

**AL NISR AL ARABI FOR INSURANCE**

**PUBLIC SHAREHOLDING COMPANY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2023**

## **INDEPENDENT AUDITOR'S REPORT**

**To the Shareholders of AL Nisr AL Arabi Insurance Company/ Public Shareholding Company  
Amman – Jordan**

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

#### **Opinion**

We have audited the consolidated financial statements of AL Nisr AL Arabi Insurance Jordan Public Shareholding Company and its subsidiaries (together the "Group") which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group 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 Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated 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.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2023. These matters were addressed in the context of our audit of the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Group 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 3,279,684 and disclosed in Note (3) to the consolidated 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 Group's insurance contracts. The Group 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 Group 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 Group 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 Group 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 Group's adoption of International Financial Reporting Standard No. (17) and identified internal controls, including entity level controls, adopted by the Group 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 transition and disclosure 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 Group's equity opening balance as at 1 January 2022 and agreed the results of those calculations to the amounts reported in the consolidated financial statements.</li> <li>- We tested the completeness of insurance contract data by testing the reconciliations of the Group's insurance contract assets and liabilities to insurance contracts disclosed in the 2022 consolidated financial statements. We also assessed the adequacy of the disclosures in the consolidated 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 (3) to consolidated financial statements.</p>
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<p><b>2. Recognition of insurance contracts revenues</b></p> <p>Revenues is an important determinant of the Group'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 28,695,023 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 Group's revenues and evaluate whether the policies followed are in accordance with International Financial Reporting Standard No. (17).</li> <li>- We examined the Group'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 consolidated 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 Group'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 consolidated 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 (3) and note (23) to the consolidated financial statements.</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>Insurance contracts liabilities amounted to JD 83,843,472 representing 96% 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 Group's procedures related to measuring insurance contracts liabilities, including entity-level controls, which the Group has adopted for the accounting process under the standard.</li> <li>- Evaluating the Group'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 Group'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 consolidated financial statement regarding these liabilities.</li> <li>- We assessed the disclosures in the consolidated 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> <li>- Cash flows to meet obligations</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 (3) and note (10) to the consolidated financial statements.</p>
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## **Other information included in the Group's 2023 annual report**

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

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

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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 consolidated financial statements.

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

Amman – Jordan

8 April 2024 except for disclosures (10),(19),(20),(21),(23) to (26) on 30 December 2024.

**ERNST & YOUNG**  
Amman - Jordan



**AL NISR AL ARABI FOR INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023**

	Notes	2023 JD	2022 JD (Restated)	1 January 2022 JD (Restated)
<b><u>Assets</u></b>				
<b>Investments-</b>				
Bank deposits	4	16,203,682	13,175,322	12,730,498
Financial assets at fair value through other comprehensive income	5	8,838,285	7,539,088	8,904,581
Financial assets at fair value through income statement	6	343,248	271,089	293,206
Financial assets at amortized cost	7	84,869,659	79,947,679	71,746,905
Investment property	8	940,001	940,001	940,001
<b>Total Investments</b>		<b>111,194,875</b>	<b>101,873,179</b>	<b>94,615,191</b>
Cash on hand and at banks	9	3,240,067	3,620,560	2,155,749
Insurance contracts assets	10	1,149,424	2,571,316	712,776
Re-insurance contracts assets	10	11,399,678	11,773,439	10,372,188
Deferred tax assets	11	169,923	341,873	166,337
Property and equipment	12	2,644,956	2,679,651	2,773,450
Intangible assets	13	317,823	120,643	108,887
Other assets	14	3,453,238	2,996,317	2,396,137
<b>Total Assets</b>		<b>133,569,984</b>	<b>125,976,978</b>	<b>113,300,715</b>
<b><u>Liabilities and Equity</u></b>				
<b>Liabilities –</b>				
<b>Insurance contracts liabilities:</b>				
Insurance contracts liabilities	10	83,843,472	78,029,592	84,674,780
<b>Total Insurance contract liabilities</b>		<b>83,843,472</b>	<b>78,029,592</b>	<b>84,674,780</b>
Accrued expenses		777,639	1,016,632	552,021
Other provisions	15	260,464	250,588	244,212
Income tax provision	11	1,575,182	503,308	624,982
Deferred tax liabilities	11	26,309	-	77,762
Other liabilities	16	1,229,144	1,265,026	998,719
		<b>3,868,738</b>	<b>3,035,554</b>	<b>2,497,696</b>
<b>Total Liabilities</b>		<b>87,712,210</b>	<b>81,065,146</b>	<b>86,172,476</b>
<b>Equity -</b>				
Authorized and paid-in capital	17	10,000,000	10,000,000	10,000,000
Share premium	17	3,750,000	3,750,000	3,750,000
Statutory reserve	18	2,703,679	2,683,569	2,663,451
Voluntary reserve	18	1,326,652	1,326,652	1,326,652
Fair value reserve	19	170,425	(610,697)	570,252
Actuarial assumptions reserve	20	15,303,693	17,378,728	-
Retained earnings	21	12,603,325	10,383,580	7,817,884
<b>Total Equity</b>		<b>45,857,774</b>	<b>44,911,832</b>	<b>26,128,239</b>
<b>Total Liabilities and Equity</b>		<b>133,569,984</b>	<b>125,976,978</b>	<b>113,300,715</b>

The attached notes 1 to 46 form part of these consolidated financial statements

**AL NISR AL ARABI FOR INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**CONSOLIDATED STATEMENT OF INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
		JD	JD
			(Restated)
<b>Revenues –</b>			
Insurance contracts revenues	23	28,695,023	32,343,129
Less: Insurance contracts expenses	24	<u>(20,348,556)</u>	<u>(27,686,290)</u>
<b>Insurance contracts services results</b>		<u>8,346,467</u>	<u>4,656,839</u>
Re-insurance contracts results		<u>(7,611,394)</u>	<u>(11,675,394)</u>
Re-insurance contracts recoveries		<u>3,419,277</u>	<u>10,078,785</u>
<b>Re-insurance contracts services results</b>		<u>(4,192,117)</u>	<u>1,596,609</u>
<b>Net insurance and re-insurance contracts results</b>		<u>4,154,350</u>	<u>3,060,230</u>
Finance expenses – insurance contracts	25	<u>(3,701,184)</u>	<u>(1,945,353)</u>
Finance expenses – re-insurance contracts	26	<u>(8,973)</u>	<u>(22,328)</u>
<b>Net insurance and re-insurance contracts results</b>		<u>444,193</u>	<u>1,092,549</u>
Investments income	22	5,867,831	4,625,377
Interest income	22	1,046,922	1,019,558
Gain from financial assets and investments	28	22,505	18,285
Other revenues	29	<u>49,342</u>	<u>283,578</u>
<b>Total revenues</b>		<u>6,986,600</u>	<u>5,946,798</u>
Unallocated general and administrative expenses	27	(567,450)	(392,155)
Unallocated depreciation and amortization	13,12	(240,442)	(231,488)
Other expenses	30	<u>(33,575)</u>	<u>(106,620)</u>
<b>Total expenses</b>		<u>(841,467)</u>	<u>(730,263)</u>
<b>Profit for the year before income tax</b>		6,589,326	6,309,084
Less: income tax expense	11	<u>(1,849,471)</u>	<u>(722,869)</u>
<b>Profit for the year</b>		<u>4,739,855</u>	<u>5,586,215</u>
		JD/Fils	JD/Fils
Basic and diluted earnings per share	31	<u>474/0</u>	<u>559/0</u>

The attached notes 1 to 46 form part of these consolidated financial statements

**AL NISR AL ARABI FOR INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
		JD	JD
Profit for the year		4,739,855	5,586,215
<b>Add: Other comprehensive income not to be reclassified to consolidated statement of income in subsequent periods</b>			
Change in fair value of financial assets through other comprehensive income	19	781,122	(1,181,350)
Actuarial losses (gains) resulting from changes in assumptions	20	(2,075,035)	17,378,728
<b>Total comprehensive income for the year</b>		<u>3,445,942</u>	<u>21,783,593</u>

The attached notes 1 to 46 form part of these consolidated financial statements

**AL NISR AL ARABI FOR INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

	Authorized and paid-in capital	Share premium	Statutory reserve	Voluntary reserve	Fair value reserve	Actuarial assumptions reserve	Total retained earnings	Total equity
	JD	JD	JD	JD	JD	JD	JD	JD
<b>2023-</b>								
Balance as at 1 January 2023	10,000,000	3,750,000	2,683,569	1,326,652	(610,697)	17,378,728	10,383,580	44,911,832
Total comprehensive income for the year	-	-	-	-	781,122	(2,075,035)	4,739,855	3,445,942
Dividends distribution (note 21)	-	-	-	-	-	-	(2,500,000)	(2,500,000)
Transfer to statutory reserve	-	-	20,110	-	-	-	(20,110)	-
<b>Balance at 31 December 2023</b>	<b>10,000,000</b>	<b>3,750,000</b>	<b>2,703,679</b>	<b>1,326,652</b>	<b>170,425</b>	<b>15,303,693</b>	<b>12,603,325</b>	<b>45,857,774</b>
<b>2022-</b>								
Balance at 1 January 2022	10,000,000	3,750,000	2,663,451	1,326,652	570,252	-	4,538,200	22,848,555
The effect of IFRS 17 adoption (note 3)	-	-	-	-	-	-	3,279,684	3,279,684
Balance as at 1 January 2022 (Restated)	10,000,000	3,750,000	2,663,451	1,326,652	570,252	-	7,817,884	26,128,239
Profit for the year	-	-	-	-	-	-	5,586,215	5,586,215
Change in fair value reserve	-	-	-	-	(1,181,350)	17,378,728	-	16,197,378
Gain from sale of financial assets through other comprehensive income	-	-	-	-	401	-	(401)	-
Total comprehensive income	-	-	-	-	(1,180,949)	17,378,728	5,585,814	21,783,593
Dividends distribution (note 21)	-	-	-	-	-	-	(3,000,000)	(3,000,000)
Transfer to statutory reserve	-	-	20,018	-	-	-	(20,018)	-
<b>Balance at 31 December 2022</b>	<b>10,000,000</b>	<b>3,750,000</b>	<b>2,683,569</b>	<b>1,326,652</b>	<b>(610,697)</b>	<b>17,378,728</b>	<b>10,383,580</b>	<b>44,911,832</b>

- An amount of JD 169,923 from the retained earnings as at 31 December 2023, is restricted against deferred tax assets (JD 341,873 as at 31 December 2022).

**The attached notes 1 to 46 form part of these consolidated financial statements**

**AL NISR AL ARABI FOR INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	2023 JD	2022 JD (Restated)
<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		6,589,326	6,309,084
<b>Adjustments:</b>			
Interest income		(932,341)	(582,875)
Depreciation and amortization	12,13	240,442	231,488
Net change in fair value of financial assets through statement of income		(72,159)	22,117
Gain on disposal of financial assets at fair value through comprehensive income		-	(401)
Gain from sale of property and equipment		-	(157)
Gain from sale of financial assets at amortized cost		(5,129,527)	(4,749,047)
End-of-service indemnity provision	15	9,876	6,376
<b>Cash flows from operating activities before changes in working capital</b>		<u>705,617</u>	<u>1,236,585</u>
Insurance contracts assets		(1,421,892)	)1,858,540(
Re-insurance contracts assets		(373,761)	)1,401,251(
Insurance contracts liabilities		3,738,845	10,733,540
Other assets		(456,921)	(88,970)
Accrued expenses		(238,993)	464,611
Other liabilities		(13,294)	(183,226)
Income tax paid	11	(774,220)	(848,438)
<b>Net cash flows from operating activities</b>		<u>4,783,275</u>	<u>8,054,311</u>
<b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>			
Deposits at banks maturing after three months		1,744,759	(511,210)
Purchase of financial assets at fair value through other comprehensive income		(323,194)	(420,260)
Proceeds from sale of financial assets through other comprehensive income		-	354,999
Financial assets at amortized cost		(4,921,980)	(8,200,774)
Purchase of property and equipment		(119,577)	(93,212)
Purchase of intangible assets		(283,612)	(57,226)
Proceeds from sale of property and equipment		-	1,150
Interest received		5,956,771	5,232,827
<b>Net cash flows from (used in) investing activities</b>		<u>2,053,167</u>	<u>(3,693,706)</u>
<b><u>CASH FLOW FROM FINANCING ACTIVITIES</u></b>			
Paid distributed dividends	21	(2,443,816)	(2,931,939)
<b>Net cash flow used in financing activities</b>		<u>(2,443,816)</u>	<u>(2,931,939)</u>
<b>Net increase in cash and cash equivalent</b>		4,392,626	1,428,666
Cash and cash equivalents at the beginning of the year		14,251,123	12,822,457
<b>Cash and cash equivalents at the end of the year</b>	9	<u>18,643,749</u>	<u>14,251,123</u>

The attached notes 1 to 46 form part of these consolidated financial statements

**(1) GENERAL**

Al Nisr Al Arabi Insurance Company was established and registered as a Jordanian Public Shareholding Company under No. (207) on 28 September 1989 with JD 2,000,000 Authorized capital and divided into 2,000,000 shares at a par value of 1 JD for each. The Group has raised its authorized and paid in capital through the years to become 10,000,000 shares at par value of JD 1 each. The last adjustment on capital took place during 2007.

