FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED FINANCIAL STATEMENTS FOR
THE YEAR ENDED DECEMBER 31, 2021
TOGETHER WITH THE INDEPENDENT AUDITOR REPORT

FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
DECEMBER 31, 2021

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Independent Auditor's Report

AM/ 012534

To the Shareholders
First Insurance Company
(A Public Shareholding Limited Company)
Amman – The Hashemite Kingdom of Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of First Insurance Company "the Company" and its subsidiaries "the Group", which comprise of the consolidated statement of financial position as of December 31, 2021, consolidated statements of policyholders' revenue and expenses, consolidated statement of profits or losses and comprehensive income, consolidated statement of changes in owner's equity, consolidated statement of changes in policyholders' equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements are presented fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021, its consolidated financial performance and its consolidated 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. 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' Code of Ethics for Professional Accountants together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities. 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 most significant to our audit of the consolidated financial statements for the current year. 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 express a separate opinion on these matters.

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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.

A description was provided on how to examine each of the matters referred to below in the audit procedures:

Key Audit Matters	Scope of the Audit to Address the Risk
Technical Provisions	
As at 31 December 2021, the Group had technical reserves of JD 14.5 million which includes claims incurred but not reported (IBNR) and other technical reserves. The Company uses a range of actuarial methodologies to estimate these claims. This requires significant judgements to be applied and estimates to be made, for example inflation rates, claims development patterns and interpretations of regulatory requirements. The measurement of technical reserves is a key judgmental area for management given the level of subjectivity inherent in estimating the impact of claim events that have occurred for which the ultimate outcome remains uncertain. We have determined that this area is a key audit matter due to the significance of the amounts involved and of the level of significant judgements applied by management in the process for determination of gross outstanding claims. For more information about this key audit matter, please look at the appendices regarding the insurance operations in the financial statements.	We evaluated the design and tested the implementation and operating effectiveness of key controls over management's processes for claims processing, including controls over the completeness and accuracy of the claim estimates recorded. We performed substantive tests on the amounts recorded for a sample of claims notified and paid, including comparing the outstanding claims amount to appropriate source documentation to evaluate the valuation of outstanding claims. We assessed the competence, skills, independence and objectivity of management's expert and reviewed the terms of engagement between the expert and the Group to determine if the scope of their work was sufficient for audit purposes. We assessed the completeness and accuracy of the data used in calculating the technical provisions. We compared the actuary's current year report to the prior year to assess that there are no material differences in the estimates and assumptions adopted. We assessed any differences noted (in case of any) in the estimates and assumptions to determine if these differences were reasonable. We assessed the actuary's methodologies for assessing and estimating the technical reserves provision with the help of our own internal actuaries. We performed substantive and analytical procedures on a selected sample to verify the completeness and accuracy of calculating the technical provisions of the group and the extent to which these provisions are consistent with the results reached by the actuaries of the Group. We assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRSs.

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Other Matter
The accompanying consolidated financial statements are a translation of the statutory consolidated financial statements, which are in the Arabic language and to which reference should be made.

Other Information
Management is responsible for the other information. The other information comprises from the other information in the annual report excluding the consolidated financial statements and the independent auditors' report thereon, which is expected to be made available to us after the date of our audit report. Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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 in preparing 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 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 Groups' 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 consolidated 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 judgement 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

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- 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 expressing an opinion on the effectiveness of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company's 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard procedures.

From the matters communicated with those charged with governance, we determine those matters of most significance in the audit of the consolidated financial statements of the current year, and are therefore, the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude 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 reasonably be expected to outweigh the public interest benefits of such communication.

Report on Legal and Other Regulatory Requirements
The Company maintains proper accounting records duly organized and in line with the accompanying consolidated financial statements. We recommend that the General Assembly of Shareholders approve these consolidated financial statements.

Amman – Jordan
February 27, 2022

Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)
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FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	December 31, 2021	December 31, 2020
		JD	JD
Investments:			
Deposits at banks - net	5	14,357,318	12,029,008
Financial assets at fair value through other comprehensive income	6	1,481,398	1,284,248
Financial assets at amortized cost - net	7	4,044,134	6,367,385
Real estate investments - net	8	6,665,787	6,717,485
Total Investments		26,548,637	26,398,126
Cash on hand and at banks	9	1,735,700	872,647
Checks under collection - net	10	3,961,386	3,019,683
Receivables - net	11	11,133,877	13,477,876
Re-insurers' receivables - net	12	2,735,892	2,291,978
Deferred tax assets	19/c	942,636	820,274
Property and equipment - net	13	10,334,975	10,698,172
Intangible assets - net	14	856,118	933,802
Other assets	15	582,799	853,477
TOTAL ASSETS		58,832,020	59,366,035
LIABILITIES AND OWNERS' EQUITY AND POLICYHOLDERS' EQUITY			
Liabilities:			
Unearned contributions reserve - net		9,171,930	8,671,680
Premium Deficiency Reserve		233,000	-
Outstanding claims reserve - net		4,803,151	7,241,710
Unalocated Loss Adjustment Expense Reserve		200,000	-
Mathematical reserve - net		130,032	126,413
Total Insurance Contracts Liabilities		14,538,113	16,039,803
Payables	16	2,215,577	2,044,461
Re-insurers' payables	17	7,050,586	6,911,442
Accrued expenses		23,419	54,887
Various provisions	18	45,000	47,258
Income tax provision	19/a	44,500	510,865
Deferred tax liabilities	19/c	11,431	796
Other liabilities	20	840,137	654,361
TOTAL LIABILITIES		24,768,763	26,263,873
POLICYHOLDERS' EQUITY:			
Accumulated surplus for policyholders' fund	21	-	-
Reserve to cover the deficit (contingency provision)	22	14,160	3,411
Total Policyholders' Equity		14,160	3,411
OWNERS' EQUITY:			
Authorized and paid-up capital	23	28,000,000	28,000,000
Statutory reserve	24	3,561,202	3,494,290
Financial assets valuation reserve net after tax	25	(239,071)	(1,917,805)
Retained earnings	26	2,726,966	3,522,266
Total Owners' Equity - Company's Shareholders		34,049,097	33,098,751
Total Policyholders' Equity and Owners' Equity		34,063,257	33,102,162
TOTAL LIABILITIES AND POLICYHOLDERS' EQUITY AND OWNERS' EQUITY		58,832,020	59,366,035

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE AUDITOR'S REPORT.

Chairman of the Board of Directors

Chief Executive Officer

FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF POLICYHOLDERS' REVENUES AND EXPENSES

	Note	For the Year Ended December 31, 2021	2020
		JD	JD
Takaful Insurance Revenue:			
Gross written contributions		46,604,556	45,490,250
Less: Re-insurers' share		(26,392,564)	(25,201,039)
Net Earned Contributions from Takaful Operations for Policyholders		20,211,992	20,289,211
Net change in unearned contributions reserve		(500,250)	186,132
Net change in mathematical reserve		(3,619)	14,903
Net Earned Contributions Revenue from Takaful Insurance Operations for Policyholders		19,708,123	20,490,246
Commissions' revenue		3,612,297	3,287,162
Takaful policies issuance fees		2,487,045	2,164,813
Policyholders' share of investments income	27	63,028	61,293
Policyholders' share of property investment income	28	63,675	64,247
Less: Owners' equity share for managing the investment portfolio	27&28	(44,346)	(43,939)
Total Revenue from Takaful Insurance operations for Policyholders		25,889,822	26,023,822
Claims, Losses and Expenses from Takaful Insurance Operations			
Paid claims		37,127,476	29,967,758
Less: Recoveries		(2,745,307)	(2,558,554)
Re-insurers' share		(15,206,706)	(11,873,796)
Net Paid Claims from Takaful Insurance Operations		19,175,463	15,535,408
Net change in claims reserve		(2,423,719)	1,127,468
Owners' equity share for managing the takaful insurance operations	29	6,578,357	6,362,370
Excess of loss contributions		241,500	351,682
Takaful policies acquisition costs		801,477	833,395
Other underwriting expenses		1,187,093	1,295,645
Net Claims Costs		25,560,171	25,505,968
Less: Policyholders' share of Takaful Insurance:			
Expected Credit Losses	32	150,000	450,000
Depreciation and amortization	13 & 14	72,506	76,447
Other expenses		105,085	194,067
Total Policyholders Share From Al-Takaful Insurance operations		327,591	720,514
Surplus / (Deficit) of Policyholders' Profit before Tax		2,060	(202,660)
Income tax benefits for the year	19/B	8,689	60,795
Policyholders' Surplus / (Deficit) from Al-Takaful Insurance Operations		10,749	(141,865)

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Chairman of the Board of Directors　　　　　Chief Executive Officer

FIRST INSURANCE COMPANY

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the Year Ended December 31, 2021	2020
		JD	JD
Owners' equity revenue from takaful insurance operations			
Owners' equity share for managing al-takaful insurance operations	29	6,578,358	6,362,370
Owners' equity share of investments income	27	427,656	404,518
Owners' equity share of financial assets and investments income	28	408,073	413,845
Owners' equity share for managing the investments' portfolio	27 & 28	44,346	43,939
Other revenue	28	103,268	219,809
Total Owners' Equity Revenue from Al-Takaful Insurance Operations		7,561,701	7,444,481
Claims, Losses and Expenses from General Insurance Operations:			
Paid claims		76,695	96,749
Less: Recoveries		(10,575)	(28,064)
Reinsurers' share		(75,939)	(89,753)
Net paid claims		(9,819)	(21,068)
Net change in outstanding claims reserve		(14,840)	(40,078)
Net Claims Cost from General Insurance Operations		(24,659)	(61,146)
Unallocated employees' expenses	31	3,644,963	3,669,606
Depreciation and amortization	13 & 14	475,094	331,555
General and administrative expenses	30	1,272,068	1,403,206
Total Expenses		5,392,125	5,404,367
Profit for the year before income tax		2,194,235	2,101,260
Income tax expenses for the year	19/B	(108,927)	(488,906)
Profit for the year		2,085,308	1,612,354
Earnings per Share for the year - (Basic & Diluted)	33	0/075	0/058

