Outside the Kingdom		Total	
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
Total assets	94,057,885	86,699,895	3,941,499	5,496,240	97,999,384	92,196,135
Insurance contracts						
revenues	80,633,175	73,099,484	7,279,498	6,413,551	87,912,673	79,513,035
Capital expenditures	290,300	350,045	39,123	59,831	329,423	409,876

## **(40) CAPITAL MANAGEMENT**

Capital requirements are set and regulated by Jordan Central Bank to ensure a proper margin. Additional objectives have been established by the Company to maintain strong credit ratings and a high capital ratio to support its business and maximize shareholder value.

The Company manages its capital structure and makes necessary adjustments in response to changes in business conditions. The Company has not made any adjustments to the objectives, policies, or procedures related to capital structure during the current and previous years.

In the opinion of the Company's management, the regulatory capital is sufficient to meet any potential risks or obligations that may arise in the future.

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The amount the Company considers as capital and the solvency margin ratio are shown in the following table:

	2023	2022
	JD	JD
Core capital:		
Paid-in capital	30,000,000	30,000,000
Statutory reserve	7,500,000	7,500,000
Profit for the year net of deductions	1,975,729	10,705
Retained earnings	<u>6,553,467</u>	<u>6,542,762</u>
Total core capital	<u>46,029,196</u>	<u>44,053,467</u>
Supplementary capital:		
Cumulative change in fair value	(1,048,967)	(4,374,701)
Increase in the value of real estate investments	<u>11,356,199</u>	<u>10,373,110</u>
Total Supplementary Capital	<u>10,307,232</u>	<u>5,998,409</u>
Total regulatory capital (a)	<u>56,336,428</u>	<u>50,051,876</u>
Total required capital (b)	<u>49,454,897</u>	<u>27,492,264</u>
Solvency margin ratio (a) / (b)	<u>114%</u>	<u>182%</u>

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**(41) WRITTEN PREMIUMS BY INSURANCE BRANCH**

	Motor		Marine and transportation		Fire and damages property		Liability		Medical		Life		Others		Total	
	2023	2022	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	JD	JD
<b>Written premiums -</b>																
Direct premiums	23,174,301	19,571,113	1,053,404	1,078,695	17,324,382	14,243,503	763,628	787,729	11,234,829	10,871,550	32,186,367	29,920,125	148,954	149,376	85,885,865	76,622,091
Indirect premiums	1,089,430	967,989	224,779	261,350	2,956,981	2,734,141	-	37,778	-	-	-	-	712	761	4,271,902	4,002,019
<b>Total written premiums</b>	<b>24,263,731</b>	<b>20,539,102</b>	<b>1,278,183</b>	<b>1,340,045</b>	<b>20,281,363</b>	<b>16,977,644</b>	<b>763,628</b>	<b>825,507</b>	<b>11,234,829</b>	<b>10,871,550</b>	<b>32,186,367</b>	<b>29,920,125</b>	<b>149,666</b>	<b>150,137</b>	<b>90,157,767</b>	<b>80,624,110</b>
Less: Re-insurance premiums - local	1,538	-	153,547	174,249	3,639,778	3,898,257	-	37,440	817	697	301,084	360,237	-	-	4,096,764	4,470,880
Less: Re-insurance premiums - foreign	848,551	705,319	873,657	911,570	16,172,703	12,532,926	726,199	754,958	4,147,977	4,096,059	20,230,309	19,293,349	31,607	31,954	43,031,003	38,326,135
<b>Net re-insurance premiums</b>	<b>23,413,642</b>	<b>19,833,783</b>	<b>250,979</b>	<b>254,226</b>	<b>468,882</b>	<b>546,461</b>	<b>37,429</b>	<b>33,109</b>	<b>7,086,035</b>	<b>6,774,794</b>	<b>11,654,974</b>	<b>10,266,539</b>	<b>118,059</b>	<b>118,183</b>	<b>43,030,000</b>	<b>37,827,095</b>

**JORDAN INSURANCE COMPANY PUBLIC SHAREHOLDING COMPANY**  
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**(42) ANALYSIS OF ACCOUNTS RECEIVABLE**

	2023			2022		
	Accounts receivable	Provision for expected credit losses	Total	Accounts receivable	Provision for expected credit losses	Total
	JD	JD	JD	JD	JD	JD
Motor	7,027,118	2,256,082	4,771,036	6,332,112	2,044,277	4,287,835
Liability	222,790	71,528	151,262	286,686	92,555	194,131
Marine	388,098	124,600	263,498	446,371	144,108	302,263
Engineering	60,939	19,565	41,374	753,128	243,142	509,986
Fire	5,233,978	1,680,387	3,553,591	4,085,782	1,319,066	2,766,716
Life	6,166,912	-	6,166,912	5,673,478	-	5,673,478
Medical	2,238,252	718,599	1,519,653	2,560,550	826,655	1,733,895
Others	70,730	22,708	48,022	81,746	26,391	55,355
	<u>21,408,817</u>	<u>4,893,469</u>	<u>16,515,348</u>	<u>20,219,853</u>	<u>4,696,194</u>	<u>15,523,659</u>

**(43) EXPECTED RECOGNITION OF CSM FOR THE GENERAL APPROACH MODEL**

	Issued insurance contracts		Re-insurance contracts	
	Life	Total	Life	Total
	JD	JD	JD	JD
<b>Expected years of CSM recognition</b>				
One year	55,004	55,004	8,714	8,714
Two years	52,859	52,859	8,374	8,374
Three years	50,658	50,658	8,025	8,025
Four years	39,242	39,242	6,217	6,217
Five years	37,354	37,354	5,917	5,917
Six to ten years	20,200	20,200	3,200	3,200
More than ten years	4,311	4,311	682	682
Total	<u>259,628</u>	<u>259,628</u>	<u>41,129</u>	<u>41,129</u>

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<u>2022</u>	Issued insurance contracts		Re-insurance contracts	
	Life	Total	Life	Total
	JD	JD	JD	JD
<b>Expected years of CSM recognition</b>				
One year	99,512	99,512	8,294	8,294
Two years	49,245	49,245	4,104	4,104
Three years	49,835	49,835	4,154	4,154
Four years	46,209	46,209	3,851	3,851
Five years	37,994	37,994	3,167	3,167
Six to ten years	26,512	26,512	2,210	2,210
More than ten years	783	783	64	64
Total	<u>310,090</u>	<u>310,090</u>	<u>25,844</u>	<u>25,844</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.

**Amendments to IFRS 16: Lease Liability in a Sale and Leaseback**

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right-of-use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Company's financial statements.

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

In January 2020 and October 2022, 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

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

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's financial statements.

#### **Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7**

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

The amendments are not expected to have a material impact on the Company's financial statements.