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

The Group is 68.01% owned by Arab Bank (Parent Company) as of 31 December 2023, the financial statements of the Group are consolidated with the parent company.

The Consolidated Financial Statements were approved for issuance by the Board of Directors in its meeting No. (251) held on 23 December 2024, and it is subject to the approval of the general assembly of the shareholders.

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

The consolidated financial statements have been prepared in accordance with the Standards issued by the International Accounting Standards Board (IASB).

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

The consolidated financial statements are presented in Jordanian Dinars ("JD") which is the functional currency of the Group.

**Basis of consolidation**

The consolidated financial statements comprise the financial statements of Al Nisr Al Arabi Insurance Company (the "Company"), and its subsidiary (referred to together as the "Group") as of 31 December 2023:

<u>Company's Name</u>	<u>Legal form</u>	<u>Country of Origin</u>	<u>Ownership Percentage</u>
Al Amin Al Arabi Real Estate Company*	Limited Liability Company	Jordan	100%

- \* Al-Amin Al-Arabi Real Estate Limited Liability Company was established with a capital of JD 458,841, paid in full. It was registered with the Ministry of Industry and Trade on 31 August 2004 and is wholly owned by Al Nisr Al Arabi Insurance Company Public Shareholding company. The objectives of the company are to manage and establish real estate complexes.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its control over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e, existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary without a loss of control is accounted for as an equity transaction, If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the carrying amount of any non- controlling interests.
- Derecognizes the cumulative translation differences, recorded in equity.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any investment retained.
- Recognizes the gain or loss resulted from loss of control.
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or
- Retained earnings, in the event that the group has directly excluded its assets or liabilities.

The financial statements of the Company and the subsidiary are prepared for the same financial year, using the same accounting policies.

All balances, transactions, revenues and expenses resulting from transactions between the Company and its subsidiary are excluded.

### **(3) CHANGES IN ACCOUNTING POLICIES**

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2022 except for the adoption of new amendments on the standards effective as of 1 January 2023 shown below:

#### **IFRS 17 Insurance Contracts**

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

The Group has restated comparative figures for 2022 applying the transitional provisions in IFRS 17 adopting 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 reinsurance contracts held by the Group.



The key principles of IFRS 17 are that the Group:

- Identifies insurance contracts as those under which the Group 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 reinsurance 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

Plus

- 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 Group provides insurance contract services, as the Group is released from risk. If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Group 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 Group's insurance contracts issued, and reinsurance 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 'earned premium approach' used by the Group under IFRS 4 in the following key areas:

- 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 Group's obligation to pay other incurred insurance expenses.

– Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

The Group has determined that the majority of its insurance contracts qualify for the simplified approach. As a result, the Group 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 Group 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 consolidated statement of financial position, the Group 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 consolidated statement of income have been changed significantly compared with last year.

*Transition to IFRS 17*

On transition date, 1 January 2022, the Group:

- Has identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied.
- Has 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 Group has applied the full retrospective approach unless impractical. The Group 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>Items presented for primary insurance contracts and Re-insurance contracts</b>	<b>Impact on retained earnings as of 1 January 2022</b>
	<b><u>JD</u></b>
Change in best estimate	9,413,884
Risk adjustment	1,050,210
Contractual service margin impact	(19,634,914)
Deferred acquisition cost	(2,323,407)
Discounting impact	15,971,904
Other	(1,197,993)
	<b><u>3,279,684</u></b>

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

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 Group's consolidated financial statements.

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

The amendments to IAS 1 and IFRS Practice Statement (2)ss 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 Group's consolidated financial statements.

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

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

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

The amendments are effective 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 Group's consolidated 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 Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules as its revenue is less than EUR 750 million/year.

### **Material accounting policies**

The following are the major material accounting policies applied:

#### ***Business Sector***

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

The geographic sector relates to providing products and services in a defined economic environment subject to risks and returns different from those of 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 definition of an insurance contract in IFRS 17 is 'a contract under which one party (the insurer) 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, 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 consolidated 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 consolidated 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 reinsurance contracts*

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

Reinsurance contracts held are recognized:

- The beginning of the coverage period of the reinsurance contract or upon the initial recognition of the insurance contract issued by the company if the reinsurance contract is proportional with the set of insurance contracts.
- From the beginning of the coverage period for the set of reinsurance 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 expected to be paid after more than one year.

*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.

*De-recognition of insurance contracts*

The company derocognise the recognition of insurance contracts in the following cases:

- Termination of the contract (expiry, fulfillment or cancellation of the obligation specified in the insurance contract)
- In the event that the 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.

*Insurance contracts expected to be lost*

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 Approach*

1. The Group classifies insurance and reinsurance contracts according to the following:

Insurance contract		Reinsurance contract	
Type	Measurement approach	Type	Measurement approach
Motors	Premium allocation approach	Motors	Premium allocation approach
Marine	Premium allocation approach	Marine	Premium allocation approach
Fire and other property damages	Premium allocation approach	Fire and other property damages	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
Personal accidents	Premium allocation approach	Personal accidents	Premium allocation approach

*Level of Aggregation*

IFRS 17 requires the Group 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 Group is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together.

The Group 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.

*The level of profitability*

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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group recognises an onerous group of underlying insurance contracts if the Group entered into the related re-insurance contract held in the group of re-insurance contracts held at or before that date.

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

*Insurance contracts – modification and derecognition*

The Group 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 Group derecognises the initial contract and recognises the modified contract as a new contract

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

*Unit of account*

The Group 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 Group 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 Group uses significant judgement to determine at what level of granularity the Group 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 Group without performing an individual contract assessment.

For life risk and savings product lines, sets of contracts usually correspond to policyholder pricing groups that the Group determined to have similar insurance risk and that are priced within the same insurance rate ranges. The Group 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 reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Group aggregates reinsurance 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.

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

*Fulfilment 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 Group 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 Group, 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 Group's non-performance is not included in the measurement of groups of insurance contracts issued.

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

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

Contract boundary

The Group 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 Group has a substantive obligation to provide the policyholder with insurance coverage or other services. A substantive obligation ends when:

- a) the Group 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
- b) both of the following criteria are satisfied:
  - i. the Group 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
  - ii. 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 Group applies the Premium Allocation Approach (PAA) to all the insurance contracts that it issues and reinsurance 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 Group performs PAA Eligibility testing as disclosed in Note 2.3 to confirm whether the PAA may be applied. Subject to passing the PAA eligibility testing, the Group applied PAA on contract issued and reinsurance contracts held that pass the testing. As per the recent testing performed the following could not pass the testing hence, General Measurement Model (GMM) has been applied.

When measuring liabilities for remaining coverage (LRC), the PAA is broadly similar to the Group's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Group 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 Group 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 consolidated statement of income immediately with no CSM recognized on the balance sheet on initial recognition.

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognized as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Group recognizes the net cost immediately in the consolidated statement of income. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Group will recognize as a reinsurance expense as it receives reinsurance 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:
  - i. the FCF related to future service allocated to the Group at that date; and
  - ii. 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 carrying amount at the end of each reporting period of a group of reinsurance contracts held is the sum of:

- a) the remaining coverage, comprising:
  - i. the FCF related to future service allocated to the Group at that date; and
  - ii. 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 fulfilment cash flows*

The FCF are updated by the Group 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 consolidated 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 Group to reflect the effect of the following changes:

- a) The effect of any new contracts added to the Group.
- 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 reinsurance 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 reinsurance 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 Group recognizes the excess in insurance service expenses and records it as a loss component of the LRC.

When a loss component exists, the Group 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 Group 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 reinsurance 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 Group 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 reinsurance contracts held on initial recognition, the Group measures the remaining coverage at the amount of ceding premiums paid.

The carrying amount 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 carrying amount of a group of reinsurance 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 reinsurance 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 reinsurance expenses for the services received in the period.

The Group does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance 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 Group 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 Group assumes that no such contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise.

For non-onerous contracts, the Group 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 consolidated statement of income in insurance service expense.

The loss component is then amortized to the consolidated 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 Group 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 reinsurance.

#### Insurance acquisition costs

The Group 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 Group 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 consolidated 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 Group incurs those costs. The Group has elected not to choose the option except for ----- insurance contracts and has capitalized the costs which would then be recognized over the life of contracts. 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 Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

Insurance revenue

As the Group 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 Group 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 Group 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 consolidated statement of income.

*Net income (expenses) from reinsurance contracts held*

The Group presents financial performance of groups of reinsurance contracts held on a net basis between the amounts recoverable from reinsurers and allocation of the premiums for reinsurance contracts held, comprising the following amounts:

- a) reinsurance expenses;
- b) incurred claims recovery;
- c) other incurred directly attributable insurance service expenses;
- d) effect of changes in risk of reinsurer 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).

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

For contracts not measured under the PAA, reinsurance 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 reinsurance 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 reinsurance contracts held measured under the PAA, the Group recognizes reinsurance 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 reinsurance 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.

#### *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 Group has determined that the derivation of the risk adjustment shall be performed at the operating Group 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 Group's triangles with consideration to market benchmarks.

#### ***Fair Value***

The closing prices (purchase of assets/sale of liabilities) at the date of the consolidated 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 consolidated 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 cases to measure these assets at fair value through income statement 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 consolidated statement of income.
- These financial assets are not subject to impairment testing.
- Dividend income is recognized in the consolidated statement of income.

C- Financial assets at fair value through income statement

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 consolidated statement of income and expenses upon purchase) and subsequently revalued at fair value. The change in fair value is reflected in the consolidated 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 consolidated statement of income.

Dividends or accrued interest are recorded in the consolidated 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 consolidated statement of income. Any recoveries in the future resulting from previously recognized impairment is credited to the consolidated 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 consolidated 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 consolidated statement of 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 consolidated statement of income:

	<u>%</u>
Building	2
Tools and equipment	15-20
Elevators	10
Vehicles	15
Decorations	10-15
Leasehold improvement	20
Computers	20

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 consolidated 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 consolidated 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.

#### ***Intangible assets***

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

Intangible assets are classified as finite or infinite. Intangible assets with finite lives are amortized over the useful economic life and the amortization expense is recognized in the consolidated income statement. While intangible assets with indefinite useful lives are assessed for impairment at each reporting date or when there is an indication that the intangible asset may be impaired. The impairment loss is recorded in the consolidated income statement.

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

#### ***Pledged financial assets***

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

#### ***Provisions***

Provisions are recognized when the Group has an obligation at the date of the consolidated 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 Group 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 Group has established a provision matrix that is based on the Group'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.

**Liability adequacy test**

At each statement of financial position date, the Group assesses whether its recognized insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts.

If the valuation shows that the present value of insurance liabilities is insufficient compared to the expected future cash flows, then the full value of the deficiency is included in the consolidated statement of income.

**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 Group 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.

***Expenses 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 consolidated statement of financial position date as issued by Central Bank of Jordan.

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

Any gains or losses are taken to the consolidated 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 consolidated 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 consolidated statement of income.
- A provision on lawsuit against the Group is made based on the Group'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 consolidated statement of income for the year.
- The management of the Group 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 reinsurance contracts**

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

The Group has calculated a Liability for remaining coverage (LRC) and Asset for remaining coverage (ARC) for those groups of insurance contracts written and reinsurance contracts held respectively where the coverage period was more than one year. After calculating the liabilities/assets applying PAA and GMM approach respectively, the Group then checks for any material differences for the contracts with coverage period of more than one year. In case the Group notes any material differences, it follows the GMM approach, and where there is no material difference, the Group 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 group'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 Group'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 group 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 Group assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise.

The Group 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 Group also relies on the same group of contracts' weighted actual emerging experience.

**D. Expense attribution**

The Group 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 consolidated 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 Group 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 group.

On the other hand, non-directly attributable expenses and overheads are recognized in the consolidated 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.

**AL NISR AL ARABI FOR INSURANCE PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2023**

**(4) BANK DEPOSITS**

This item consists of the following:

	2023			2022
	Deposits maturing in 1 month	Deposits maturing in 1 month to 3 months	Deposits maturing in 3 months to one year	Total
	JD	JD	JD	JD
Inside Jordan	7,674,829	6,223,712	-	13,898,541
Outside Jordan	2,334,480	-	-	2,334,480
Provision for expected credit losses*	(13,598)	(15,741)	-	(29,339)
	<u>9,995,711</u>	<u>6,207,971</u>	<u>-</u>	<u>16,203,682</u>
				<u>13,175,322</u>

- The annual interest rate on the deposits in Jordanian Dinar ranged between 6.25% to 6.5% and on the deposit in US Dollar ranged between 4.7% to 5.85% during the year ended 31 December 2023 (31 December 2022: from 5% to 5.25% on deposits in Jordanian dinars and 2.45% on US dollars).
- Deposits pledged in favor of the Governor of Central Bank 800,000 JDs at Invest Bank as at 31 December 2023 and 31 December 2022.

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

	31 December 2023	31 December 2022
	JD	JD
Balance at the beginning of the year	30,241	29,107
Transferred (to) from provision for expected credit losses for receivables	(902)	1,134
Balance at the end of the year	<u>29,339</u>	<u>30,241</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>Quoted shares &amp; investment funds - Inside Jordan</b>		
Quoted shares	46,522	48,970
<b>Outside Jordan</b>		
Quoted shares	5,430,801	4,269,566
Quoted investment funds *	1,181,880	1,115,048
	6,612,681	5,384,614
<b>Quoted bonds, shares &amp; investment funds - Outside Jordan</b>		
Quoted bonds **	2,179,082	2,105,504
<b>Total of financial assets at fair value through other comprehensive income</b>	<b>8,838,285</b>	<b>7,539,088</b>

\* This item represents investment in listed investment funds with an unguaranteed capital and shown at fair value as of the consolidated financial statements date.