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Chairman of the Board of Directors

Chief Executive Officer

FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the Year Ended December 31,	
	2021	2020
	JD	JD
Profit for the year	2,085,308	1,612,354
Add: Other comprehensive income items after tax not to be transferred to the profit and loss statement in subsequent years		
Owners' equity share from the change in fair value of financial assets through other comprehensive income - net after tax	170,206	(201,811)
(Losses) on sale of financial assets at fair value through other comprehensive income	(4,748)	-
Total Comprehensive Income for the Year	2,250,766	1,410,543

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FIRST INSURANCE COMPANY

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AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

		Paid-up Capital	Statutory Reserve	Financial Assets Valuation Reserve - Net	Retained Earnings *	Net Owners' Equity
For the Year Ended December 31, 2021		JD	JD	JD	JD	JD
Balance at the beginning of the year		28,000,000	3,494,290	(1,917,805)	3,522,266	33,098,751
Prior Years adjustments	19/C	-	-	-	(320,420)	(320,420)
Total comprehensive income for the year		-	-	170,206	2,080,560	2,250,766
Transferred to statutory reserve		-	66,912	-	(66,912)	-
Distributed dividends **		-	-	-	(980,000)	(980,000)
Losses resulted from the sale of a subsidiary company***		-	-	1,508,528	(1,508,528)	-
Balance at the end of the year		28,000,000	3,561,202	(239,071)	2,726,966	34,049,097
For the Year Ended December 31, 2020						
Balance at the beginning of the year		28,000,000	3,276,493	(1,715,994)	3,387,709	32,948,208
Total comprehensive income for the year		-	-	(201,811)	1,612,354	1,410,543
Transferred to statutory reserve		-	217,797	-	(217,797)	-
Distributed Dividends **		-	-	-	(1,260,000)	(1,260,000)
Balance at the end of the year		28,000,000	3,494,290	(1,917,805)	3,522,266	33,098,751

* An amount from retained earnings equivalent to the negative financial assets valuation reserve is restricted according to the related instructions as of December 31,2021 and 2020.

** According to the decision of the General Assembly in its meeting held on April 28, 2021, cash dividends were distributed to the shareholders with a rate 3.5% of paid-up capital for the year 2020, and with an amount of JD 980,000 (JD 1,260,000 at a 4.5% of paid-up capital for the year 2019 Profits)

***According to the decisions of the General Assembly in its extraordinary meeting held on December 5,2021, the sale of all shares in the subsidiary "Baden Co. for trading and investing L.L.C was unanimosly approved , the sale resulted in a realized loss of JD 1,508,528.

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FIRST INSURANCE COMPANY

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AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CHANGES IN POLICYHOLDERS' EQUITY

	Reserve to cover deficit (Contingencies provision)	Accumulated Surplus		Net Policyholders' Equity
		Realized	Unrealized	
For the Year Ended December 31, 2021	JD	JD	JD	JD
Balance at the beginning of the year	3,411	-	-	3,411
Policyholders' (surplus) for the year	-	10,749	-	10,749
Transferred from policyholders' surplus	10,749	(10,749)	-	-
Balance at the end of the year	14,160	-	-	14,160
For the Year Ended December 31, 2020				
Balance at the beginning of the year	145,276	-	-	145,276
Policyholders' (deficit) for the year	-	(141,865)	-	(141,865)
Transferred from policyholders' surplus	(141,865)	141,865	-	-
Balance at the end of the year	3,411	-	-	3,411

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FIRST INSURANCE COMPANY

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AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the Year Ended December 31, 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		JD	JD
Profit for the year before tax		2,196,295	1,898,600
Adjustments:			
Depreciation and amortization	13 & 14	547,600	459,841
Expected credit losses	32	150,000	450,000
Net change in unearned contributions reserve		500,250	(186,132)
Net change in outstanding claims reserve		(2,438,559)	1,087,390
Net change in mathematical reserve		3,619	(14,903)
Various provisions	18	45,000	87,139
Dividends income from financial assets at fair value through other comprehensive income	28	(28,760)	(36,735)
(Profits) on the sale of property and equipment	13	(130)	(3,148)
(Returns) from bank deposits	27	(490,684)	(465,811)
(Profits) on sale of sukouk	28	(54,131)	-
(Returns) from sukouk	28	(230,191)	(329,764)
Net Cash Flows from Operating Activities before Changes in Working Capital		200,309	2,946,477
(Increase) in checks under collection		(941,703)	(212,718)
Decrease in accounts receivable		2,193,999	1,416,673
(Increase) decrease in re-insurers' receivables		(443,914)	98,752
decrease (increase) in other assets		265,930	(267,861)
Increase (decrease) in accounts payable		171,116	(954,233)
Increase (decrease) in re-insurance payable		139,144	(1,479,822)
(Decrease) in accrued expenses		(31,468)	(8,772)
Increase (decrease) in other liabilities		695,576	(101,005)
Net Cash Flows from operating activities before income tax paid and various provisions		2,248,989	1,437,491
Income tax paid	19/a	(577,560)	(505,790)
Paid from various provisions	18	(47,258)	(98,125)
Net Cash Flows from Operating Activities		1,624,171	833,576
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Increase) in deposits at banks		(2,886,838)	(6,641,289)
Proceeds of dividends from financial assets at fair value through other comprehensive income		28,760	36,735
Proceeds from sale of financial assets at fair value through other comprehensive income		17,448	-
(Purchase) of property and equipment	13	(49,809)	(80,347)
Proceeds from the sale of property and equipment	13	326	3,148
Payments to projects under construction		-	(1,051,213)
(Purchase) of intangible assets	14	(57,106)	(124,119)
(Purchase) of financial assets at amortized cost	7	(888,607)	-
Returns from sale of Sukouk	7	230,191	329,764
Amortization of Sukouk	7	9,384	19,729
Proceeds from sale and maturity of Sukouk	7	3,256,605	141,973
Net Cash Flows (used in) Investing Activities		(339,646)	(7,365,619)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash dividends	26	(980,000)	(1,260,000)
Net Cash Flows (used in) Financing Activities		(980,000)	(1,260,000)
Net Increase (Decrease) in Cash and Cash Equivalent		304,525	(7,792,043)
Cash and cash equivalent at the beginning of the year		2,353,036	10,145,079
Cash and Cash Equivalent at the end of the year	34	2,657,561	2,353,036

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FIRST INCURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF UNDERWITTING REVENUE FOR GENERAL TAKAFUL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2021 and 2020

	Motor		Marine		Aviation		Fire and Other Damages to Properties		Liability		Medical		Other Branches		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Written Contributions:																
Direct operations	12,477,656	12,183,384	1,196,840	930,136	433,394	250,951	7,108,971	5,809,344	357,940	384,344	15,762,273	15,315,990	1,082,547	1,033,589	38,419,621	35,907,738
Inward voluntary re-insurers	1,813,411	1,521,700	18,600	4,644	879,942	339,369	749,643	2,191,396	23,188	11,559	-	-	26,492	347,225	3,511,276	4,415,893
Gross Contributions	14,291,067	13,705,084	1,215,440	934,780	1,313,336	590,320	7,858,614	8,000,740	381,128	395,903	15,762,273	15,315,990	1,109,039	1,380,814	41,930,897	40,323,631
Less: Local re-insurers' share contributions	2,025,227	1,867,716	7,925	8,672	-	-	780,983	2,184,378	23,124	54,851	-	-	2,773	325,686	2,840,032	4,441,303
Foreign re-insurers' share contributions	20,624	21,581	1,106,018	823,468	1,313,336	590,320	6,900,852	5,666,164	346,719	334,224	9,518,695	8,619,936	1,010,939	950,041	20,217,183	17,005,734
Net Contributions	12,245,216	11,815,787	101,497	102,640	-	-	176,779	150,198	11,285	6,828	6,243,578	6,696,054	95,327	105,087	18,873,682	18,876,594
Add: Balance at the beginning of the year																
Unearned contributions reserve	6,263,281	6,152,684	154,408	391,699	271,039	215,679	3,916,380	4,279,416	52,926	77,053	6,671,203	7,882,625	1,016,134	1,205,312	18,345,371	20,204,468
Less: Re-insurers share	733,098	785,436	134,922	368,607	271,039	215,679	3,861,856	4,228,392	51,000	75,827	3,652,967	4,598,468	968,809	1,074,247	9,673,691	11,346,656
Net Unearned Contributions Reserve - Beginning of the year	5,530,183	5,367,248	19,486	23,092	-	-	54,524	51,024	1,926	1,226	3,018,236	3,284,157	47,325	131,065	8,671,680	8,857,812
Less: Balance at the end of the year																
Unearned contributions reserve	7,126,831	6,263,281	275,889	154,408	456,393	271,039	3,296,986	3,916,380	49,913	52,926	6,926,110	6,671,203	765,674	1,016,134	18,897,796	18,345,371
Less: Re-insurers' share	996,506	733,098	248,902	134,922	456,393	271,039	3,223,767	3,861,856	47,948	51,000	4,025,250	3,652,967	727,100	968,809	9,725,866	9,673,691
Net Unearned Contributions Reserve - End of the year	6,130,325	5,530,183	26,987	19,486	-	-	73,219	54,524	1,965	1,926	2,900,860	3,018,236	38,574	47,325	9,171,930	8,671,680
Net Revenue Earned from Written Contributions	11,645,074	11,652,852	93,996	106,246	-	-	158,084	146,698	11,246	6,128	6,360,954	6,961,975	104,078	188,827	18,373,432	19,062,726
Premium Deficiency Reserve	25,000	-	-	-	-	-	-	-	-	-	208,000	-	-	-	233,000	-
Premium Deficiency Reserve - End of the year	25,000	-	-	-	-	-	-	-	-	-	208,000	-	-	-	233,000	-

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CLAIMS COST FOR GENERAL TAKAFUL INSURANCE ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

	Motor		Marine		Aviation		Fire and Other Damages to Properties		Liability		Medical		Other Branches		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	15,033,042	11,738,658	118,838	85,648	-	-	631,230	354,344	27,110	103,963	13,622,157	13,962,154	97,152	71,806	29,529,529	26,316,573
Less: Recoveries	2,493,598	2,199,851	3,054	-	-	-	9,484	14,095	492	3,250	238,380	341,143	299	215	2,745,307	2,558,554
Local re-insurers' share	429,337	413,415	-	-	-	-	10,065	15,191	1,570	-	-	-	10,335	-	451,307	428,606
Foreign re-insurers' share	12,990	244,072	97,385	79,402	-	-	598,312	303,980	24,193	103,345	7,702,368	7,724,907	28,258	43,518	8,463,506	8,499,224
Net Paid Claims	12,097,117	8,881,320	18,399	6,246	-	-	13,369	21,078	855	(2,632)	5,681,409	5,896,104	58,260	28,073	17,869,409	14,830,189
Add: Outstanding claims reserve at the end of the year																
Incurred and reported	5,620,894	7,629,149	47,006	52,468	-	-	2,640,161	614,650	564,733	508,684	938,824	648,311	386,007	253,241	10,197,625	9,706,503
Incurred but not reported (IBNR)	1,600,000	1,715,000	7,500	7,500	-	-	17,500	17,500	7,500	7,500	807,995	687,975	8,500	8,500	2,448,995	2,443,975
Less: Re-insurers share	906,591	843,486	39,654	45,956	-	-	2,604,542	595,163	550,056	488,644	1,137,118	748,849	304,341	209,715	5,542,302	2,931,813
Recoveries	2,493,756	2,370,746	-	-	-	-	-	-	-	-	-	-	-	179	2,493,756	2,370,925
Net claims reserve - end of the year	3,820,547	6,129,917	14,852	14,012	-	-	53,119	36,987	22,177	27,540	609,701	587,437	90,166	51,847	4,610,562	6,847,740
Add: Unallocated Loss Adjustment Expenses	166,750	-	250	-	-	-	600	-	500	-	31,000	-	900	-	200,000	-
Unallocated Loss Adjustment Expenses - Net	166,750	-	250	-	-	-	600	-	500	-	31,000	-	900	-	200,000	-
Less: Outstanding claims reserve at the beginning of the year																
Incurred and reported	7,629,149	6,563,666	52,468	201,920	-	30,000	614,650	308,410	508,684	339,497	648,311	663,853	253,241	238,204	9,706,503	8,345,550
Incurred but not reported (IBNR)	1,715,000	1,500,000	7,500	7,500	-	-	17,500	17,500	7,500	7,500	687,975	812,804	8,500	8,500	2,443,975	2,353,804
Less: Re-insurers' share	843,486	1,025,203	45,956	190,553	-	30,000	595,163	289,813	488,644	324,450	748,849	877,897	209,715	189,169	2,931,813	2,927,085
Recoveries	2,370,746	1,839,604	-	-	-	-	-	500	-	-	-	-	179	50	2,370,925	1,840,154
Net Outstanding Claims Reserve at the beginning of the year	6,129,917	5,198,859	14,012	18,867	-	-	36,987	35,597	27,540	22,547	587,437	598,760	51,847	57,485	6,847,740	5,932,115
Net Cost of Claims	9,787,747	9,812,378	19,239	1,391	-	-	29,501	22,468	(4,508)	2,361	5,703,673	5,884,781	96,579	22,435	15,632,231	15,745,814

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF UNDERWRITING PROFIT FOR GENERAL TAKAFUL INSURANCE ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

	Motor		Marine		Aviation		Fire and Other Damages to Properties		Liability		Medical		Other Branches		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net revenue earned from underwriting contributions	11,645,074	11,652,852	93,996	106,246	-	-	158,084	146,698	11,246	6,128	6,360,954	6,961,975	104,078	188,827	18,373,432	19,062,726
Less: Net cost of claims	9,787,747	9,812,378	19,239	1,391	-	-	29,501	22,468	(4,508)	2,361	5,703,673	5,884,781	96,579	22,435	15,632,231	15,745,814
Add: Received commissions	17,635	25,374	512,779	472,714	25,439	19,054	1,429,112	1,244,329	163,013	128,538	1,366,514	1,186,079	89,602	116,608	3,604,094	3,192,696
Takaful policies issuance fees	1,265,078	1,094,538	30,386	24,087	14,210	9,330	143,743	110,286	6,885	7,320	733,643	665,474	71,052	88,936	2,264,997	1,999,971
Revenue from investments related to underwriting accounts	25,254	24,584	2,148	1,677	2,321	1,059	13,887	14,352	725	710	27,854	27,474	1,908	2,477	74,097	72,333
Total Revenue	3,165,294	2,984,970	620,070	603,333	41,970	29,443	1,715,325	1,493,197	186,377	140,335	2,785,292	2,956,221	170,061	374,413	8,684,389	8,581,912
Takaful policies acquisition fees	483,016	431,182	33,064	16,447	-	-	72,464	63,989	17,412	24,706	135,760	183,640	7,846	6,017	749,562	725,981
Excess of loss contributions	135,000	245,182	-	-	-	-	106,500	106,500	-	-	-	-	-	-	241,500	351,682
Owners' equity share from management of Al -Takaful operations	2,145,841	2,106,648	236,668	291,633	22,895	17,148	1,279,653	1,153,377	57,169	33,651	2,271,667	2,015,181	138,114	286,008	6,152,007	5,903,646
Other expenses related to underwriting	282,147	258,392	11,850	16,283	2,021	1,912	76,238	63,916	23,296	5,887	546,068	637,435	12,750	23,150	954,370	1,006,975
Total Expenses	3,046,004	3,041,404	281,582	324,363	24,916	19,060	1,534,855	1,387,782	97,877	64,244	2,953,495	2,836,256	158,710	315,175	8,097,439	7,988,284
Net Underwriting (Loss) Profit	119,290	(56,434)	338,488	278,970	17,054	10,383	180,470	105,415	88,500	76,091	(168,203)	119,965	11,351	59,238	586,950	593,628

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF UNDERWRITING REVENUE FOR LIFE INSURANCE ACTIVITIES - GENERAL TAKAFUL FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Written Contributions	JD	JD
Direct Operation	4,673,659	5,166,619
Voluntary re-insurers	-	-
Gross Contributions	4,673,659	5,166,619
Less: Local re-insurers' share	34,359	37,939
Foreign re-insurers' share	3,300,990	3,716,063
Net Contributions	1,338,310	1,412,617
Add: Mathematical reserve - beginning of the year	292,824	315,078
Less: Re-insurers' share	166,411	173,762
Net mathematical reserve - beginning of the year	126,413	141,316
Less: Mathematical reserve - end of the year	242,058	292,824
Less: Re-insurers' share	112,026	166,411
Net mathematical reserve - end of the year	130,032	126,413
Net Revenue Earned from Contributions	1,334,691	1,427,520

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN -JORDAN

CONSOLIDATED STATEMENT OF CLAIMS COST FOR LIFE INSURANCE ACTIVITIES -GENERAL TAKAFUL FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
	JD	JD
Paid Claims	7,597,947	3,651,185
Less: Local re-insurers' share	-	-
Foreign re-insurers' share	6,291,893	2,945,966
Net Paid Claims	1,306,054	705,219
Add: Outstanding Claims Reserve at the end of the year		
Incurred and reported	617,773	1,785,882
Incurred but not reported (IBNR)	345,000	277,965
Less: Re-insurers' share	776,437	1,690,970
Net Outstanding Claims Reserve at the end of the Year	186,336	372,877
Less: Outstanding Claims Reserve at the beginning of the year		
Reported	1,785,882	757,893
Not-Reported	277,965	-
Less: Re-insurers' share	1,690,970	596,859
Net Outstanding Claims Reserve at the beginning of the Year	372,877	161,034
Net Claims Cost	1,119,513	917,062

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF UNDERWRITING PROFIT FOR LIFE INSURANCE ACTIVITIES - GENERAL TAKAFUL FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
	JD	JD
Net earned revenue from written contributions	1,334,691	1,427,520
Less: Net claims cost	1,119,513	917,062
Add: Received commissions	8,203	94,466
Insurance policies takaful issuance fees	222,048	164,842
Revenue from investment related to underwriting accounts	8,259	9,268
Total Revenue	453,688	779,034
Less: Takaful policies acquisition fees	51,915	107,414
Owners' equity share from management of Al -Takaful operations	426,350	458,724
Other expenses related to underwritings	232,723	288,670
Total Expenses	710,988	854,808
Net Underwriting (Loss)	(257,300)	(75,774)

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF UNDERWRITING REVENUE FOR GENERAL INSURANCE ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

	Motor		Marine		Fire and Other Damages to Properties		Liability		Medical		Other Branches		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Written premiums	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Direct operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inward voluntary re-insurers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross premiums	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Local re-insurance premiums	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign re-insurance premiums	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net premiums	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Add: Balance at the beginning of the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unearned premiums reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Reinsurers' share	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net unearned premiums reserve - beginning of the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Balance at the end of the year														
Unearned premiums reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Re-insurers' share	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net unearned premiums reserve - end of the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Revenue from Written Premiums	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CLAIMS COST FOR GENERAL INSURANCE ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