Interest rates on bonds outside Jordan ranged between 3.875% and 6.875% for the year 2023, (3.875% to 6.875 % for the year 2022).

\*\* The maturity dates of the bonds extend as follows:

	From 3 months to 6 months	From 6 months to 9 months	From 9 months to a year	More than a year	Total
	JD	JD	JD	JD	JD
<b>Outside Jordan</b>					
Quoted bonds	-	-	-	2,179,082	2,179,082
	-	-	-	2,179,082	2,179,082

- These bonds have fixed rates.



**(6) FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME STATEMENT**

This item consists of the following:

	31 December 2023	31 December 2022
	JD	JD
<b>Investment Funds outside Jordan -</b>		
Investment quoted funds	343,248	271,089
	<u>343,248</u>	<u>271,089</u>

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

This item consists of the following:

	Number of bonds	31 December 2023	31 December 2022
		JD	JD
<b>Inside Jordan</b>			
<b>Unlisted Bonds in financial market</b>			
Government bonds	47	82,202,305	76,955,797
<b>Total</b>		<u>82,202,305</u>	<u>76,955,797</u>
<b>Outside Jordan</b>			
Corporate bonds	8	2,773,045	3,097,573
Less: impairment on financial assets at amortized cost		105,691	105,691
<b>Total</b>		<u>2,667,354</u>	<u>2,991,882</u>
<b>Total financial assets at amortized cost outside Jordan</b>		<u>84,869,659</u>	<u>79,947,679</u>

The maturity dates of the bonds and loan notes extend as follows:

	From 1 to 3 months	From 3 to 6 months	From 6 to 9 months	From 9 months to one year	More than one year	Total
	JD	JD	JD	JD	JD	JD
<b><u>Inside Jordan</u></b>						
Governmental Bonds	3,001,278	-	-	-	79,201,027	82,202,305
<b><u>Outside Jordan</u></b>						
Corporate Bonds	426,100	-	320,341	-	1,920,913	2,667,354
<b>Total</b>	<u>3,427,378</u>	<u>-</u>	<u>320,341</u>	<u>-</u>	<u>81,121,940</u>	<u>84,869,659</u>

- The interest rates on governmental and corporate bonds denominated in Jordanian Dinar ranged from 5.058 % to 7.999% and on foreign currency bonds ranged from 3.25% to 5.15% during the year ended 31 December 2023. (2022: from 5.047 % to 7.999% and on foreign currency bonds ranged from 3.25% to 5.70%).
- These bonds have fixed rates

**(8) INVESTMENT PROPERTY**

The details of this item are as follows:

	31 December 2023	31 December 2022
	JD	JD
Investment Land*	<u>940,001</u>	<u>940,001</u>

\* The fair value of investment properties has been determined by real estate experts as of 31 December 2023 to be JD 1,082,867.

**(9) CASH ON HAND AND BALANCES AT BANKS**

The details of this item consists of:

	31 December 2023	31 December 2022
	JD	JD
Cash on hand	3,687	1,963
Current accounts at banks	<u>3,236,380</u>	<u>3,618,597</u>
	<u>3,240,067</u>	<u>3,620,560</u>

Cash and cash equivalents which appears in the consolidated statement of cash flows consist of the following:

	31 December 2023	31 December 2022
	JD	JD
Cash on hand and at banks	3,240,067	3,620,560
Add: Deposits at banks with original maturity date less than three months (note 4)	16,203,682	11,430,563
Less: Pledged deposits in favor of the Central Bank of Jordan Governor (note 4)	<u>(800,000)</u>	<u>(800,000)</u>
Net cash and cash equivalents	<u>18,643,749</u>	<u>14,251,123</u>

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

**Insurance contracts liabilities**

	2023			2022			1 January 2022		
	Premium allocation	General approach	Total	Premium allocation	General approach	Total	Premium allocation	General approach	Total
	approach (10-A)	(10-B)		approach (10-A)	(10-B)		approach (10-A)	(10-B)	
	JD	JD		JD	JD		JD	JD	
Liability of remaining coverage	1,037,755	-	1,037,755	1,616,959	-	1,616,959	(179,487)	-	(179,487)
Liability of incurred claims	10,228,443	-	10,228,443	11,324,797	-	11,324,797	10,765,463	-	10,765,463
Present value of future cash flows	-	51,829,601	51,829,601	-	44,977,959	44,977,959	-	52,769,461	52,769,461
Risk adjustment - non-financial	1,776,814	2,291,401	4,068,215	1,665,961	2,268,063	3,934,024	1,409,918	1,731,503	3,141,421
CSM	-	16,679,458	16,679,458	-	16,175,853	16,175,853	-	18,177,922	18,177,922
Total	13,043,012	70,800,460	83,843,472	14,607,717	63,421,875	78,029,592	11,995,894	72,678,886	84,674,780

**Insurance contracts assets**

	2023			2022			1 January 2022		
	Premium allocation	General	Total	Premium allocation	General	Total	Premium allocation	General	Total
	approach (10-A)	approach (10-B)		approach (10-A)	approach (10-B)		approach (10-A)	approach (10-B)	
	JD	JD		JD	JD		JD	JD	
Liability of remaining coverage	-	1,149,424	1,149,424	-	2,571,316	2,571,316	-	712,776	712,776
Total	-	1,149,424	1,149,424	-	2,571,316	2,571,316	-	712,776	712,776

**Re-insurance contracts assets**

	2023			2022			1 January 2022		
	Premium allocation	General	Total	Premium allocation	General	Total	Premium allocation	General	Total
	approach (10-C)	approach (10-C)		approach (10-C)	approach (10-C)		approach (10-C)	approach (10-C)	
	JD	JD		JD	JD		JD	JD	
Liability of remaining coverage	875,103	592,044	1,467,147	1,305,607	469,945	1,775,552	1,215,548	488,189	1,703,737
Liability of incurred claims	9,932,531	-	9,932,531	9,997,887	-	9,997,887	8,668,451	-	8,668,451
Total	10,807,634	592,044	11,399,678	11,303,494	469,945	11,773,439	9,883,999	488,189	10,372,188

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

	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	
2023					
<b>Insurance contracts liabilities as at 1 January 2023</b>	(1,580,720)	(36,239)	(11,324,797)	(1,665,961)	(14,607,717)
<b>Insurance contracts assets at 1 January 2023</b>	-	-	-	-	-
Insurance contracts liabilities as at 1 January 2023	(1,580,720)	(36,239)	(11,324,797)	(1,665,961)	(14,607,717)
Insurance revenues	21,438,720	-	-	-	21,438,720
Incurred claims and other directly attributable expenses	-	-	(14,500,811)	(316,963)	(14,817,774)
Changes that relate to past service-changes in FCF relating to LIC	-	-	259,600	206,110	465,710
Losses on onerous contracts	-	26,269	-	-	26,269
Insurance acquisition cash flows assets impairment	(1,533,042)	-	-	-	(1,533,042)
Insurance services expenses	(1,533,042)	26,269	(14,241,211)	(110,853)	(15,858,837)
Insurance services results	<u>19,905,678</u>	<u>26,269</u>	<u>(14,241,211)</u>	<u>(110,853)</u>	<u>5,579,883</u>
Finance expenses from insurance contracts issued	-	-	-	-	-
Total amounts recognised in the consolidated statement of income	<u>19,905,678</u>	<u>26,269</u>	<u>(14,241,211)</u>	<u>(110,853)</u>	<u>5,579,883</u>
<b>Cash flows:</b>					
Premiums received	(20,885,785)	-	-	-	(20,885,785)
Claims and other directly attributable expenses paid	-	-	15,337,565	-	15,337,565
Insurance contracts acquisition cash flows	1,533,042	-	-	-	1,533,042
Total cash flows	<u>(19,352,743)</u>	<u>-</u>	<u>15,337,565</u>	<u>-</u>	<u>(4,015,178)</u>
<b>Insurance contracts liabilities as at 31 December 2023</b>	<u>(1,027,785)</u>	<u>(9,970)</u>	<u>(10,228,443)</u>	<u>(1,776,814)</u>	<u>(13,043,012)</u>
<b>Insurance contracts assets as at 31 December 2023</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Insurance contracts liabilities as at 31 December 2023</b>	<u>(1,027,785)</u>	<u>(9,970)</u>	<u>(10,228,443)</u>	<u>(1,776,814)</u>	<u>(13,043,012)</u>

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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	JD
<b>Insurance contracts liabilities as at 1 January 2022</b>	179,487	-	(10,765,463)	(1,409,918)	(11,995,894)
<b>Insurance contracts assets at 1 January 2022</b>	-	-	-	-	-
Insurance contracts liabilities as at 1 January 2022	179,487	-	(10,765,463)	(1,409,918)	(11,995,894)
Insurance revenues	25,423,672	-	-	-	25,423,672
Incurred claims and other directly attributable expenses	-	-	(20,573,780)	(244,549)	(20,818,329)
Changes that relate to past service-changes in FCF relating to LIC	-	-	(1,022,172)	(11,494)	(1,033,666)
Losses on onerous contracts	-	(36,239)	-	-	(36,239)
Insurance acquisition cash flows assets impairment	(1,527,199)	-	-	-	(1,527,199)
Insurance services expenses	(1,527,199)	(36,239)	(21,595,952)	(256,043)	(23,415,433)
Insurance services results	23,896,473	(36,239)	(21,595,952)	(256,043)	2,008,239
Finance expenses from insurance contracts issued	-	-	-	-	-
Total amounts recognised in the consolidated statement of income	23,896,473	(36,239)	(21,595,952)	(256,043)	2,008,239
<b>Cash Flows:</b>					
Premiums received	(27,183,879)	-	-	-	(27,183,879)
Claims and other directly attributable expenses paid	-	-	21,036,618	-	21,036,618
Insurance contracts acquisition cash flows	1,527,199	-	-	-	1,527,199
Total cash flows	(25,656,680)	-	21,036,618	-	(4,620,062)
<b>Insurance contracts liabilities as at 31 December 2022</b>	(1,580,720)	(36,239)	(11,324,797)	(1,665,961)	(14,607,717)
<b>Insurance contracts assets as at 31 December 2022</b>	-	-	-	-	-
<b>Insurance contracts liabilities as at 31 December 2022</b>	(1,580,720)	(36,239)	(11,324,797)	(1,665,961)	(14,607,717)

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**(10-B) INSURANCE CONTRACTS ASSETS/LIABILITIES – GENERAL APPROACH**

2023	Present value of future cash flows	Risk adjustment - non-financial	CSM	Total
	JD	JD	JD	JD
<b>Insurance contracts liabilities as at 1 January 2023</b>	(44,977,959)	(2,268,063)	(16,175,853)	(63,421,875)
<b>Insurance contracts assets as at 1 January 2023</b>	7,009,947	(559,152)	(3,879,479)	2,571,316
Insurance contracts liabilities as at 1 January 2023	(37,968,012)	(2,827,215)	(20,055,332)	(60,850,559)
<b>Changes related to current service:</b>				
Experience adjustments-relating to insurance services expenses	(2,200,924)	(29,117)	5,310,307	3,080,266
<b>Changes related to future service:</b>				
Changes in estimates that adjust the CSM	3,831,768	60,806	(3,892,574)	-
Experience adjustments-arising from premiums received in the period that relate to future service	4,493,033	(298,862)	(4,194,171)	-
<b>Changes related to past service:</b>				
Changes related to the past service that after the obligation regarding the incurred compensations	(313,682)	-	-	(313,682)
<b>Insurance service result</b>	<u>5,810,195</u>	<u>(267,173)</u>	<u>(2,776,438)</u>	<u>2,766,584</u>
Financing expenses from issued insurance contracts	(2,870,491)	-	(830,693)	(3,701,184)
<b>Total income recognized in the consolidated income statement</b>	<u>2,939,704</u>	<u>(267,173)</u>	<u>(3,607,131)</u>	<u>(934,600)</u>
Actuarial Losses (gains) from change in assumptions	(2,212,243)	137,208	-	(2,075,035)
<b>Total income recognized in statement of other comprehensive income</b>	<u>727,461</u>	<u>(129,965)</u>	<u>(3,607,131)</u>	<u>(3,009,635)</u>
<b>Cash flows:</b>				
Premiums received	(24,222,846)	-	-	(24,222,846)
Claims and other directly attributable expenses paid	16,512,990	-	-	16,512,990
Life policies experience adjustments	-	-	1,919,014	1,919,014
<b>Total cash flows</b>	<u>8,040,772</u>	<u>-</u>	<u>1,919,014</u>	<u>(5,790,842)</u>
<b>Insurance contracts liabilities as at 31 December 2023</b>	<u>(51,829,601)</u>	<u>(2,291,401)</u>	<u>(16,679,458)</u>	<u>(70,800,460)</u>
<b>Insurance contracts assets as at 31 December 2023</b>	<u>6,879,194</u>	<u>(665,779)</u>	<u>(5,063,991)</u>	<u>1,149,424</u>
<b>Insurance contracts liabilities as at 31 December 2023</b>	<u>(44,950,407)</u>	<u>(2,957,180)</u>	<u>(21,743,449)</u>	<u>(69,651,036)</u>

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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
<b>Insurance contracts liabilities as at 1 January 2022</b>	(52,769,461)	(1,731,503)	(18,177,922)	(72,678,886)
<b>Insurance contracts assets as at 1 January 2022</b>	2,435,396	(153,423)	(1,569,197)	712,776
Insurance contracts liabilities as at 1 January 2022	(50,334,065)	(1,884,926)	(19,747,119)	(71,966,110)
<b>Changes related to current service:</b>				
Experience adjustments-relating to insurance services expenses	(1,263,093)	-	4,064,551	2,801,458
<b>Changes related to future service:</b>				
Changes in estimates that adjust the CSM	2,275,518	118,286	(2,393,804)	-
Experience adjustments-arising from premiums received in the period that relate to future service	3,494,022	(295,495)	(3,213,675)	(15,148)
<b>Changes related to past service:</b>				
Changes related to the past service that after the obligation regarding the incurred compensations	(137,710)	-	-	(137,710)
<b>Insurance service result</b>	4,368,737	(177,209)	(1,542,928)	2,648,600
Financing expenses from issued insurance contracts	(1,463,643)	-	(481,710)	(1,945,353)
<b>Total income recognized in the consolidated income statement</b>	2,905,094	(177,209)	(2,024,638)	703,247
Actuarial Losses (gains) from change in assumptions	18,143,808	(765,080)	-	17,378,728
<b>Total income recognized in consolidated statement of other comprehensive income</b>	21,048,902	(942,289)	(2,024,638)	18,081,975
<b>Cash flows:</b>				
Total premiums received	(22,626,877)	-	-	(22,626,877)
Claims and other directly attributable expenses paid	(13,944,028)	-	-	13,944,028
Life policies experience adjustments	-	-	1,716,425	1,716,425
Total cash flows	(8,682,849)	-	1,716,425	(6,966,424)
<b>Insurance contracts liabilities as at 31 December 2022</b>	(44,977,959)	(2,268,063)	(16,175,853)	(63,421,875)
<b>Insurance contracts assets as at 31 December 2022</b>	7,009,947	(559,152)	(3,879,479)	2,571,316
<b>Insurance contracts liabilities as at 31 December 2022</b>	(37,968,012)	(2,827,215)	(20,055,332)	(60,850,559)

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**INSURANCE CONTRACTS ASSETS/LIABILITIES – GENERAL APPROACH (DESCRIPTIVE NOTE)**

2023	Liability for Remaining Coverage		Liability for incurred claims		Total
	Non-onerous contracts	Onerous Contracts	Non-financial-risks adjustments	Financial risks adjustments	
	JD	JD	JD	JD	
<b>Insurance contracts liabilities as at 1 January 2023</b>	(62,274,966)	-	(1,146,909)	-	(63,421,875)
<b>Insurance contracts assets as at 1 January 2023</b>	2,571,316	-	-	-	2,571,316
Insurance contracts liabilities as at 1 January 2023	(59,703,650)	-	(1,146,909)	-	(60,850,559)
<b>Insurance revenues</b>	7,256,303				
Changes in liability for remaining coverage	-	-	(313,682)	-	3,080,266
Incurred claims	-	-	931,290	-	-
Other expenses	-	-	(5,107,327)	-	-
Insurance service expense	-	-	(4,489,719)	-	(4,489,719)
Insurance service results	7,256,303	-	(4,489,719)	-	2,766,584
Financing expenses from issued insurance contracts	(3,701,184)	-	-	-	(3,701,184)
<b>Total income recognized in the consolidated income statement</b>	3,555,119	-	-	-	(934,600)
Actuarial Losses (gains) from changes in assumptions	9,673,715	-	(11,748,750)	-	(2,075,035)
<b>Total income recognized in the consolidated statement of other comprehensive income</b>	13,228,834	-	(16,238,469)	-	(3,009,635)
<b>Cash flows:</b>					
Premiums received	(24,222,846)	-	-	-	(24,222,846)
Claims and other directly attributable expenses paid	-	-	11,993,866	-	11,993,866
Life policies experience adjustments	1,919,014	-	-	-	1,919,014
Other expenses	588,205	-	3,930,919	-	4,519,124
Total cash flows	(21,715,627)	-	15,924,785	-	(5,790,842)
<b>Insurance contracts liabilities as at 31 December 2023</b>	(69,339,867)	-	(1,460,593)	-	(70,800,460)
<b>Insurance contracts assets as at 31 December 2023</b>	1,149,424	-	-	-	1,149,424
<b>Insurance contracts liabilities as at 31 December 2023</b>	(68,190,443)	-	(1,460,593)	-	(69,651,036)



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**INSURANCE CONTRACTS ASSETS/LIABILITIES – GENERAL APPROACH (DESCRIPTIVE NOTE)**

	Liability for Remaining Coverage		Liability for incurred claims		Total
	Non-onerous contracts	Onerous Contracts	Non-financial-risks adjustments	Financial risks adjustments	
	JD	JD	JD		JD
2022					
<b>Insurance contracts liabilities as at 1 January 2022</b>	(71,669,686)	-	(1,009,200)	-	(72,678,886)
<b>Insurance contracts assets as at 1 January 2022</b>	712,776	-	-	-	712,776
Insurance contracts liabilities as at 1 January 2022	(70,956,910)	-	(1,009,200)	-	(71,966,110)
Insurance revenues	6,919,457	-	-	-	6,919,457
Changes in liability for remaining coverage	-	-	(137,709)	-	(137,709)
Incurred claims	-	-	(272,463)	-	(272,463)
Other expenses	-	-	(3,860,685)	-	(3,860,685)
Insurance service expense	-	-	(4,270,857)	-	(4,270,857)
Insurance service results	6,919,457	-	(4,270,857)	-	2,648,600
Financing expenses from issued insurance contracts	(1,945,353)	-	-	-	(1,945,353)
<b>Total income recognized in the consolidated income statement</b>	4,974,104	-	(4,270,857)	-	703,247
Actuarial Losses (gains) from changes in assumptions	26,709,278	-	(9,330,550)	-	17,378,728
<b>Total income recognized in the consolidated statement of other comprehensive income</b>	31,683,382	-	(13,601,407)	-	18,081,975
<b>Cash flows:</b>					
Premiums received	(22,626,877)	-	-	-	(22,626,877)
Claims and other directly attributable expenses paid	-	-	9,603,013	-	9,603,013
Life policies experience adjustments	1,716,425	-	-	-	1,716,425
Other expenses	480,330	-	3,860,685	-	4,341,015
Total cash flows	(20,430,122)	-	13,463,698	-	(6,966,424)
<b>Insurance contracts liabilities as at 31 December 2022</b>	(62,274,966)	-	(1,146,909)	-	(63,421,875)
<b>Insurance contracts assets as at 31 December 2022</b>	2,571,316	-	-	-	2,571,316
<b>Insurance contracts liabilities as at 31 December 2022</b>	(59,703,650)	-	(1,146,909)	-	(60,850,559)

**ACCOUNT RECEIVABLES RELATED TO INSURANCE OPERATIONS**

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

	31 December 2023	31 December 2022
	JD	JD
Insurance policyholders'	6,646,802	5,406,678
Other receivables	4,621	4,621
	6,651,423	5,411,299
Less: Allowance for expected credit losses for receivables*	(310,293)	(309,579)
Net receivables	6,341,130	5,101,720

Below is the aging schedule for receivables:

	1-90 days	91-180 days	181-360 days	More than 361	Total
	JD	JD	JD	JD	JD
31 December 2023	6,357,377	214,165	3,255	76,626	6,651,423
31 December 2022	5,056,270	261,265	40,065	53,699	5,411,299
Percentages	96%	3%	0%	1%	100%

\* The movement on the allowance for expected credit losses for receivables is as follows:

	31 December 2023	31 December 2022
	JD	JD
Balance at the beginning of the year	309,579	313,713
Additions	-	25,030
Transferred from (to) allowance for impairment of re-insurance receivables	132	(204)
Written off	(852)	(26,566)
Transferred from (to) the allowance for expected credit losses on deposits and checks under collection	1,434	(2,394)
Balance at the end of the year	310,293	309,579

**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:

	31 December 2023	31 December 2022
	JD	JD
Loans to life policyholders which do not exceed the surrender value	15,117,489	13,493,697

The maturity dates of life policyholders' loans are as follows:

	No maturity date	Total
	JD	JD
Loans to life policyholders	15,117,489	13,493,697

**ACCOUNTS PAYABLE RELATED TO INSURANCE OPERATIONS**

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

	31 December 2023	31 December 2022
	JD	JD
Policyholders' payables	1,184,909	2,060,229
Brokers payables	226,642	240,497
Other payables	3,284	3,284
	1,414,835	2,304,010

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**(10-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	
<b>Re-insurance contracts liabilities as at 1 January 2023</b>	-	-	-	-	-
<b>Re-insurance contracts assets as at 1 January 2023</b>	1,303,059	2,548	8,706,207	1,291,680	11,303,494
Re-insurance contracts assets as at 1 January 2023	1,303,059	2,548	8,706,207	1,291,680	11,303,494
Re-insurance expenses	(7,723,194)	(2,548)	-	-	(7,725,742)
Incurred claims recovery	-	-	4,139,803	405,893	4,545,696
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	-	(798,851)	(327,568)	(1,126,419)
Effect of changes in risk of non-performance by issuer of re-insurance contracts held	-	-	-	-	-
Re-insurance services results	(7,723,194)	(2,548)	3,340,952	78,325	(4,306,465)
Finance income from re-insurance contracts held	-	-	-	-	-
Total amounts recognised in the consolidated statement of income	(7,723,194)	(2,548)	3,340,952	78,325	(4,306,465)
<b>Cash flows:</b>					
Total premiums paid net of ceding commissions and other directly attributable expenses	7,295,238	-	-	-	7,295,238
Recoveries from re-insurance	-	-	(3,484,633)	-	(3,484,633)
Total cash flows	7,295,238	-	(3,484,633)	-	3,810,605
<b>Re-insurance contracts liabilities as at 31 December 2023</b>	-	-	-	-	-
<b>Re-insurance contracts assets as at 31 December 2023</b>	875,103	-	8,562,526	1,370,005	10,807,634
<b>Re-insurance contracts net assets as at 31 December 2023</b>	875,103	-	8,562,526	1,370,005	10,807,634

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**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
<b>Re-insurance contracts liabilities as at 1 January 2022</b>	-	-	-	-	-
<b>Re-insurance contracts assets as at 1 January 2022</b>	1,215,548	-	7,586,974	1,081,477	9,883,999
<b>Re-insurance contracts liabilities as at 1 January 2022</b>	1,215,548	-	7,586,974	1,081,477	9,883,999
Re-insurance expenses	(11,637,994)	-	-	-	(11,637,994)
Incurred claims recovery			7,774,137	534,763	8,308,900
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	-	2,094,444	(324,560)	1,769,884
Effect of changes in risk of non-performance by issuer of re-insurance contracts held	-	2,548	-	-	2,548
Insurance services results	(11,637,994)	2,548	9,868,581	210,203	(1,556,662)
Finance income from re-insurance contracts held	-	-	-	-	-
Total amounts recognised in the consolidated statement of income	(11,637,994)	2,548	9,868,581	210,203	(1,556,662)
<b>Cash flows:</b>					
Total premiums paid net of ceding commissions and other directly attributable expenses	11,725,505	-	-	-	11,725,505
Recoveries from re-insurance	-	-	(8,749,348)	-	(8,749,348)
Total cash flows	11,725,505	-	(8,749,348)	-	2,976,157
<b>Re-insurance contracts liabilities as at 31 December 2022</b>	-	-	-	-	-
<b>Re-insurance contracts assets as at 31 December 2022</b>	1,303,059	2,548	8,706,207	1,291,680	11,303,494
<b>Re-insurance contracts (liabilities) assets as at 31 December 2022</b>	1,303,059	2,548	8,706,207	1,291,680	11,303,494

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**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>	(260,506)	760,050	(29,599)	469,945
Re-insurance contracts (liabilities) assets as at 1 January 2023	(260,506)	760,050	(29,599)	469,945
<b>Changes related to current service:</b>				
Changes in the risk adjustment for non-financial risk for the risk expired	-	39,474	(129)	39,345
Experience adjustments-relating to insurance services expenses	75,003	-	-	75,003
<b>Changes related to future service:</b>				
Changes in estimates that adjust the CSM	(57,647)	(38,071)	95,718	-
Contracts initially recognised in period	(35,689)	116,732	(81,043)	-
<b>Re-insurance services results</b>	(18,333)	118,135	14,546	114,348
Finance expenses from insurance contracts issued	(5,170)	-	(3,803)	(8,973)
<b>Total amounts recognised in the consolidated statement of income</b>	(23,503)	118,135	10,743	105,375
<b>Cash flows:</b>				
Premiums received	181,096	-	-	181,096
Claims and other directly attributable expenses paid	(164,372)	-	-	(164,372)
Insurance contracts acquisition cash flows	-	-	-	-
<b>Total cash flows</b>	16,724	-	-	16,724
<b>Re-insurance contracts liabilities as at 31 December 2023</b>	-	-	-	-
<b>Re-insurance contracts assets as at 31 December 2023</b>	(267,285)	878,185	(18,856)	592,044
<b>Re-insurance contracts (liabilities) assets as at 31 December 2023</b>	(267,285)	878,185	(18,856)	592,044