	Motor		Marine		Fire and Other Damages to Properties		Liability		Medical		Other Branches		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	-	-	-	84,796	-	10,797	76,695	106	-	-	-	-	76,695	95,699
Less: Recoveries	10,575	28,064	-	-	-	-	-	-	-	-	-	-	10,575	28,064
Local re-insurers' share	-	-	-	-	-	-	3,531	-	-	-	-	-	3,531	-
Foreign re-insurers' share	-	-	-	79,571	-	10,182	72,408	-	-	-	-	-	72,408	89,753
Net Paid claims	(10,575)	(28,064)	-	5,225	-	615	756	106	-	-	-	-	(9,819)	(22,118)
Add: Outstanding claims reserve - End of the year														
Incurred and reported	-	10,000	-	-	2,291	2,291	16,000	109,483	-	-	-	-	18,291	121,774
Incurred but not reported (IBNR)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Re-insurers' share	-	-	-	-	2,113	2,113	9,925	102,768	-	-	-	-	12,038	104,881
Recoveries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Outstanding claims provision - end of the Year	-	10,000	-	-	178	178	6,075	6,715	-	-	-	-	6,253	16,893
Less: Outstanding claims reserve at the beginning of the year														
Incurred and reported	10,000	10,772	-	60,000	2,291	26,541	109,483	59,251	-	-	-	8,500	121,774	165,064
Incurred but not reported (IBNR)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Reinsurers' share	-	-	-	56,375	2,113	10,150	102,768	40,068	-	-	-	6,375	104,881	112,968
Recoveries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Outstanding Claims Provision beginning of the year	10,000	10,772	-	3,625	178	16,391	6,715	19,183	-	-	-	2,125	16,893	52,096
Net Claims Cost	(20,575)	(28,836)	-	1,600	-	(15,598)	116	(12,362)	-	-	-	(2,125)	(20,459)	(57,321)

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF UNDERWRITING PROFIT FOR GENERAL INSURANCE ACTIVITIES FOR THE YEAR EDNED DECEMBER 31, 2021 AND 2020

	Motor		Marine		Fire and Damages Other for Properties		Liability		Medical		Other Branches		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net revenue from the written premiums	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Net claims cost	(20,575)	(28,836)	-	1,600	-	(15,598)	116	(12,362)	-	-	-	(2,125)	(20,459)	(57,321)
Underwriting Profit - Net	20,575	28,836	-	(1,600)	-	15,598	(116)	12,362	-	-	-	2,125	20,459	57,321

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF WRITTEN REVENUE FOR LIFE INSURNACE ACTIVITIES

GENERAL INSURANCE FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

	Life	
	2021	2020
	JD	JD
Written premiums	-	-
Direct operations	-	-
Voluntary re-insurers	-	-
Gross written premium	-	-
Less: Local re-insurance premiums		
Foreign re-insurance premiums	-	-
Net earned premiums	-	-
	-	-
Add: Mathematical reserve - beginning of the year		
Less: Reinsurers' share	-	-
Net Mathematical reserve - beginning of the year	-	-
Balance at the End of the year	-	-
Less: Mathematical reserve - end of the year		
Less: Reinsurers' share		
Net mathematical reserve - end of the year	-	-
Net Revenue from Written Premiums	-	-

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CLAIMS COST FOR LIFE INSURANCE ACTIVITIES

GENERAL INSURANCE FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

	Life	
	2021	2020
	JD	JD
Paid Claims	-	1,050
Less: Local re-insurers' share	-	-
Foreign re-insurers' share	-	-
Net Paid Claims	-	1,050
Add: Outstanding claims reserve at the end of the year	-	6,000
Less: Re-insurers' share	-	1,800
Net Outstanding claims reserve at the end of the year	-	4,200
Less: Outstanding claims reserve at the beginning of the year	6,000	16,877
Less: Re-insurers' share	1,800	7,802
Net Outstanding claims reserve at the beginning of the year	4,200	9,075
Net Claims Cost	(4,200)	(3,825)

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CONTRIBUTION PROFIT / (LOSS) FOR LIFE INSURANCE ACTIVITIES - GENERAL INSURANCE

FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

	Life	
	2021	2020
	JD	JD
Net revenue from written premiums	-	-
Less: Net paid claims cost	(4,200)	(3,825)
Net Underwritten Profit	4,200	3,825

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FIRST INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN -JORDAN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE LIFE INSURANCE BRANCH FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

	December 31,	
ASSETS	2021	2020
	JD	JD
Deposits at banks	750,000	750,000
Total Investments	750,000	750,000
Checkes Under Collection	7,774	8,408
Receivables - net	812,588	507,857
Re-insurance Receivables - Net	1,068,358	25,744
Head Office's current account	-	423,058
TOTAL ASSETS	2,638,720	1,715,067
LIABILITIES AND HEAD OFFICE'S EQUITY		
LIABILITIES:		
Mathematical reserve -net	130,032	126,413
Claims reserve - net	186,336	377,077
Total Technical Reserves	316,368	503,490
Re-insurers payables	433,782	998,871
Head office's current account - Payable	1,928,964	-
TOTAL LIABILITIES	2,679,114	1,502,361
Owners' Equity		
(Losses) Retained earnings	(40,394)	212,706
Total Owners' Equity	(40,394)	212,706
TOTAL LIABILITIES AND OWNERS'S EQUITY	2,638,720	1,715,067

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDIT REPORT.

1. General

a. First Insurance Company (the "Company") was established on 28 December 2006, its headquarters located in Amman – The Hashemite Kingdom of Jordan and registered as a public shareholding limited company under license No. (424) with an authorized and paid-up capital of JD 24 Million divided into 24 Million shares at JD 1 per share.

On April 2, 2015, First Insurance Company acquired 76.25% of Al-Yarmouk Insurance Company's capital (a Public Shareholding Limited Company). The General Assembly decided at its extraordinary meeting held on November 2, 2015 to transfer their 100% share capital from Al-Yarmouk Insurance Company (a public shareholding limited company) (the merged company) to First Insurance Company (a public shareholding limited company). As a result of the merger, the registration of Al-Yarmouk Insurance Company (a public shareholding limited company) was removed from the corporate register and First Insurance Company (a public shareholding limited company) became the legal successor to Al-Yarmouk Insurance Company with an authorized and paid-up capital of JD 28 million at JD 1 per share.

The Company conducts insurance on fire, natural hazards, accidents, medical and marine vehicles, cargo during transportation, and other damage of properties, liability of land-based vehicles, general liability, assistance insurance, ships insurance, ships liability, aircraft insurance, aircraft liability and life insurance in accordance with Islamic Shari'a.

The consolidated financial statements includes the results of Takaful insurance of First Insurance Company and the general insurance business of the acquired company (formerly Al-Yarmouk Insurance Company). Accordingly, these results are presented separately in the supplemental Insuarnce Operations Information accompanying the consolidated financial statements until the end of the general non-takaful insurance contracts resulting from the merger.

b. The accompanying consolidated financial statements were approved by the Board of Directors on 21 February 2022.

2. Accounting Policies

- The consolidated financial statements have been prepared according to the standards issued by the International Accounting Standards Board; interpretations issued by the International Financial Reporting Standards Committee.

- The consolidated financial statements have been prepared according to the historical cost convention, except for financial assets and financial liabilities, which are stated at fair value through profit or loss, and financial assets, which are stated at fair value through comprehensive income. These are stated at fair value as of the date of the consolidated financial statements. Moreover, financial assets and financial liabilities whose change in fair value risks have been hedged are also stated at fair value.

- The Jordanian Dinar is the functional and reporting currency of the consolidated financial statements.

- The accounting policies adopted for the current year are consistent with those adopted in the year ended December 31, 2020, except for what is mentioned in note (3-A).

Basis of Consolidation of the Financial Statements

The consolidated financial statements include the financial statements of the Company and its subsidiary Company that are subject to its control. In this regard, control is established when the Company has the ability to conduct the main activities of the subsidiary Company, it is subject to the variable returns arising from its investment in the subsidiary Company, or it has the right to these returns, and it has the ability to influence the returns through its control of the subsidiary Company. Intercompany transactions, balances, revenue and expenses are eliminated between the Company and its subsidiary:

Company's Name	Principal Activity	Ownership Percentage	Place of Origin	Capital	Year of Incorporation
				JD	
Mulkiyat for Investment and Trade Company	Investment	100%	Jordan	50,000	2010

The most important financial information of the subsidiary companies for the year 2021 is as follows:

Company's Name	Total Assets	Total Liabilities	Total Revenue	Total Expenses
	JD	JD	JD	JD
Mulkiyat for Investment and Trade Company	2,195,490	5,269	99,528	82,943

The Company established Mulkiyat for Investment and Trade Company in the register of limited liability companies under No. (22534) on August 10, 2010 with a capital of JD 50,000.

The financial statements of the subsidiary company are prepared for the same finacial year of the parent Company using the same accounting policies of the parent Company. If the accounting policies adopted by the subsidiary company differ from those of the parent Company, the necessary adjustments to the financial statements of the subsidiary company are made to comply with the accounting policies of the parent Company.

Control is established when the Company has the ability to influence the operational and the financial policies of the subsidiary companies for the benefit of its operations. Intercompany transactions and balances, and the intercompany revenues and expenses are eliminated between the parent Company and its subsidiaries.

The results of the subsidiary companies are incorporated into the consolidated statement of profit or loss from the effective date of acquisition, which is the date on which the parent Company assumes actual control over the subsidiary. Moreover, the operating results of the disposed subsidiaries are incorporated into the consolidated statement of profit or loss up to the effective date of disposal, which is the date on which the parent Company loses control over the subsidiary companies.

Control is achieved when the Company:

- Has the ability to control the investee;
- Is subject to variable returns, or have the right to variable returns arising from its association with the investee;and
- Has the ability to use its power to influence the returns of the investee.

The Company re-evaluates whether it controls the investee companies or not, if the facts and circumstances indicate that there are changes to one or more of the control criteria referred to above.

If the Group's voting rights are less than the majority's voting rights in any of the investee companies, it shall have the power to control when the voting rights suffice to grant the Group the ability to direct the activities of the related subsidiary unilaterally. Moreover, the Group's takes into account all the facts and circumstances in assessing whether the Group has enough voting rights in the investee to enable it to control or not. These facts and circumstances include the following:

- The size of voting rights owned by the Group in relation to the size and distribution of other voting rights;
- Potential voting rights held by the Group and any other voting rights held by others or third parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances indicating that the Group has or does not have an existing responsibility for directing the relevant activities at the time of making the required decisions, including how to vote at previous General Assembly meetings

When the Company loses control over any of its subsidiaries, the Group:

- Derecognizes the assets of the subsidiary (including goodwill) and liabilities;
- Derecognizes the carrying amount of any uncontrolled interest;
- Derecognizes the cumulative transfer differences recognized in equity;
- Derecognizes the fair value of the consideration received;
- Derecognizes the fair value of any investment held;
- Derecognizes any surplus or deficit in the income statement; and
- Reclassifies the Group's equity previously recognized in conslolidated other comprehensive income to the conslolidated statement of profit or loss or retained earnings, as appropriate.

<u>Segmental Information</u>
Business segment is a Group of assets and operations that jointly provide products or services subject to risks and returns different from those of other business segments, to the effect that it is measured according to the reports used by the Chief Executive Officer and the main decision maker at the Group.

Geographical sector relates to providing products or services in an economic environment subject to specific risks and returns different from those operating in other sectors of other economic environments.

<u>Debt Instruments at Amortized Cost or at Fair Value through Comprehensive income</u>
The Group evaluates the classification and measurement of the financial asset based on the contractual cash flow characteristics and the Group's business model for asset management.

For an asset classified at amortized cost or at fair value through comprehensive income, its contractual terms should result in cash flows that are only principal and interest payments on the principal outstanding.

For the purpose of testing the principal and interest payments on the principal outstanding, the asset is the fair value of the financial asset at initial recognition. This principal amount may change over the life of the financial asset (for example, if there is a principal repayment). Interest consists of the allowance for the time value of money, the credit risk associated with the original amount outstanding over a given period of time, and other basic lending options and risks, as well as the profit margin. An assessment of the principal and interest payments is made for the principal amount outstanding in the currency in which the financial asset is evaluated.

Contractual cash flows represent the principal and interest payments on the principal outstanding and are consistent with the underlying funding arrangement. Contractual terms involving exposure to risks or fluctuations in contractual cash flows unrelated to the underlying financing arrangement, such as exposure to changes in equity prices or commodity prices, do not result in contractual cash flows that are only from principal and interest payments. A financial asset granted or acquired may also be the primary financing arrangement regardless of whether it is a loan in its legal form.

Evaluating the Business Model
Evaluation of business models for the management of financial assets is essential for the classification of financial assets. Moreover, the Group defines business models at a level that reflects how the groups of financial assets are managed together to achieve a particular business objective. In this regard, the Group's business model does not depend on the management's intentions concerning an individual instrument, and therefore the business model is evaluated at a group level and not on an instrument-by-instrument basis.

The Group adopts more than one business model to manage its financial instruments that reflect how the Group manages its financial assets to generate cash flows. In addition, the Group's business models determine whether cash flows will result from the collection of contractual cash flows, the sale of financial assets, or both.

The Group takes into account all relevant information available when conducting an evaluation of the business model. However, this assessment is not done on the basis of scenarios that the Group does not expect to occur reasonably, such as the so-called "worst case" or "stress state" scenarios. The Group also takes into account all available relevant evidence such as:

- The portfolio stated policies and objectives and the application of those policies whether the management strategy focuses on obtaining contractual revenues, maintaining a specific profit rate, matching the period of financial assets with the period of financial liabilities that finance those assets, or achieving cash flows through the sale of assets.

- How to evaluate the performance of the business model and financial assets held in this business model and to report to key management personnel; and

- Risks affecting the performance of the business model (and the financial assets of that model), in particular the manner in which such risks are managed; and

- How to compensate business managers (for example, whether compensation is based on the fair value of the assets managed or on the contractual cash flows received).

Upon initial recognition of the financial asset, the Group determines whether the newly recognized financial assets are part of an existing business model or whether they reflect the beginning of a new business model. The Group evaluates its business models in each reporting period to determine whether business models have changed since the prior period.

When a debt instrument measured at fair value through comprehensive income is derecognized, the cumulative gain / loss previously recognized in comprehensive income is reclassified as owners' equity to the statement of income. On the other hand, for equity investments measured at fair value through comprehensive income, the cumulative gain / loss previously recognized in comprehensive income is not subsequently reclassified to the statement of profit or loss but transferred directly to owners' equity.

Debt instruments that are subsequently measured are carried at amortized cost or at fair value through comprehensive income for impairment testing.

Reclassification
If the business model in which the Group retains financial assets changes, the financial assets that have been affected are reclassified. The classification and measurement requirements relating to the new class are effective from the first day of the first reporting period after the change in the business model resulting in the reclassification of the Company's financial assets. Changes in contractual cash flows are considered in the accounting policy for the adjustment and disposal of the financial assets described below.

Impairment

The Company recognizes the expected credit losses provisions on the following financial instruments that are not measured at fair value through the profit or loss:

- Balances and deposits at banks.
- Receivables and reinsurers receivables.
- Financial assets at amortized cost (debt instruments).
- Checks under collection

No impairment loss is recognized in owners' equity instruments.

The Group calculates the impact of impairment in the financial statements using the simplified approach.

Definition of Default in Payments

The definition of default is very important in determining the expected credit loss. It is used to measure the value of credit loss, because default is a component of the probability of default that affect the measurement of credit losses.

Impairment of Financial Assets

The Group takes a provision for the expected credit losses on receivables, checks under collection, and reinsurers' receivable. The expected credit losses are updated on each reporting date to reflect changes in creditworthiness since the initial recognition of the relevant financial instrument.

The Group continuously records the expected credit losses over their lives as regards receivables, checks under collection, and reinsurers' receivable. Moreover, the expected credit losses are estimated using a provsion matrix based on the Group's previous credit loss experience and adjusted to the factors relating to debtors, general economic conditions, and assessment of the current and future conditions at the reporting date, including the time value of cash, as appropriate.

For all other financial assets, the Group recognizes the expected credit losses over their lifetime if there has been a significant increase in credit risk since the initial recognition. The expected credit loss over its life span represents the expected credit losses that will arise from all probable defaults over the course of the expected lifetime of the financial instrument.

Expected Credit Losses Provison

The Group has adopted the simplified method to recognize the expected credit losses over their lifetime as permitted by IFRS (9). Accordingly, non-impaired financial instruments that do not contain a significant component of finance have been classified within the second stage with the recognition of expected credit losses over their lifetime.

A provision for the expected long-term credit loss of a financial instrument should be recognized if the credit risk on that financial instrument increases substantially since the initial recognition, and the expected credit loss is a potential weighted estimate of the present value of the credit loss. This value is measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Company expects to receive arising from the weighting of several future economic scenarios, discounted at the effective interest rate of the asset.

The Group assesses whether there is an objective evidence of impairment on an individual basis for each asset with an individual value and collectively for other assets that are not individually significant.

Provisions for loss of credit losses are presented as a reduction of the total carrying amount of financial assets at amortized cost.

Adjustment and Derecognition of Financial Assets
An adjustment is made to the financial asset when the contractual terms that govern the cash flows of a financial asset are renegotiated or otherwise modified between the initial recognition and and maturity of the financial asset. The adjustment affects the amount and / or timing of the contractual cash flows either immediately or at a future date.

When a financial asset is adjusted, the Group assesses whether such an adjustment results in derecognition. According to the Company's policy, the adjustment leads to derecognition when it causes a significant difference in terms.

If a financial asset is derecognized, the provision for the expected credit losses at the de-recognition date is re-measured to determine the net carrying amount of the asset at that date. The difference between the adjusted carrying amount and the fair value of the new financial assets with the new terms will result in a gain or loss on derecognition.

When the contractual terms of a financial asset are modified, and the adjustment does not result in derecognition, the Company determines whether the credit risk of the financial asset has increased significantly since the initial recognition by comparing:

- The probability of non-payment for the remaining period estimated on the basis of data at initial recognition and original contractual terms; with

- The probability of non-payment for the remaining period at the reporting date based on the modified terms.

When the adjustment does not result in derecognition, the Company calculates the adjustment gain / loss to compare the total carrying amount before and after the adjustment (except for the expected credit loss provision). The Company then measures the expected credit loss of the adjusted asset, as the expected cash flows arising from the adjusted financial asset are included in the expected cash deficit from the original asset.

Derecognition of Financial Assets
The Company derecognizes a financial asset upon completion of the contractual rights relating to the receipt of the cash flows from the asset, or when the entity has transferred the financial asset, together with all significant risks and rewards of ownership, to another entity. If the Company does not transfer or retain substantially the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its remaining interest in the transferred asset and the related liabilities that the Company may have to pay. If the Group retains substantially all the risks and rewards of ownership of the transferred asset, the Company continues to recognize the financial asset.

Upon derecognition of any financial asset measured at amortized cost, the difference between the carrying amount of the asset and the consideration received or receivable is recognized in the consolidated statement of profit or loss.

Write-off
The Company derecognizes financial assets when there is information indicating that the debtor is experiencing financial difficulties, and there is no realistic probability of recovery, for example. When the debtor has been placed under liquidation, has entered bankruptcy proceedings, or where trade receivables age exceeds two years, whichever is earlier. The Company may continue to subject financial assets written off to collection procedures, taking into account legal advice, where appropriate. Meanwhile, any recoveries are recognized in the consolidated statement of profit or loss.

Financial Liabilities and Equity Instruments Issued by the Company
Classification as debt or equity instruments
Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements, the definitions of financial liabilities, and the equity instruments.

Equity Instruments
An equity instrument is defined as a contract that evidences ownership of the remaining shares of an entity's assets after deducting all liabilities. The equity instruments issued are recorded with the proceeds received net of the direct issue cost.