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**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>	(130,291)	506,276	112,204	488,189
Re-insurance contracts (liabilities) assets as at 1 January 2022	(130,291)	506,276	112,204	488,189
<b>Changes related to current service:</b>				
Changes in the risk adjustment for non-financial risk for the risk expired	-	2,074	(7,124)	(5,050)
Experience adjustments-relating to insurance service expenses	(34,897)	-	-	(34,897)
<b>Changes related to future service:</b>				
Changes in estimates that adjust the CSM				
Changes in estimate that results in onerous contract losses or reversal of such losses	(83,951)	150,434	(66,483)	-
Experience adjustments – arising from ceded premiums paid in the period that relate to future service	(31,801)	101,266	(69,465)	-
<b>Insurance services results</b>	(150,649)	253,774	(143,072)	(39,947)
Finance expenses from insurance contracts issued	(23,597)	-	1,269	(22,328)
<b>Total amounts recognised in the consolidated statement of income</b>	(174,246)	253,774	(141,803)	(62,275)
<b>Cash flows:</b>				
Premiums received	158,829	-	-	158,829
Claims and other directly attributable expenses paid	(114,798)	-	-	(114,798)
Insurance contracts acquisition cash flows	-	-	-	-
<b>Total cash flows</b>	44,031	-	-	44,031
<b>Re-insurance contracts liabilities as at 31 December 2022</b>	-	-	-	-
<b>Re-insurance contracts assets as at 31 December 2022</b>	(260,506)	760,050	(29,599)	469,945
<b>Re-insurance contracts assets (liabilities) as at 31 December 2022</b>	(260,506)	760,050	(29,599)	469,945

**ACCOUNTS RECEIVABLE RELATED TO RE-INSURANCE OPERATIONS**

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

	31 December 2023 JD	31 December 2022 JD
Local re-insurance companies	102,043	116,720
Foreign re-insurance companies	122,901	1,031,403
	224,944	1,148,123
Less: Provision for expected credit losses *	(51,992)	(52,124)
Net re-insurance receivables	172,952	1,095,999

Below is the aging schedule of receivables:

	1-90 days JD	91-180 days JD	181-361 days JD	More than 361 JD	Total JD
31 December 2023	161,778	11,048	126	51,992	224,944
31 December 2022	1,072,085	23,697	217	52,124	1,148,123

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

	31 December 2023 JD	31 December 2022 JD
Balance at the beginning of the year	52,124	51,920
Transferred (to) from the allowance for expected credit losses for debtors	(132)	204
<b>Balance at end of the year</b>	51,992	52,124

**ACCOUNTS PAYABLE RELATED TO RE-INSURANCE OPERATIONS**

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

	31 December 2023 JD	31 December 2022 JD
Local re-insurance companies	6,343	5,376
Foreign re-insurance companies	871,750	1,488,182
Re-insurance deposits	464,782	462,480
	1,342,875	1,956,038



**(11) INCOME TAX**

**A- Income tax provision**

Movements on the income tax provision were as follows:

	31 December 2023	31 December 2022
	JD	JD
Balance at the beginning of the year	503,308	624,973
Income tax paid	(774,220)	(848,438)
Income tax expense for the year	1,846,094	726,773
Balance at the end of the year	<u>1,575,182</u>	<u>503,308</u>

**B-The income tax expense appears in the consolidated statement of income represents the following:**

	2023	2022
	JD	JD
Income tax payable	1,846,094	726,773
Additions (amortization) of deferred tax assets	3,377	(3,904)
	<u>1,849,471</u>	<u>722,869</u>

**Income tax**

The company has submitted the self-assessment tax returns for the years 2022 and 2021 on time. Furthermore, the Income Tax Department has not reviewed the company's records up to the date of these consolidated financial statements. In the opinion of the Group's management and the tax advisor, the income tax provision is sufficient to cover any tax liabilities.

A final statement has been reached with the Income Tax Department up to the end of the year 2020, and all due balances have been paid.

**General sales tax**

A final settlement has been reached with the Sales Tax Department up to the end of the year 2020, and all outstanding balances have been paid.

**Income Tax for Al-Amin Arabi Company (a subsidiary)**

The company's tax status has been settled up to the year 2020, and the tax returns for the fiscal year 2022 and 2021 have been submitted within the legal deadline. They have not yet been audited by the Income and Sales Tax Department, nor has a final decision been issued regarding them. In the opinion of the Company's management and its tax advisor, the provision is sufficient to meet the tax obligations.

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**C- Deferred tax assets/Liabilities**

The details of this item are as follows:

	2023			2022		
	Balance at the	Released	Additions	Balance at the	Deferred	Deferred
	beginning of the year	Amounts		end of the year	Tax	Tax
	JD	JD	JD	JD	JD	JD
<b>Deferred tax assets:</b>						
Provision for expected credit losses	393,941	852	-	393,089	102,202	102,425
Provision for end of service indemnity	49,013	-	9,876	58,889	15,311	12,743
Legal provision	201,575	-	-	201,575	52,410	52,410
Unrealized losses- Financial assets at fair value through income statement	22,117	22,117	-	-	-	2,654
Unrealized losses- Financial assets at fair value through other comprehensive income	1,430,353	1,430,353	-	-	-	171,641
	<u>2,096,999</u>	<u>1,453,322</u>	<u>9,876</u>	<u>653,553</u>	<u>169,923</u>	<u>341,873</u>
<b>Deferred tax liabilities:</b>						
Unrealized gains- Financial assets at fair value through income statement portfolio	-	-	25,575	25,575	3,069	-
Unrealized gains- Financial assets at fair value through other comprehensive income portfolio	-	-	193,666	193,666	23,240	-
	<u>-</u>	<u>-</u>	<u>219,241</u>	<u>219,241</u>	<u>26,309</u>	<u>-</u>

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

	Liabilities		Assets	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	JD	JD	JD	JD
Balance at the beginning of the year	-	77,762	341,873	166,328
Additions	26,309	-	2,567	175,954
Disposals	-	(77,762)	(174,517)	(409)
Balance at the end of the year	<u>26,309</u>	<u>-</u>	<u>169,923</u>	<u>341,873</u>

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D- Below is a summary of reconciliation of accounting profit to taxable profit:

	2023	2022
	JD	JD
Accounting profit	6,589,326	6,309,084
Losses on sale of financial assets at fair value through other comprehensive income	-	(401)
Non-taxable income	(5,335,911)	(3,861,612)
Non-deductible expenses	5,846,947	348,208
Taxable profit	7,100,362	2,795,279
Income tax payable	1,846,094	726,773
Effective income tax rate	28%	11%
Statutory income tax rate and national contribution	26%	26%

E- The income tax for the Group for the years ended 31 December 2023, and 31 December 2022, was calculated in accordance with the Income Tax Law No. (34) of 2014 and its amendments.

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**(12) PROPERTY AND EQUIPMENT**

	Land	Building	Leasehold improvement	Elevators	Tools, equipment and furniture	Vehicles	Decorations	Computers	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>2023-</b>									
<b>Cost:</b>									
Balance at the beginning of the year	777,480	1,786,131	42,088	57,000	760,541	123,522	963,074	384,428	4,894,264
Additions	-	-	11,251	-	50,142	-	-	58,184	119,577
Disposals	-	-	-	-	(1,390)	-	-	(10,205)	(11,595)
Balance at the end of the year	777,480	1,786,131	53,339	57,000	809,293	123,522	963,074	432,407	5,002,246
<b>Accumulated depreciation:</b>									
Balance at the beginning of the year	-	244,113	34,302	51,300	636,300	63,006	883,728	301,864	2,214,613
Depreciation for the year	-	27,124	3,815	5,700	32,328	15,111	41,157	28,775	154,010
Disposals	-	-	-	-	(1,142)	-	-	(10,191)	(11,333)
Balance at the end of the year	-	271,237	38,117	57,000	667,486	78,117	924,885	320,448	2,357,290
<b>Net book value at the end of the year</b>	<b>777,480</b>	<b>1,514,894</b>	<b>15,222</b>	<b>-</b>	<b>141,807</b>	<b>45,405</b>	<b>38,189</b>	<b>111,959</b>	<b>2,644,956</b>
<b>2022-</b>									
<b>Cost:</b>									
Balance at the beginning of the year	777,480	1,786,131	42,088	57,000	749,411	73,522	962,644	402,720	4,850,996
Additions	-	-	-	-	27,334	50,000	430	15,448	93,212
Disposals	-	-	-	-	(16,204)	-	-	(33,740)	(49,944)
Balance at the end of the year	777,480	1,786,131	42,088	57,000	760,541	123,522	963,074	384,428	4,894,264
<b>Accumulated depreciation:</b>									
Balance at the beginning of the year	-	216,989	31,288	45,600	618,134	53,412	801,369	310,754	2,077,546
Depreciation for the year	-	27,124	3,014	5,700	33,381	9,594	82,359	24,846	186,018
Disposals	-	-	-	-	(15,215)	-	-	(33,736)	(48,951)
Balance at the end of the year	-	244,113	34,302	51,300	636,300	63,006	883,728	301,864	2,214,613
<b>Net book value at the end of the year</b>	<b>777,480</b>	<b>1,542,018</b>	<b>7,786</b>	<b>5,700</b>	<b>124,241</b>	<b>60,516</b>	<b>79,346</b>	<b>82,564</b>	<b>2,679,651</b>

Property and equipment includes fully depreciated assets of JD 2,279,644 JD as at 31 December 2023 (1,878,119 JD as at 31 December 2022).

**(13) INTANGIBLE ASSETS**

The intangible assets consists of computer software and are as follows:

	31 December 2023 JD	31 December 2022 JD
Balance at the beginning of the year	120,643	108,887
Additions	283,612	57,226
Disposals	-	-
Amortization	(86,432)	(45,470)
Balance at the end of the year	317,823	120,643

**(14) OTHER ASSETS**

This item consists of the following:

	31 December 2023 JD	31 December 2022 JD
Accrued and unreceived revenue	1,245,729	1,557,357
Various accounts receivable	849,541	748,094
Checks under collection*	417,273	563,963
Prepaid expenses	149,947	89,798
Refundable deposits	11,058	12,911
Others	779,690	24,194
	3,453,238	2,996,317

\*The details of this item are as follows:

	31 December 2023 JD	31 December 2022 JD
Checks under collection due within six months	343,115	515,055
Checks under collection due within more than six months	75,623	50,905
up to one year	(1,465)	(1,997)
Less: Provision for expected credit losses*	417,273	563,963

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

	31 December 2023 JD	31 December 2022 JD
Balance at the beginning of the year	1,997	737
Transferred (to) from provision for expected credit losses	(532)	1,260
Balance at the end of the year	1,465	1,997

The maturity of checks under collection extends up to 15 December 2024.

**(15) OTHER PROVISIONS**

	2023 JD	2022 JD
End of service indemnity provision	58,889	49,013
Lawsuits provision	201,575	201,575
	260,464	250,588

**(16) OTHER LIABILITIES**

This item consists of the following:

	2023 JD	2022 JD
Shareholders' deposits	582,505	554,089
Recoveries of canceled contracts / life	540,790	631,749
Other deposits	61,281	40,241
Board of director's bonus	44,568	38,947
	1,229,144	1,265,026

**(17) AUTHORIZED AND PAID IN CAPITAL**

Authorized and paid in capital amounted to JD 10,000,000 divided into 10,000,000 shares the par value of each is JD 1 as at 31 December 2023 and 31 December 2022.

\* A quarter of a share was distributed for each share of the Company's capital on 9 June 2005. The Company's capital became 2.5 million shares / JD out of 2 million shares / JD, and in 2006 one million shares / JD, and an issuance premium of 8,750,000 JD per share Free of charge for each share of the Company's capital on 6 June 2007, by capitalizing 5,000,000 JD from the upper box. The Company's capital is 10 million shares / JD, a share of 5 million shares / JD, and an issuance premium amounted to 3,750,000 JD.

**(18) LEGAL RESERVES**

**Statutory reserve -**

This item represents the accumulated amounts deducted from profit before tax at 10% during this year and prior years for the Group in accordance with the Companies Law not to exceed 25% of the paid-up capital. This reserve is not available for distribution to shareholders. The statutory reserve of the Company was fully transferred and reached 25% of its paid in capital in previous years. The subsidiary may continue transferring to the statutory reserve up to 100% of its paid in capital.

**Voluntary reserve -**

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

**(19) FAIR VALUE RESERVE**

Movements on the fair value reserve were as follows:

	31 December 2023	31 December 2022
	JD	JD
Balance at the beginning of the year	(610,697)	570,252
Change during the year	976,005	(1,430,353)
Deferred tax liabilities	(194,883)	249,404
Balance at the end of the year	170,425	(610,697)

**(20) ACTUARIAL ASSUMPTIONS RESERVE**

Movements on the fair value reserve were as follows:

	31 December 2023	31 December 2022
	JD	JD
Balance at the beginning of the year	17,378,728	-
Actuarial losses resulting from a change in assumptions	(2,075,035)	17,378,728
Balance at the end of the year	15,303,693	17,378,728

**(21) RETAINED EARNINGS**

This item consists of the following:

	31 December 2023 JD	31 December 2022 JD
Balances at the beginning of the year	10,383,580	4,538,200
Effect of the implementation of IFRS 17	-	3,279,684
Adjusted Balance	10,383,580	7,817,884
Profit for the year	4,739,855	5,586,215
Gain on sale of financial assets through other comprehensive income	-	(401)
Transfer to reserves	(20,110)	(20,018)
Dividends distribution*	(2,500,000)	(3,000,000)
Balance at the end of the year	12,603,325	10,383,580

\* The General Assembly of shareholders approved in its ordinary meeting held on 30 April 2023 the distribution of cash dividends amounting to JD 2,500,000 equivalent to 25% of paid-in capital as at 31 December 2022. Also, the General Assembly in its ordinary meeting of shareholders on 21 April 2022 approved the distribution of cash dividends amounting to JD 3,000,000 equivalent to 30% of paid-in capital as at 31 December 2021.