Financial Liabilities
All financial liabilities are subsequently measured at amortized cost using the effective yield method or at fair value through profit or loss. Financial liabilities that are not (i) a potential consideration for the acquiree in a business combination, (ii) held for trading, or (iii) designated at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method.

Payables and other credit balances whish are classified as "financial liabilities" are tentatively measured at fair value after deducting the relevant deal costs, while its measured subsequently at the amortized cost using effective yield method and the related interests expenses are recognized on the basis of effective yield except for short-term liabilities if the recognized return is not significant.

The effective yield method is the method of calculating the amortized cost of a financial liability and allocating the expense over the period in question. The effective yield rate is the rate that exactly discounts the expected future cash payments within the expected life of the financial obligation or, where appropriate, a shorter period.

Derecognition of Financial Liabilities
The Company derecognizes financial liabilities when it is discharged from its obligations, or when such obligations are canceled or expired. The difference between the carrying amount of the derecognized financial liability and the consideration payable or payable is recognized in profit or loss.

Foreign Exchange Gains and Losses
The carrying amount of financial assets recorded in a foreign currency is determined and translated at the rate prevailing at the end of each reporting period. Specifically:

- For financial assets measured at amortized cost that are not part of a specific hedging relationship, the currency exchange differences are recognized in the consolidated statement of profit and loss; and

- For debt instruments measured at fair value through comprehensive income that are not part of a specific hedging relationship, the exchange differences on the amortized cost of the debt instrument are recognized in the statement of profit or loss. Other exchange differences in comprehensive income are recognized in the revaluation reserve; and

- if financial liabilities are part of a portfolio managed on a fair value basis, in accordance with a documented risk management or investment strategy; or

- If a derivative is included in the basic financial or non-financial contract, and the derivative is not closely related to the basic contract.

Fair Value
Closing market prices (acquiring assets / selling liabilities) in active markets at the date of the consolidated financial statements represent the fair value of traded financial derivatives. In case declared market prices do not exist, some financial derivatives are not actively trading, or the market is inactive, fair value is estimated by one of several methods including the following:

- Comparison with the market value of another financial asset with similar terms and conditions.
- Analysis of future cash flows and expected discounted cash flow based on a rate used for similar instruments.
- Adoption of option pricing models.

The valuation methods aim at providing a fair value reflecting expectation of the market, and take into consideration market factors, risks, and future benefits when estimating the derivatives value. Moreover, financial assets, the fair value of which cannot be reliably measured, are stated at cost less any impairment.

Property Investments

Property investments are stated at cost net of accumulated depreciation (excluding lands). In addition, impairment in their value is taken to the consolidated statement of profit or loss. The operating revenues or expenses of these investments are included in the consolidated statement of comprehensive income and/or in the statement of Policyholders' Revenues and Expenses. Moreover, these investments (excluding lands) are depreciated over their useful lives using the straight-line method at an annual rate of 2 - 20%.

Property investments are evaluated according to the decisions issued by the Ministry of Industry and Trade and Insurance Management. Moreover, their fair value is disclosed in the real estate investments note.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances with banks and financial institutions maturing within three months, less restricted balances.

Reinsurance Accounts

The Company carries out reinsurance operations with other insurance and reinsurance companies and is exposed in many areas to certain levels of risk. Reinsurance operations include the relative share, excess of loss agreements, facultative reinsurance and other reinsurance forms that essentially cover all types of insurance. Reinsurance contracts do not exempt the Company from its obligations to policyholders. Failure of reinsurers to meet their obligations may result in losses to the Company, and therefore, provisions are taken for the uncollectible amounts. The recoverable amount of the reinsurer is estimated in a manner commensurate with the Company's commitment to each claim.

Reinsurers' shares of insurance premiums and contributions, paid claims, technical provisions, and all the rights and obligations resulting from reinsurance according to the agreements between the Company and reinsurers are accounted for on the accrual basis.

Impairment in Assets Related to Reinsurance

In case there is any indication as to the impairment of the reinsurance assets of the Company, which possesses the reinsured contracts, the Company reduces the present value of the contracts and records the impairment loss in the consolidated statement of income. The impairment is only recognized in the following two cases:

1. There is objective evidence resulting from an event that took place after recording the reinsurance assets confirming the Company's inability to recover all amounts according to the contracts terms.

2. The event has a reliably and clearly measurable effect on the amounts the Company will recover from reinsurers.

Acquisition Costs of Insurance Policies and Takaful Policies

Acquisition costs represent the costs incurred by the Company against selling, underwriting, or starting new insurance contracts. The acquisition costs are recorded in the consolidated statement of income and/or in the statement of policyholders' revenues and expenses.

Property and Equipment

Property and equipment are stated at cost net of accumulated depreciation and any accumulated impairment losses. Moreover, property and equipment (excluding lands) are depreciated when they are ready for use based on the straight-line method over their estimated useful lives using the following annual depreciation rates. The depreciation expense is recorded in the consolidated statement of profit or loss:

	%
Buildings	2
Offices	2
Equipment, furniture, and fixtures	10- 20
Vehicles	15
Decorations	10- 20

Depreciation is calculated for readily usable property and equipment when they are being used for their intended use.

Property and equipment, for the Group's use, are stated at cost net of accumulated impairment.

When the recoverable values of property and equipment is less than their carrying amounts, assets are written down to their recoverable values, and impairment losses are recorded in the consolidated statement of profit or loss.

The useful lives of property and equipment are reviewed at the end of each year. In case the expected useful life is different from the expectations determined previously, the change in estimate is recorded in the following years, being a change in estimates.

Gains or losses on disposal of property and equipment, representing the difference between their sale proceeds and their carrying value, are recorded in the consolidated statement of profit or loss.

Property and equipment are derecognized when disposed of or when no future benefits are expected from their use or disposal.

Intangible Assets

Intangible assets acquired through merger are recorded at fair value upon their acquisition.

However, intangible assets acquired through other than merger are recorded at cost. Moreover, intangible assets are classified according to their estimated definite or indefinite lives. Intangible assets with definite useful lives are amortized over the life of the asset, and the impairment is recorded in the consolidated statement of income. Meanwhile, intangible assets with indefinite lives are reviewed for impairment at the date of the consolidated financial statements, and the impairment is recorded in the consolidated statement of profit or loss.

Internally generated intangible assets are not capitalized by the Company and its subsidiaries. Instead, they are recorded in the consolidated statement of profit or loss in the same year.

Indications of impairment in the value of intangible assets are reviewed at the date of the consolidated financial statements. Moreover, their useful lives are reassessed, and adjustments are recorded in the subsequent periods.

Intangible assets are amortized over their estimated useful lives varying from 10% to 25% annually, and an amortization expense recorded in the consolidated statement of profit or loss.

Collateralized Financial Assets
Collateralized Financial Assets are those assets pledged to other parties with the right to use them (sell or re-mortgage). These assets are continuously evaluated according to the implemented accounting policies for each type according to their original classification.

Provisions
Provisions are recognized when the Company has obligations on the date of the consolidated statement of financial position as a result of past events, it is probable to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Amounts recognized as provisions represent the best estimate of the amounts required to settle the obligation as of the date of the consolidated financial statements, taking into consideration risks and the uncertainty relating to the obligation. When the provision amount is determined based on the expected cash flows for the settlement of the current obligation, its current book value represents the present value of these cash flows.

When it is expected that some or all the economic benefits required from other parties to settle the provision will be recovered, the receivable is recognized within assets if receipt of the compensations is certain, and their values can be reliably measured.

First - Technical Provisions
Technical provisions are taken and maintained according to the regulations of the Insurance Commission as follows:

1. The provision for unearned contributions for general insurance activities is calculated according to the remaining days up to the expiry date of the insurance policy after the consolidated financial statements date on the basis of a (365) day year except for marine and land transport insurance in which the provision for unearned premiums is calculated on the basis of written premiums of the valid policies on the date of the consolidated financial statements according to the laws, regulations and instructions issued for this purpose.
2. The provision for outstanding claims (reported) is computed by determining the maximum amount of the total expected costs for each claim on an individual basis.
3. Contributions deficiency reserve and provision for incurred but not reported (IBNR) claims are calculated based on the Company's experience and estimates.
4. Unearned contributions reserve for Takaful insurance activities is calculated based on the Company’s experience and estimates and the actuary’s experience.
5. Mathematical reserve for life insurance policies is calculated based on the actuarial equations which are reviewed periodically by an independent actuary expert.

Second – End of Service Indemnity Provision
The provision for employees' end- of-service indemnity is calculated in accordance with the Company's policy that complies with the Jordanian Labor Law.

The annual compensation paid to employees leaving the service is recognized in the provision for end-of-service indemnity when paid, and a provision for the liabilities incurred by the Company concerning the employees’ end- of- service indemnity is taken in the consolidated statement of profit or loss.

Liability Adequacy Test
All insurance claims are evaluated for sufficiency and suitability as of the consolidated statement of financial position date through calculating the present value of future cash flows for outstanding insurance contracts.

If the evaluation indicates that the present value of the insurance claims (various purchased expenditure is less convenient and related intangible assets) is not enough compared to the expected future outflows, then the whole amount of deficit is taken to the consolidated statement of profit or loss.

Income Tax
Income tax expenses represent accrued taxes and deferred taxes. They are determined based on taxable income. Moreover, taxable income differs from income declared in the consolidated statement of profit or loss, as declared revenue includes non-taxable revenue, tax expenses not deductible in the current year but deductible in the subsequent years, or accumulated losses acceptable by the tax authorities, or items that are not subject or deductible for tax purposes.

Taxes are calculated according to the tax rates prescribed by the prevailing laws, regulations, and instructions in the countries where the Company operates.

Deferred Taxes
Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and the value of the taxable amount.

Deferred taxes are calculated according to the liability method in the consolidated statement of financial position, based on the tax rates expected to be applied at the tax liability settlement date, or the realization of the deferred tax assets.