**Dividend suggested to be distributed.**

The Board of Directors will propose to the General Assembly of the Group, in its meeting that will be held during the year 2024, the distribution of cash dividends amounting to JD 3,500,000 to the shareholders, which is 35% of the Company's capital as at 31 December 2023.

**(22) INTEREST INCOME**

This item consists of the following:

	2023 JD	2022 JD
Interest income on financial assets at amortized cost	5,131,829	4,405,906
Bank interest	1,271,314	885,614
Loan interest	511,610	353,415
Total	6,914,753	5,644,935
Investments income	5,867,831	4,625,377
Interest income	1,046,922	1,019,558



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**(23) INSURANCE CONTRACTS REVENUES**

2023 -

	Motor	Fire	Liability	Marine	Medical	General accidents	Life	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Insurance contracts revenues	-	3,409,785	1,666,799	356,470	12,661,908	168,331	5,898,802	24,162,095
Insurance contract issuance fees	-	119,727	56,497	21,701	402,618	161,662	118,775	880,980
Expected incurred claims	-	-	-	-	-	-	424,692	424,692
Change in risk adjustments - non- financial	-	-	-	-	-	-	(29,117)	(29,117)
Expected incurred expenses	-	(356,173)	(178,468)	(44,824)	(648,300)	(79,656)	4,563,794	3,256,373
	-	3,173,339	1,544,828	333,347	12,416,226	250,337	10,976,946	28,695,023

2022 -

	Motor	Fire	Liability	Marine	Medical	General accidents	Life	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Insurance contracts revenues	-	3,425,707	1,505,595	438,544	16,502,830	161,382	5,973,573	28,007,631
Insurance contract issuance fees	-	123,704	64,756	25,399	395,030	162,640	130,705	902,234
Expected incurred claims	-	-	-	-	-	-	291,235	291,235
Change in risk adjustments - non- financial	-	-	-	-	-	-	-	-
Expected incurred expenses	-	(368,412)	(195,223)	(50,129)	(622,668)	(85,074)	4,463,535	3,142,029
	-	3,180,999	1,375,128	413,814	16,275,192	238,948	10,859,048	32,343,129

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**(24) INSURANCE CONTRACTS EXPENSES**

2023 –

	Motor	Fire	Liability	Marine	Medical	General accidents	Life	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Incurring insurance claims	10,606	(148,692)	(139,091)	8,869	(10,236,659)	(24,567)	(3,560,136)	(14,089,670)
Administrative expenses (note 27)	-	(227,685)	(105,735)	(33,521)	(1,598,267)	(71,014)	(4,137,809)	(6,174,031)
Loss from onerous contracts	-	-	-	-	23,613	-	2,656	26,269
Risk adjustments - non-financial	-	28,963	(27,639)	4,086	(372)	(12,130)	(104,032)	(111,124)
	<u>10,606</u>	<u>(347,414)</u>	<u>(272,465)</u>	<u>(20,566)</u>	<u>(11,811,685)</u>	<u>(107,711)</u>	<u>(7,799,321)</u>	<u>(20,348,556)</u>

2022 -

	Motor	Fire	Liability	Marine	Medical	General accidents	Life	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Incurring insurance claims	(3,598)	(2,359,626)	55,525	(48,151)	(14,928,393)	60,082	(4,135,002)	(21,359,163)
Administrative expenses (note 27)	-	(213,003)	(118,131)	(31,201)	(1,697,021)	(74,528)	(3,900,962)	(6,034,846)
Loss from onerous contracts	-	-	-	-	(32,136)	-	(4,102)	(36,328)
Risk adjustments - non-financial	-	(339,627)	71,082	(3,501)	5,212	1,932	8,859	(256,043)
	<u>(3,598)</u>	<u>(2,912,256)</u>	<u>8,476</u>	<u>(82,853)</u>	<u>(16,652,338)</u>	<u>(12,514)</u>	<u>(8,031,207)</u>	<u>(27,686,290)</u>

**(25) FINANCE EXPENSES – INSURANCE CONTRACTS**

	<u>2023</u>	<u>2022</u>
	JD	JD
Finance expenses	<u>(3,701,184)</u>	<u>(1,945,353)</u>
	<u>(3,701,184)</u>	<u>(1,945,353)</u>

The Group used discount rates that ranged between 5.2% and 11.4% as at 31 December 2023 (31 December 2022: 5.2% and 11.3%).

**(26) FINANCE EXPENSES – RE-INSURANCE CONTRACTS**

	<u>2023</u>	<u>2022</u>
	JD	JD
Finance expenses	<u>(8,973)</u>	<u>(22,328)</u>
	<u>(8,973)</u>	<u>(22,328)</u>

The Group used discount rates that ranged between 5.2% and 11.4% as at 31 December 2023 (31 December 2022: 5.2% and 11.3%).

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**(27) GENERAL AND ADMINISTRATIVE EXPENSES**

	2023	2022
	JD	JD
Salaries and bonuses	3,135,468	3,164,832
Medical services management	596,577	687,501
Group's share of social security	552,183	517,314
Computer expenses	217,736	182,970
Insurance management fees	214,938	205,300
Professional fees	207,092	165,515
Board members transportation fees and remuneration (note 32)	200,535	48,000
Insurance expenses	182,749	154,947
Fees and commissions	129,306	86,308
Advertisements	97,780	106,490
Stationery and printing	67,878	66,313
Rent	53,293	52,362
Government and other fees	44,544	48,486
Marketing activities	43,913	48,880
Postage and telecommunications	42,855	41,822
Subscriptions	38,193	33,172
Medical expenses	36,308	21,069
Maintenance	35,587	33,055
Hospitality	32,150	31,366
Hakeem expenses	31,825	44,919
Training expenses	29,755	27,042
Water, electricity, and heating	25,901	52,502
Activities and nursery allowance	25,386	20,431
Donations	24,456	28,114
Travel and transportation	23,808	22,818
Cleaning expenses	11,776	12,313
End of service indemnity	9,876	6,376
Interest paid to re-insurers	9,237	6,803
Vehicles expenses	8,163	9,385
Branches expenses	1,710	1,335
Other and policy acquisition costs	610,503	499,261
	<u>6,741,481</u>	<u>6,427,001</u>
Allocated general and administrative expenses to insurance contract expenses (note 24)	6,174,031	6,034,846
Unallocated general and administrative expenses to insurance contract expenses	<u>567,450</u>	<u>392,155</u>

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

This item consists of the following:

	<u>2023</u>	<u>2022</u>
	JD	JD
Dividends income from financial assets at fair value through other comprehensive income	22,505	18,285
	<u>22,505</u>	<u>18,285</u>

**(29) OTHER INCOME**

This item consists of the following:

	<u>2023</u>	<u>2022</u>
	JD	JD
Treaties Profits	28,536	282,790
Others	20,806	788
	<u>49,342</u>	<u>283,578</u>

**(30) OTHER EXPENSES**

This item consists of the following:

	<u>2023</u>	<u>2022</u>
	JD	JD
Expenses incurred on reinsurers restricted dues	33,575	106,620
	<u>33,575</u>	<u>106,620</u>

**(31) BASIC 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:

	<u>2023</u>	<u>2022</u>
Profit for the year / JD	4,739,855	5,586,215
Weighted average number of shares / share	10,000,000	10,000,000
	<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted earnings per share for the year (Fils/JD)	<u>474/0</u>	<u>559/0</u>

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

The Group entered into transactions with major shareholders, board members and directors within the normal activities of the Company. All related parties' balances are considered performing and no provision has been taken against them.

The pricing policy and related terms for these transactions are adopted by the management of the Group.

Below is a summary of related parties transactions during the year:

	<u>2023</u>			<u>2022</u>
	<u>Parent Company</u>	<u>Arab National Leasing Company</u>	<u>Total</u>	<u>Total</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
<b><u>Consolidated statement of financial position items:</u></b>				
Deposits at Arab Bank	1,725,300	-	1,725,300	1,775,000
Current accounts at Arab Bank	2,352,602	-	2,352,602	2,327,613
Accrued interest	16,868	-	16,868	29,429
Suspended compensations	57,309	-	57,309	43,598
<b><u>Consolidated income statement items:</u></b>				
Written premiums	41,121	17,355	58,476	25,212
Acquisition costs	308,194	-	308,194	310,588
Interest payable	85,729	-	85,729	22,763

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

	<u>2023</u>	<u>2022</u>
	<u>JD</u>	<u>JD</u>
Salaries, bonuses, and other benefits	790,718	453,185
Board members remuneration (note 27)	140,000	-
Board members transportation fees (note 27)	60,535	48,000
	<u>991,253</u>	<u>501,185</u>

**(33) RISK MANAGEMENT**

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

**Risk management process**

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

**Risk measurement and reporting systems**

Risk monitoring and control, it is put into effect by monitoring the limits allowed for each type of risk.

These limits reflect the Group's business strategy and the difference market factors surrounding it.

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

**A- Insurance Risk**

**1- Insurance risk**

Risks of any insurance policy represent the probability of occurrence of the insured accident and the uncertainty of the related claim amount due to the nature of the insurance policy whereby the risks are volatile and unexpected in connection with insurance policies of a certain insurance class. Regarding the application of the probability theory on pricing and the reserve, the primary risks facing the Group 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.

## **Duplicate Claims**

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

## **2- Claims development**

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

### **Motor Insurance:**

The accident year	2019 and before JD	2020 JD	2021 JD	2022 JD	2023 JD	Total JD
At the end of the year	30,511,174	-	-	-	-	30,511,174
After one year	30,513,749	-	-	-	-	30,513,749
After two years	30,505,705	-	-	-	-	30,505,705
After three years	30,517,646	-	-	-	-	30,517,646
After four years	30,580,000	-	-	-	-	30,580,000
Current estimates of accumulated claims	30,580,000	-	-	-	-	30,580,000
Accumulated payments	30,520,834	-	-	-	-	30,520,834
Liabilities as presented in the consolidated statement of financial position	59,166	-	-	-	-	59,166

### **Marine Insurance:**

The accident year	2019 and before JD	2020 JD	2021 JD	2022 JD	2023 JD	Total JD
At the end of the year	3,336,868	63,987	71,763	64,750	62,950	3,600,318
After one year	3,700,724	(15,364)	12,732	(32,405)	-	3,665,687
After two years	3,817,521	63,701	65,696	-	-	3,946,918
After three years	3,825,913	63,701	-	-	-	3,889,614
After four years	3,826,536	-	-	-	-	3,826,536
Current estimates of accumulated claims	3,826,536	63,701	65,696	(32,405)	62,950	3,986,478
Accumulated payments	3,826,536	63,701	65,696	56,834	34,457	4,047,224
Liabilities as presented in the consolidated statement of financial position	-	-	-	(89,239)	28,493	(60,746)



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**Fire and other property damage:**

The accident year	2019 and before JD	2020 JD	2021 JD	2022 JD	2023 JD	Total JD
At the end of the year	7,300,472	681,039	337,835	345,328	82,553	8,747,227
After one year	4,634,417	2,546,933	6,111,161	6,215,178	-	19,507,689
After two years	2,173,435	9,761	14,922	-	-	2,198,118
After three years	648,956	9,761	-	-	-	658,717
After four years	649,668	-	-	-	-	649,668
Current estimates of accumulated claims	649,668	9,761	14,922	6,215,178	82,553	6,972,082
Accumulated payments	649,668	9,761	14,922	13,943	28,508	716,802
Liabilities as presented in the consolidated statement of financial position	-	-	-	6,201,235	54,045	6,255,280

**Life Insurance:**

The accident year	2019 and before JD	2020 JD	2021 JD	2022 JD	2023 JD	Total JD
At the end of the year	26,791,744	1,727,356	2,215,243	1,637,701	2,266,280	34,638,324
	28,005,070	3,977,938	4,134,664	3,443,179	-	39,560,851
After one year						
After two years	28,023,765	4,134,544	4,277,520	-	-	36,435,829
After three years	28,085,309	4,095,809	-	-	-	32,181,118
After four years	28,037,411	-	-	-	-	28,037,411
Current estimates of accumulated claims	28,037,411	4,095,809	4,277,520	3,443,179	2,266,280	42,120,199
Accumulated payments	28,037,411	4,095,809	4,174,440	3,029,708	960,235	40,297,603
Liabilities as presented in the consolidated statement of financial position	-	-	103,080	413,471	1,306,045	1,822,596

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**Social liability Insurance:**

The accident year	2019 and before JD	2020 JD	2021 JD	2022 JD	2023 JD	Total JD
At the end of the year	2,586,563	232,643	160,963	156,774	199,322	3,336,265
	2,646,648	149,688	1,702,581	1,859,133	-	6,358,050
After one year						
After two years	3,093,444	30,121	17,240	-	-	3,140,805
After three years	1,455,150	30,121	-	-	-	1,485,271
After four years	1,459,319	-	-	-	-	1,459,319
Current estimates of accumulated claims	1,459,319	30,121	17,240	1,859,133	199,322	3,565,135
Accumulated payments	1,459,319	30,121	17,240	23,203	20,960	1,550,843
Liabilities as presented in the consolidated statement of financial position	-	-	-	1,835,930	178,362	2,014,292

**Personal accidents Insurance:**

The accident year	2019 and before JD	2020 JD	2021 JD	2022 JD	2023 JD	Total JD
At the end of the year	989,547	19,301	53,817	58,440	125,396	1,246,501
	1,027,661	84,603	76,062	95,854	-	1,284,180
After one year						
After two years	647,679	9,761	14,922	-	-	672,362
After three years	648,956	9,761	-	-	-	658,717
After four years	649,668	-	-	-	-	649,668
Current estimates of accumulated claims	649,668	9,761	14,922	95,854	125,396	895,601
Accumulated payments	649,668	9,761	14,922	13,943	28,508	716,802
Liabilities as presented in the consolidated statement of financial position	-	-	-	81,911	96,888	178,799

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**Medical Insurance:**

The accident year	2019 and before JD	2020 JD	2021 JD	2022 JD	2023 JD	Total JD
At the end of the year	81,881,831	13,709,912	15,347,039	15,543,895	11,233,722	137,716,399
After one year	82,273,501	13,560,300	15,707,591	15,403,195	-	126,944,587
After two years	82,277,410	13,511,202	15,708,123	-	-	111,496,735
After three years	82,277,390	13,510,614	-	-	-	95,788,004
After four years	82,277,187	-	-	-	-	82,277,187
Current estimates of accumulated claims	82,277,187	13,510,614	15,708,123	15,403,195	11,233,722	138,132,841
Accumulated payments	82,277,187	13,510,614	15,708,123	15,402,990	10,811,269	137,710,183
Liabilities as presented in the consolidated statement of financial position	-	-	-	205	422,453	422,658

-The value of recoveries has been deducted from the total value of the claims above.

**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:

<u>Insurance types</u>	2023		2022	
	Net JD	Gross JD	Net JD	Gross JD
Motor	-	-	-	-
Marine	(20,517)	15,426	(21,333)	24,868
Fire and properties	634,390	7,345,304	588,999	7,615,195
Social liability	228,956	2,327,857	168,275	2,335,636
Personal accidents	95,751	261,654	69,880	194,617
Medical	1,133,123	1,133,123	2,270,922	2,270,922
Life	70,372,093	72,760,109	63,179,410	65,588,354
Total	72,443,796	83,843,472	66,256,153	78,029,592

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Assets, liabilities, and off consolidated statement of financial position items are concentrated based on geographical distribution and sectors as follows:

	2023		2022	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
According to geographical area				
Inside Jordan	118,811,489	87,712,210	112,839,991	81,065,146
Other Middle East Countries	1,894,465	-	1,915,249	-
Europe	9,411,144	-	8,011,346	-
Asia *	1,181,881	-	1,115,048	-
United states of America	2,271,005	-	2,095,344	-
	133,569,984	87,712,210	125,976,978	81,065,146
Total				

\*This item includes all Asian countries except the Hashemite Kingdom of Jordan and Middle Eastern countries.

This table represents the distribution of net receivables and payables, as well as re-insurance receivables and payables, by sector as follows:

	2023			2022		
	Assets	Liabilities	Off- Consolidated Statement of Financial Position	Assets	Liabilities	Off- Consolidated Statement of Financial Position
	JD	JD	JD	JD	JD	JD
<u>According to Sector</u>						
Companies & corporations	5,165,701	2,523,644	73,251	5,639,549	3,987,305	55,901
Individuals	1,348,380	234,066	-	558,170	272,743	-
Total						
	<u>6,514,081</u>	<u>2,757,710</u>	<u>73,251</u>	<u>6,197,719</u>	<u>4,260,048</u>	<u>55,901</u>

#### **4- REINSURANCE RISK**

As is the case with insurance companies, in order to reduce its exposure to major losses that may arise from major insurance claims, the Group, within the normal course of its business, enters into reinsurance agreements with other parties.

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

## **5- INSURANCE RISK SENSITIVITY**

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

	Change	Impact on written	Effect on the	Effect on equity*
	%	premiums	current year	
		JD	pre-tax profit	JD
Life	10	2,808,710	(52,534)	(38,875)
Motors	10	-	-	-
Marine	10	37,840	13,070	9,672
Fire and other				
property damages	10	347,071	14,707	10,883
Liability	10	153,875	12,100	8,954
Medical	10	1,347,600	62,710	46,405
Personal accidents	10	17,519	10,817	8,005
		<u>4,712,615</u>	<u>60,870</u>	<u>45,044</u>

\*Net after deducting income tax effect.

If there is a negative change the effect equals and is opposite to the change above.

The table below shows the effect of the possible reasonable change in the cost of claims on the consolidated statement of income and consolidated statement of changes in equity keeping all other affecting variables fixed.

	Change	Impact on	Effect on the current	Effect on equity*
	%	paid	year	
		claims	pre-tax profit	JD
Life	10	352,545	2,802	2,073
Motors	10	341	-	-
Marine	10	4,383	(13,070)	(9,672)
Fire and other				
property damages	10	37,614	(14,707)	(10,883)
Social liability	10	5,503	(12,100)	(8,954)
Medical	10	1,137,127	(62,710)	(46,405)
Personal accidents	10	3,038	(10,817)	(8,005)
		<u>1,540,551</u>	<u>(110,602)</u>	<u>(81,846)</u>

\* Net after deducting income tax effect.

If there is a negative change the effect equals and is opposite to the change above.

## **B- FINANCIAL RISKS**

The Group follows financial policies to manage several risks within a specified strategy, The Group'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 Group 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.

### **- Interest Rate Risk**

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

The annual interest rate on the deposits in Jordanian Dinar ranged between 6.25% to 6.5% and on the deposit in US Dollar ranged between 4.7% to 5.85% during the year ended 31 December 2023 (2022: from 5% to 5.25% on deposits in Jordanian dinars and 2.45% on US dollars). (note 4)

The following table demonstrates the sensitivity of the consolidated statement of income to reasonably possible changes in interest rates as at 31 December 2023 and 2022, with all other variables held constant.

The sensitivity of the consolidated statement of income is the effect of the assumed changes in interest rates on the Group's profit for one year based on the floating rate financial assets as at 31 December 2023 and 2022.

#### **-2023**

Currency	Increase in interest rate %	Effect on the current year pre-tax profit JD
Jordanian Dinar	1	138,985
US Dollar	1	23,345

If there is a negative change the effect equals and is opposite to the change above.

#### **-2022**

Currency	Increase in interest rate %	Effect on the current year pre-tax profit JD
Jordanian Dinar	1	114,306
US Dollar	1	17,750

If there is a negative change the effect equals and is opposite to the change above.

## ***Foreign Currencies Risks***

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

Most of the Group's transaction are in Jordanian Dinar or US Dollar. Jordanian dinars exchange rate is pegged against US dollars (1.41 USD/JOD).

## ***2- Liquidity Risk***

Liquidity risk is the risk that the Group will not be able to meet its obligations associated as they fall due. To limit this risk, management arranges diversified funding sources, manages assets and liabilities, and monitors liquidity daily and maintains sufficient amount of cash and cash equivalents and these traded instruments.

Most of the Group's time deposits, as of the date of the consolidated financial statements, mature within original periods not exceeding three months.

The table below summarizes the maturity profile of financial liabilities (based on the remaining maturity period from the date of the consolidated financial statements).

<b>2023 -</b>	Less than month	1 month to 3 months	3-6 months	6 months to 1 year	1-3 years	More than 3 years	Without maturity	Total
	<i>JD</i>	<i>JD</i>	<i>JD</i>	<i>JD</i>	<i>JD</i>	<i>JD</i>	<i>JD</i>	<i>JD</i>
<b>Liabilities</b>								
Insurance contracts liabilities	6,782,366	5,478,065	782,581	-	-	-	70,800,460	83,843,472
Accrued expenses	-	777,639	-	-	-	-	-	777,639
Other provisions	58,889	-	-	-	-	-	201,575	260,464
Income tax provision	-	1,575,182	-	-	-	-	-	1,575,182
Deferred tax liabilities	-	26,309	-	-	-	-	-	26,309
Other liabilities	1,229,144	-	-	-	-	-	-	1,229,144
<b>Total liabilities</b>	<b>8,070,399</b>	<b>7,857,195</b>	<b>782,581</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>71,002,035</b>	<b>87,712,210</b>
<b>Total Assets</b>	<b>16,673,277</b>	<b>22,200,190</b>	<b>-</b>	<b>490,264</b>	<b>-</b>	<b>81,121,940</b>	<b>13,084,313</b>	<b>133,569,984</b>

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<b>2022 -</b>	Less than month	1 month to 3 months	3-6 months	6 months to 1 year	1-3 years	More than 3 years	Without maturity	Total
	<i>JD</i>	<i>JD</i>	<i>JD</i>	<i>JD</i>	<i>JD</i>	<i>JD</i>	<i>JD</i>	<i>JD</i>
Liabilities								
Insurance contracts liabilities	7,596,012	6,135,241	876,464	-	-	-	63,421,875	78,029,592
Accrued expenses	-	1,016,632	-	-	-	-	-	1,016,632
Other provisions	49,013	-	-	-	-	-	201,575	250,588
Income tax provision	-	503,308	-	-	-	-	-	503,308
Other liabilities	1,265,026	-	-	-	-	-	-	1,265,026
<b>Total liabilities</b>	8,910,051	7,655,181	876,464	-	-	-	63,623,450	81,065,146
Total Assets	12,536,600	24,205,187	1,000,146	663,579	-	75,125,467	11,550,472	125,976,978

### **3- Credit risks**

Credit risks are the risks that may arise from the default or inability of debtors and other parties to fulfill their obligations towards the Group.

The group considers that it is not significantly exposed to credit risks as it sets credit limits for customers and continuously monitors outstanding receivables. Additionally, the Group maintains balances and deposits with leading banking institutions.

The largest two clients represent 14% of the accounts receivable for the year ended 31 December 2023 (2022: 12%).

## **(34) ANALYSIS OF MAIN SECTORS**

### **A- Background for the Group business sectors**

For administrative purposes, the Group has been organized such that the sectors are measured according to the reports used by the Chief Executive Officer and the primary decision-maker of the group. This includes two business sectors: the General Insurance sector, which encompasses vehicle, marine, transport, aviation, fire, and other property damage insurance, liability insurance, medical insurance, and other branches; and the Life Insurance sector, which includes life insurance. These two sectors form the basis used by the group to present information related to the main sectors. The aforementioned sectors also include investments and cash management for the group's own account. Transactions between business sectors are conducted based on estimated market prices and under the same terms as those applied to third parties.



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**B- Geographic concentration of risk**

The following table represents the distribution of revenues and assets of the Group 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 revenues	27,852,615	31,517,994	842,411	825,135	28,695,023	32,343,129
Total assets	118,811,489	112,839,991	14,758,495	13,136,987	133,569,984	125,976,978
Capital expenditures	403,189	150,438	-	-	403,189	150,438

**(35) 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>2023 -</b>			
<b>Assets-</b>			
Banks deposits	16,203,682	-	16,203,682
Financial assets at fair value through other comprehensive income	-	8,838,285	8,838,285
Financial assets at fair value through income statement	-	343,248	343,248
Financial assets at amortized cost	3,747,719	81,121,940	84,869,659
Investment property	-	940,001	940,001
Cash and cash equivalents	3,240,067	-	3,240,067
Insurance contracts assets	1,149,424	-	1,149,424
Re-insurance contracts assets	11,399,678	-	11,399,678
Deferred tax assets	169,923	-	169,923
Property and equipment	-	2,644,956	2,644,956
Intangible assets	-	317,823	317,823
Other assets	3,453,238	-	3,453,238
<b>Total Assets</b>	<b>39,363,731</b>	<b>94,206,253</b>	<b>133,569,984</b>
<b>Liabilities-</b>			
Insurance contracts liabilities	13,043,012	70,800,460	83,843,472
Accrued expenses	777,639	-	777,639
Other provisions	260,464	-	260,464
Income tax provision	1,575,182	-	1,575,182
Deferred tax liability	26,309	-	26,309
Other liabilities	1,229,144	-	1,229,144
<b>Total Liabilities</b>	<b>16,911,750</b>	<b>70,800,460</b>	<b>87,712,210</b>
<b>Net</b>	<b>22,451,981</b>	<b>23,405,793</b>	<b>45,857,774</b>

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The following is the distribution of the assets and liabilities of the Group by product type:

	Within 1 year	More than 1 year	Total
	JD	JD	JD
<b>2022 -</b>			
<b>Assets-</b>			
Banks deposits	13,175,322	-	13,175,322
Financial assets at fair value through other comprehensive income	-	7,539,088	7,539,088
Financial assets at fair value through income statement	-	271,089	271,089
Financial assets at amortized cost	4,822,212	75,125,467	79,947,679
Investment property	-	940,001	940,001
Cash and cash equivalents	3,620,560	-	3,620,560
Insurance contracts assets	2,571,316	-	2,571,316
Re-insurance contracts assets	11,773,439	-	11,773,439
Deferred tax assets	341,873	-	341,873
Property and equipment	-	2,679,651	2,679,651
Intangible assets	-	120,643	120,643
Other assets	2,996,317	-	2,996,317
<b>Total Assets</b>	<b>39,301,039</b>	<b>86,675,939</b>	<b>125,976,978</b>
<b>Liabilities-</b>			
Insurance contracts liabilities	14,607,717	63,421,875	78,029,592
Accrued expenses	1,016,632	-	1,016,632
Other provisions	250,588	-	250,588
Income tax provision	503,308	-	503,308
Other liabilities	1,265,026	-	1,265,026
<b>Total Liabilities</b>	<b>17,643,271</b>	<b>63,421,875</b>	<b>81,065,146</b>
<b>Net</b>	<b>21,657,768</b>	<b>23,254,064</b>	<b>44,911,832</b>

**(36) ANALYSIS OF MAIN SECTORS**

**A- Background for the Group business sectors**

For administrative purposes as explained in insurance contract revenues (note 22) and insurance contract expenses (note 23), the Group is organized to include the general insurance sector and includes (motor insurance, marine and transportation insurance, fire and other property damage insurance, liability insurance, medical insurance, life insurance, and others). This sector forms the basis used by the Group to show information related to key sectors. The above segment also includes investments and cash management for the company's own account. Transactions between business sectors are carried out on the basis of estimated market prices and on the same terms as those dealing with third parties.