The balances of deferred tax assets are reviewed at the consolidated statement of financial position date and reduced in case they are (wholly or partially) not expected to be utilized, or the tax liability has been settled, or is no longer needed.

Cost of Issuing or Purchasing the Insurance Company's Shares
Costs arising from issuing or purchasing shares are recorded to retained earnings (net after taking into account the tax effect of these costs,). If issuance or purchase is incomplete, these costs are recorded in the consolidated income statement.

Offsetting
Financial assets and financial liabilities are offset, and the net amount is reflected in the consolidated statement of financial position when there are binding legal rights to offset the recognized amounts, the Company intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

Revenue Recognition
First - Insurance Contracts for Al-Takaful Insurance
Takaful Insurance contributions arising from Takaful insurance contracts are recorded as revenue for the year (earned insurance contributions) based on the maturities of time periods and in accordance with the insurance coverage periods. Unearned insurance premiums for Takaful premiums from insurance contracts at the date of the consolidated statement of financial position are recorded as unearned insurance contributions within liabilities.

Claims and incurred losses settlement expenses from Takaful insurance are recognized in the consolidated statement of policyholders' revenues and expenses based on the expected liability amount of the compensation relating to the insurance policyholders or other affected parties.

Claims and incurred losses settlement expenses for general insurance are recorded in the consolidated statement of profit or loss based on the expected liability amount of the compensation relating to the insurance policyholders or other affected parties.

Second - Dividends Income and Returns
Dividends income from investments are recorded when the right of the shareholder to receive dividends arises upon the related decision of the General Assembly of Shareholders.

Returns income are calculated on the accrual basis according to the maturity periods, original principals, and average earned return rate.

Third - Rent Revenue

Revenue from real estate investments with operating lease contracts are recognized based on the straight-line method over the contracts' periods, while the other expenses are recognized based on the accrual basis.

Expense Recognition

All commissions and other costs relating to the acquisition of new or renewed insurance policies are amortized in the consolidated statement of policyholders' revenues and expenses upon their occurrence. Other expenses are recognized on the accrual basis.

Insurance Compensations for General Insurance and Takaful Insurance

Insurance compensations for general insurance and Takaful Insurance represent the paid claims for the period and the change in outstanding claims reserve.

General and Takaful insurance compensations include all amounts paid during the year, whether they relate to the current year or previous years. Moreover, outstanding claims represent the highest estimated amount for settlement of all claims resulting from events prior to the consolidated statement of financial position date but still unsettled at that date. In addition, outstanding claims are calculated based on the best information available at the date of the consolidated financial statements and include the provision for unreported claims (IBNR).

Salvage and Subrogation Reimbursements

Estimates of salvage and subrogation reimbursements are considered in the measurement of the insurance liability for claims.

General and Administrative and Employee Expenses

First - General and Administrative Expenses – Takaful Insurance

General and administrative expenses relate to the owners' equity and are not allocated over underwriting accounts.

Shareholders' administration fees are allocated to underwriting accounts according to the Company's Sharia Supervisory committee at the beginning of each year.

Second - Employees' Expenses – Takaful Insurance

Employees' expenses are directly related to the owners' equity and should not be allocated to underwriting accounts.

Deficit Coverage Reserve (Contingencies Provision)

This item represents the amount deducted at 20% of policyholders' surplus and policyholders' gain from the sale of financial assets at fair value through comprehensive income for the purposes of covering the deficit in future financial periods, only if no accumulated deficit is present at the date of the transfer, and it is not distributable to policyholders', provided that the deficit coverage reserve does not exceed the total technical provisions.

In case of liquidation, the deficit coverage reserve (contingencies provision) is distributed over welfare activities after the settlement of Al-Qard Al-Hassan, if any.

Basis for determining the insurance surplus

Insurance surplus is the balance of the total contributions collected, returns on their investment, and any other revenues after deducting paid claims, technical reserves, shareholders' share for managing Takaful operations and investments, and all policyholders' fund expense.

The Company calculates the insurance surplus while considering all types of Takaful insurance as one unit.

- Allocating the insurance surplus
  The insurance surplus is limited to policyholders, and is owned jointly by them, while shareholders do not have the right to share this surplus.

  The insurance surplus was distributed to all policyholders according to the percentage of their contribution without distinguishing between those who received compensation and those who did not during the financial period.

  The Company retains the amounts to be distributed and not claimed by the policyholders in a separate account, and presents them within the rights of the policyholders, provided that they are transferred to the deficit coverage reserve (contingencies provision) after obtaining the approval of the Sharia Supervisory Committee.

  In case of liquidation, the insurance surplus for the period is allocated to policyholders' while any undistributed and unclaimed surplus of prior periods (if any) is distributed to welfare activities after the settlement of Al-Qard Al-Hassan, if any.

- Methods of covering policyholders' fund deficit
  In case of a deficit or an accumulated deficit in the policyholders' current account, the deficit is covered by the contingencies provision. In case of shortage in the contingencies provision, the shareholders shall grant Al-Qard Al-Hassan to the policyholders to cover the whole deficit. The Company maintains this provision versus these loans.

<u>Transactions Non-compliant with Sharia' principles</u>
The Company is committed to comply with the principles of Islamic Sharia' in all of its transactions and to disclose revenues and profits that are inconsistent with the Islamic Sharia' Principles.

Any revenue and gains non-compliant with Sharia' are recorded in a separate account which is presented in the consolidated financial statements within other credit balances (owners' equity liabilities) and are recorded in the consolidated statement of income. This account is used for charity, based on the Sharia' Supervisory Committee's decision.

<u>Investment of financial assets of policyholders' and owners' equity.</u>

The Company complies with the principles of Takaful Insurance by maintaining completely separate entries and records for both the policyholders and equity owners.

The Company determines a deduction rate of the contributions intended for investment purposes in accordance with its annual budget and expected future cash flows for each financial period.

<u>Foreign Currency</u>
For the purpose of the consolidated financial statements, the results and financial position of each entity of the Group are expressed in the functional currency unit of the Company and the presentation currency of the consolidated financial statements.

Separate financial statements of the subsidiaries are prepared, and the separate financial statements of each entity of the Group are presented in the functional currency in which it operates. Transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the dates of those transactions. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange prevailing at that date. Non-monetary items carried at fair value and denominated in foreign currencies are translated at the exchange rates at the date when the fair value is determined. Non-monetary items measured at historical cost in a foreign currency are not reclassified.

Exchange differences are recognized in the consolidated statement of profit or loss in the period in which they arise except for:

- Foreign exchange differences on transactions made in order to hedge foreign exchange risk.
- Foreign exchange differences on monetary items due to / from a foreign operation that are not planned to be settled or are unlikely to be settled in the near future (and therefore these differences form part of the net investment in the foreign operation) are initially recognized in the consolidated statement of comprehensive income and reclassified from equity to the consolidated statement of profit or loss when selling or partially disposing of the net investment.

In order to present the consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated at the exchange rates prevailing at the statement of financial position date. Income is also translated at the average exchange rates for the period, unless exchange rates change significantly during that period, in which case the exchange rates prevailing on the transactions dates are used. The exchange differences therefrom, if any, are recognized in the consolidated statement of comprehensive income and stated in a separate line item under equity.

When foreign operations are disposed of (i.e. disposal of the Company's entire share from foreign operations, outcome of loss of control over a subsidiary within foreign operations, partial disposal of its share in a joint arrangement or associate of a foreign nature in which the held share becomes a financial asset), all foreign exchange differences accumulated in a separate item under equity regarding that transaction attributable to the Company's owners are reclassified to the consolidated statement of profit or loss.

Concerning the partial disposal of a subsidiary involving foreign operations that do not result in the Company's loss of control over the subsidiary, its share of accumulated exchange differences is credited to net comprehensive income at the rate at which the disposal was made. Such share is not recognized in the consolidated statement of income. As for all other partial liquidation (such as partial liquidation of associates or joint ventures that do not result in the Company's loss of significant influence or joint control), the share of accumulated exchange differences is reclassified to the consolidated statement of profit or loss.

Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its estimated borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liabilities are re-measured (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets are depreciated over the period of lease term or useful life of the underlying asset (which is shorter). If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS (36) to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in the consolidates statement of profit or loss.

<u>The Company as lessor</u>
The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies IFRS (15) to allocate the consideration under the contract to each component.

3. Adoption of new and revised Standards

a. New and amended IFRS Standards that are effective for the current year

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2021, have been adopted in the Preparation of the financial statements of the Group. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Interest Rate Benchmark Reform

In the prior year, the Group adopted the Phase 1 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9/IAS 39 and IFRS 7. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

In the current year, the Group adopted the Phase 2 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Company to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements.

The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.

There was no material impact on the amounts and disclosures described in the consolidated financial statements for both the Phase 1 and Phase 2 amendments as the Group does not have material financial instruments linked to IBOR.

COVID-19-Related Rent Concessions beyond June 30, 2021 - Amendment to IFRS 16

In the prior year, the Company early adopted Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before June 30, 2021.

In March 2021, the Board issued *Covid-19-Related Rent Concessions beyond June 30, 2021 (*Amendment *to IFRS 16)* that extends the practical expedient to apply to reduction in lease payments originally due on or before June 30, 2022.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022)
- There is no substantive change to other terms and conditions of the lease

The adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements as the Group did not have any leases impacted by the amendment.

b. <u>New and Revised Standards in issue but not yet effective</u>

At the date of authorization of these consolidated financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New and revised IFRSs	Effective date
IFRS 17 Insurance Contracts (including the June 2020 amendments to IFRS 17) IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees. In June 2020, the Board issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after January 1, 2023. At the same time, the Board issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after January 1, 2023. For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.	The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.	The effective date is yet to be set. Earlier application is permitted.

New and revised IFRSs	Effective date
Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or noncurrent is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.	The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted.
Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.	The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references.