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The following table represents the Group's financial position, showing the assets and liabilities associated with each 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
<b>Assets -</b>																
Insurance contracts assets											1,149,424	2,571,316			1,149,424	2,571,316
<b>Reinsurance contract assets</b>	-	-	35,943	46,201	6,710,914	7,026,196	2,098,900	2,167,361	-	-	2,388,018	2,408,945	165,901	124,736	11,399,678	11,773,439
<b>Total assets</b>	-	-	35,943	46,201	6,710,914	7,026,196	2,098,900	2,167,361	-	-	3,537,442	4,980,261	165,901	124,736	12,549,102	14,344,755
	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>Liabilities -</b>																
Insurance contracts liabilities	-	-	15,426	24,868	7,345,304	7,615,195	2,327,857	2,335,636	1,133,123	2,270,922	72,760,109	65,588,354	261,653	194,617	83,843,472	78,029,592
<b>Total liabilities</b>	-	-	15,426	24,868	7,345,304	7,615,195	2,327,857	2,335,636	1,133,123	2,270,922	72,760,109	65,588,354	261,653	194,617	83,843,472	78,029,592

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

	Motor		Marine		Fire and damages property		Social 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>Continued operations -</b>																
<b>Revenues-</b>																
Insurance contracts revenues	-	-	333,347	413,814	3,173,339	3,180,999	1,544,828	1,375,128	12,416,226	16,275,192	10,976,946	10,859,048	250,337	238,948	28,695,023	32,343,129
Less: insurance contracts expenses	10,606	(3,598)	(20,566)	(82,853)	(347,414)	(2,912,256)	(272,465)	8,476	(11,811,685)	(16,652,338)	(7,799,321)	(8,031,208)	(107,711)	(12,513)	(20,348,556)	(27,686,290)
<b>Insurance contracts services results</b>	10,606	(3,598)	312,781	330,961	2,825,925	268,743	1,272,363	1,383,604	604,541	(377,146)	3,177,625	2,827,840	142,626	226,435	8,346,467	4,656,839
Re-insurance contracts results	-	-	(186,569)	(228,689)	(2,853,054)	(2,823,307)	(1,351,322)	(1,195,401)	-	(3,875,574)	(3,124,181)	(3,463,268)	(96,268)	(89,155)	(7,611,394)	(11,675,394)
Re-insurance contracts recoveries	-	-	4,487	42,187	174,199	2,759,083	199,961	(48,604)	22,560	4,079,949	2,956,256	3,244,007	61,814	2,163	3,419,277	10,078,785
<b>Re-insurance contracts operations results</b>	-	-	(182,082)	(186,502)	(2,678,855)	(64,224)	(1,151,361)	(1,244,005)	22,560	204,375	(167,925)	(219,261)	(34,454)	(86,992)	(4,192,117)	(1,596,609)
<b>Net insurance and re-insurance contracts results</b>	10,606	(3,598)	130,699	144,459	147,070	204,519	121,002	139,599	627,101	(172,771)	3,009,700	2,608,579	108,172	139,443	4,154,350	3,060,230
Finance (expense) income – insurance contracts	-	-	-	-	-	-	-	-	-	-	(3,701,184)	(1,945,353)	-	-	(3,701,184)	(1,945,353)
Finance income (expense) – re-insurance contracts	-	-	-	-	-	-	-	-	-	-	(8,973)	(22,328)	-	-	(8,973)	(22,328)
<b>Net insurance and re-insurance contracts results</b>	10,606	(3,598)	130,699	144,459	147,070	204,519	121,002	139,599	627,101	(172,771)	(700,457)	640,898	108,172	139,443	444,193	1,092,549

**(37) CAPITAL MANAGEMENT**

Capital requirements are set and regulated by the Insurance Department. These requirements have been established to ensure an adequate margin. Additional objectives have been set by the group to maintain strong credit ratings and a high capital ratio in order to support its operations and maximize shareholder value.

The group manages its capital structure and makes necessary adjustments in light of changes in business conditions. The group has not made any changes to the objectives, policies, and procedures related to capital structure during the current and previous year. In the opinion of the Group's management, the regulatory capital is sufficient to meet any potential risks or obligations that may arise in the future.

The following table shows the amount contributed to capital by the Group and the net solvency margin ratio:

	<u>2023</u>	<u>2022</u>
	JD	JD
Available capital	18,955,135	21,111,154
<b>Required capital -</b>		
Required capital against risks	-	3,806,824
Required capital against underwriting liabilities	-	626,135
Required capital against re-insurance risks	-	6,645
Required capital against life insurance risks	-	3,506,525
Required capital against risks excluding operational risks	7,006,106	-
Required capital against operational risks	1,618,217	-
<b>Total required capital</b>	<u>8,624,323</u>	<u>7,946,129</u>
Solvency margin ratio (available capital / required capital)		
Solvency margin ratio *	220%	266%

\*The solvency margin for the Group before allowing for override, as per "Investment of Insurance Company's Funds Principles and Determining the Nature of Insurance Company's Assets and Their Locations Corresponding to Insurance Liabilities Arising from Them" Instruction No. (2) of 2006, noting that the minimum requirement for the solvency margin ratio equals 150% of the available capital according to the Insurance Regulatory Authority's instructions.

### **(38) LAWSUITS AGAINST THE GROUP**

The Group appears as defendant in a number of lawsuits, the Group booked a sufficient provision to meet any obligations towards these lawsuits, In the opinion of the Group's management and its legal consultant, the provision for a total amount of JD 2,560,741 as at 31 December 2023 is sufficient to meet any obligations towards these lawsuits, Total amount of the cases raised by the Group against others is JD 2,560,741 as at 31 December 2023 (31 December 2022: JD 2,632,093).

Lawsuits filed by the Group against third parties amounted to 653,769 JD as of 31 December 2023 (31 December 2022: 1,272,824 JD). These cases represent receivables due to the Group and returned checks resulting from the Group's ordinary business activities.

### **(39) CONTINGENT LIABILITIES**

As of the date of the consolidated financial statements, the Group has potential obligations represented by bank guarantees amounting to JD 73,251 compared to JD 55,901 as of 31 December 2023, and 31 December 2022, respectively.

### **(40) FAIR VALUE HIERARCHY**

The following table analyzes the financial instruments recorded at fair value based on the valuation method which is defined at different levels as follows:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2: Information not included in level (1) quoted prices monitored for the asset or liability, either directly (e.g, prices) or indirectly (i.e, derived from prices);
- Level 3: information on the asset or liability not based on those observed from the market (unobservable inputs),

	<u>Level (1)</u> JD	<u>Level (2)</u> JD	<u>Total</u> JD
<b>31 December 2023-</b>			
<b>Financial assets</b>			
Financial assets at fair value through other comprehensive income	<u>8,838,285</u>	<u>-</u>	<u>8,838,285</u>
Financial assets at fair value through income statement	<u>343,248</u>	<u>-</u>	<u>343,248</u>
<b>31 December 2022-</b>			
<b>Financial assets</b>			
Financial assets at fair value through other comprehensive income	<u>7,539,088</u>	<u>-</u>	<u>7,539,088</u>
Financial assets at fair value through income statement	<u>271,089</u>	<u>-</u>	<u>271,089</u>

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

	Motor		Marine		Fire and damages property		Social Liability		Medical		Life		Personal accidents		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	-	-	378,395	408,661	3,366,074	3,217,320	1,536,854	1,673,524	13,475,997	12,453,423	-	-	175,191	183,972	18,932,511	17,936,900
Indirect premiums	-	-	-	-	104,636	109,354	1,896	1,896	-	-	28,087,104	26,899,297	-	-	28,193,636	27,010,547
<b>Total written premiums</b>	-	-	378,395	408,661	3,470,710	3,326,674	1,538,750	1,675,420	13,475,997	12,453,423	28,087,104	26,899,297	175,191	183,972	47,126,147	44,947,447
Less:																
Re-insurance premiums local	-	-	33,532	31,038	573,740	353,590	27,132	68,727	-	-	-	-	-	-	634,404	453,355
Re-insurance premiums foreign	-	-	267,520	280,863	2,485,099	2,553,316	1,234,048	1,324,705	-	828,419	3,487,716	3,786,566	111,272	114,744	7,585,655	8,888,613
<b>Net re-insurance premiums</b>	-	-	77,343	96,760	411,871	419,768	277,570	281,988	13,475,997	11,625,004	24,599,388	23,112,731	63,919	69,228	38,906,088	35,605,479

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**(42) EXPECTED RECOGNITION IN THE CSM OF THE GENERAL APPROACH MODEL**

	Issued insurance contracts		Reinsurance contracts	
	Life	Total	Life	Total
	JD	JD	JD	JD
Expected years of CSM recognition	13	13	13	13
One year	1,479,085	1,479,085	(2,457)	(2,457)
Two years	1,079,157	1,079,157	(3,579)	(3,579)
Three years	1,040,834	1,040,834	(2,406)	(2,406)
Four years	1,128,147	1,128,147	(2,859)	(2,859)
Five years	1,122,510	1,122,510	(2,628)	(2,628)
Six to ten years	5,323,631	5,323,631	(6,666)	(6,666)
More than ten years	10,570,085	10,570,085	39,451	39,451
Total	21,743,449	21,743,449	18,856	18,856

  

	Issued insurance contracts		Reinsurance contracts	
	Life	Total	Life	Total
	JD	JD	JD	JD
Expected years of CSM recognition	13	13	13	13
One year	1,561,803	1,561,803	(1,725)	(1,725)
Two years	1,074,380	1,074,380	(1,542)	(1,542)
Three years	1,071,175	1,071,175	(1,386)	(1,386)
Four years	1,009,427	1,009,427	(1,283)	(1,283)
Five years	1,085,506	1,085,506	(792)	(792)
Six to ten years	5,038,562	5,038,562	1,235	1,235
More than ten years	9,214,479	9,214,479	35,092	35,092
Total	20,055,332	20,055,332	29,599	29,599

**(43) AMORTIZATION OF ACQUISITION EXPENSES FOR INSURANCE CONTRACTS ASSETS**

	2023						
	Motor	Fire	Social Liability	Marine	Medical	Life	Others
	JD	JD	JD	JD	JD	JD	JD
Expected years for the amortization of acquisition expenses for insurance contracts assets							
One year	-	-	-	-	-	40,012	-
Two years	-	-	-	-	-	29,193	-
Three years	-	-	-	-	-	28,157	-
Four years	-	-	-	-	-	30,519	-
Five years	-	-	-	-	-	30,366	-
Six to ten years	-	-	-	-	-	144,015	-
More than 10 years	-	-	-	-	-	285,942	-
Total	-	-	-	-	-	588,204	-

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	2022						
	Motor	Fire	Social Liability	Marine	Medical	Life	Others
	JD	JD	JD	JD	JD	JD	JD
Expected years for the amortization of acquisition expenses for insurance contracts assets							
One year	-	-	-	-	-	37,406	-
Two years	-	-	-	-	-	25,732	-
Three years	-	-	-	-	-	25,655	-
Four years	-	-	-	-	-	24,176	-
Five years	-	-	-	-	-	25,998	-
Six to ten years	-	-	-	-	-	120,675	-
More than ten years	-	-	-	-	-	220,677	-
Total	-	-	-	-	-	480,332	-

**(44) 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	1,284	1,284	-	1,284	1,284	-
Liability	287,235	12,188	275,047	243,822	5,294	238,528
Marine	59,228	97	59,131	99,472	6,589	92,883
Fire	507,255	39,423	467,832	373,163	29,853	343,310
Life	848,658	11,079	837,579	714,412	20,539	693,873
Medical	4,938,634	246,222	4,692,412	3,968,083	246,020	3,722,063
Others	9,129	-	9,129	11,063	-	11,063
Total	6,651,423	310,293	6,341,130	5,411,299	309,579	5,101,720

**(45) SUBSEQUENT EVENTS**

No subsequent events had an impact on the consolidated financials treatments.



**(46) 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 Group's consolidated financial statements are disclosed below. The Group 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 be 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 Group's consolidated 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 Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

**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 Group's consolidated financial statements.