New and revised IFRSs	Effective date
Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.	January 1, 2022, with early application permitted.
Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.	January 1, 2022, with early application permitted.

New and revised IFRSs	Effective date
Annual Improvements to IFRS Standards 2018-2020	
Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16 (a).	January 1, 2022, with early application permitted.
IFRS 9 Financial Instruments The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.	The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.
IFRS 16 Leases The amendment removes the illustration of the reimbursement of leasehold improvements.	As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.
IAS 41 Agriculture The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.	January 1, 2022, with early application permitted.

New and revised IFRSs	Effective date
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.	January 1, 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications: • A change in accounting estimate that results from new information or new developments is not the correction of an error • The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.	January 1, 2023, with earlier application permitted

New and revised IFRSs	Effective date
Amendments to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease. Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied. The amendments apply 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 an entity recognizes: • A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with: - Right-of-use assets and lease liabilities - Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset • The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.	January 1, 2023, with earlier application permitted

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's consolidated financial statements as and when they are applicable and the adoption of these new standards, interpretations and amendments, may have no material impact on the consolidated financial statements of the Company in the period of initial application, except for IFRS 17 that relates to insurance contracts whereas the Company is currently studying the effect of the standard on the consolidated financial statements and is currently updating the required financial systems and procedures in order to apply the standard and disclose the required information in the consolidated financial statements for year end 2022.

4. Use of Estimates

Preparation of the consolidated financial statements and application of the accounting policies require the Company's management to perform estimates and judgments that affect the amounts of the financial assets and liabilities, and disclosures relating to contingent liabilities. These estimates and judgments also affect revenues, expenses, provisions and investments revaluation reserve which present in owners' equity and/or policyholders' equity and consolidated comprehensive income. In particular, the Company's management is required to issue significant judgments to assess expected future cash flows and their timing. The above -mentioned estimates are based on several assumptions and factors with varying degrees of estimation and uncertainty. Moreover, the actual results may differ from the estimates due to changes resulting from the circumstances and situations of those estimates in the future.

Judgments and estimates and are periodically reviewed, the impact of the change in estimates of the current financial year in which the change exists is recorded in case the change affected the current financial period only, the changes in the estimates of the current financial period in which the change exists and for the future financial periods in case the change has an impact on the current financial period and future financial periods.

We believe that the estimates within the consolidated financial statements are reasonable. The details are as follows:

- Management periodically revaluates the productive lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of those assets and estimates of their expected productive lives in the future. Any impairment loss is taken to the consolidated statement of income.

- The claims provision and technical provisions are taken based on technical studies and according to the instructions of the Insurance Commission. Moreover, the mathematical reserve is taken based on actuarial studies.

- A provision for lawsuits against the Company is based on a legal study by the Company's lawyer according to which probable future risks are determined. Such studies are checked periodically.

- Calculation of the provision for expected credit losses: requires management to use significant judgments and estimates to estimate the amounts and timing of future cash flows and to estimate the risk of an increase in the credit risk of financial instruments after initial recognition and future measurement information for expected credit losses. The expected credit loss is measured as an expected credit loss provision over the life of the assets.

Determination of the number and relative weight of scenarios and the outlook for each type of product / market and the determination of future information relevant to each scenario: When measuring the expected credit loss, the Company uses reasonable and supported future information based on the assumptions of future variables of different economic variables and how these variables affect each other.

Probability of Default: The probability of default is a key input in measuring the expected credit loss. The probability of default is an estimate of the probability of default over a given period of time, which includes the calculation of historical data, assumptions, and expectations relating to future circumstances.

Loss on presumption of default: Loss on the presumption of default is an estimate of loss resulting from default. It is based on the difference between the contractual cash flows due and those that the financer expects to collect, considering the cash flows from the collateral (if any).

- The Group classifies financial instruments or components of financial assets at initial recognition either as a financial asset or financial liability or as a title deed in accordance with the substance of the contractual agreements and the definition of the instrument. The reclassification of a financial instrument is subject to the substance of the consolidated financial statements and not to its legal form.

- When measuring financial assets and liabilities, some of the Company's assets and liabilities are re -measured at fair value for financial reporting purposes. When estimating the fair value of any assets or liabilities, the Company uses available observable market data.

- Provision for income tax: The financial year is charged with its share from income tax according to the prevailing laws and regulations and IFRS, and the necessary tax provision is calculated and recorded accordingly.

- Real estate investments are evaluated by independent and certified real estate appraisers according to the resolutions issued by insurance management for the purpose of calculating the impairment. Moreover, their fair value is disclosed in the consolidated financial statements.

- Fair Value hierarchy: The Company is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. Differentiating between Level 2 and Level 3 fair value measurements, i.e. assessing whether inputs are observable and whether the unobservable inputs are significant, which require judgement and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability. When evaluating the fair value of the financial assets and liabilities, the company uses market information when these are available. In case the Level one inputs are not available. In case of Level one input doesn’t exist, the company deals with independent and qualified party to prepare evaluation studies. In such case, suitable evaluation methods and in puts used in preparing evaluation studies are reviewed by management.

5. Deposits at Banks - net

This item consists of the following:

	December 31, 2021									December 31, 2020		
	Deposits maturing within one month		Deposits maturing after a month till three months		Deposits maturing after three months till one year		Total			Total		
	Policyholders	Owners' Equity	Policyholders	Owners' Equity	Policyholders	Owners' Equity	Policyholders	Owners' Equity	Total	Policyholders	Owners' Equity	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Inside Jordan	33,863	55,414	-	-	2,145,247	9,169,279	2,179,110	9,224,693	11,403,803	2,146,354	7,046,322	9,192,676
Outside Jordan	-	-	-	837,772	-	2,201,236	-	3,039,008	3,039,008	-	2,921,825	2,921,825
(Less): Expected credit losses Provision	(282)	(304)	-	(4,602)	(17,851)	(62,454)	(18,133)	(67,360)	(85,493)	(18,133)	(67,360)	(85,493)
	33,581	55,110	-	833,170	2,127,396	11,308,061	2,160,977	12,196,341	14,357,318	2,128,221	9,900,787	12,029,008

* The return rates on deposits at banks in Jordanian Dinars range from 3.5% to 4%. Meanwhile, the rate of return on deposit balances outside of Jordan in US Dollars ranged from 3.6% to 4% during the year 2021.

6. Financial Assets at Fair Value Through Other Comprehensive Income

This item consists of the following:

	December 31, 2021		December 31, 2020	
	Policyholders	Owners' Equity	Policyholders	Owners' Equity
Inside Jordan:	JD	JD	JD	JD
Quoted shares listed in Amman Stock Exchange	-	1,121,538	-	938,150
Unquoted Shares *	-	16,280	-	14,276
	-	1,137,818	-	952,426
Outside Jordan:				
Quoted shares	-	309,650		209,000
Unquoted shares *	-	33,930	-	122,822
	-	343,580	-	331,822
Total	-	1,481,398	-	1,284,248

* This item represents financial assets doesn't have available market prices. The Fair value were estimated by the Group's management.

7. Financial Assets at Amortized Cost – Net

This item consists of the following:

	December 31, 2021			December 31, 2020		
	Policyholders	Owners' Equity	Total	Policyholders	Owners' Equity	Total
	JD	JD	JD	JD	JD	JD
Sukuk	992,436	3,058,052	4,050,488	991,359	5,382,380	6,373,739
Expected credit losses provision*	(790)	(5,564)	(6,354)	(790)	(5,564)	(6,354)
	991,646	3,052,488	4,044,134	990,569	5,376,816	6,367,385

- The above Sukuks have an annual fixed return rate that ranges from 3.88% to 5.64%.

- Sukuk returns are accrued on a semi-annual basis up to the maturity date. The maturity dates are ranges from 1 year to 7 years.

- During the year, Multiple sukuks with a face value of JD 2,375,298 were matured.

- During the year, Sukuk with a face value of JD 827,176 were sold and they resulted in a profit with an amount of JD 54,131.

- During the year, Sukuk with the value of JD 888,607 were purchased.

- Sukuk returns amounting to JD 284,322 were recognized during the year 2021.

- During the year, amortization was JD 9,384.

8. Real Estate Investments -Net

This item consists of the following:

	December 31,	
	2021	2020
	JD	JD
Land	5,004,525	5,004,525
Net buildings after depreciation*	1,661,262	1,712,960
Net Real estate investments	6,665,787	6,717,485

- The fair value of the real estate investments was estimated by three real estate valuators at JD 7,110,083.

- Buildings include an amount of JD 707,973 owned by policyholders and intended for investment in rental activities.

* Depreciation on property investments amounted to JD 51,698 for the year ended December 31, 2021 (JD 51,839 as of December 31, 2020).

9. Cash on Hand and at Banks

This item consists of the following:

	December 31, 2021			December 31, 2020		
	Policyholders	Owners' Equity	Total	Policyholders	Owners' Equity	Total
	JD	JD	JD	JD	JD	JD
Cash on hand	339,326	3,852	343,178	125,290	1,650	126,940
Current accounts at banks	1,277,749	114,773	1,392,522	581,705	164,002	745,707
	1,617,075	118,625	1,735,700	706,995	165,652	872,647

10. Checks under Collection - net

This item consists of the following:

	December 31, 2021	December 31, 2020
	JD	JD
Checks under collections *	4,023,886	3,082,183
(Less): Expected credit losses provision	(62,500)	(62,500)
	3,961,386	3,019,683

* Maturity of checks under collection are dated until March 30, 2023. Noting that checks that have a maturity date after one year amounted to JD 28,311.

11. Receivables - net

This item consists of the following:

	December 31, 2021	December 31, 2020
	JD	JD
Policyholders' receivable	12,746,199	14,870,754
Brokers' receivable	17,897	18,969
Employees' receivable	73,422	101,228
Owners' equity receivable	6,590	18,008
Other	40,744	69,918
Total	12,884,878	15,078,877
(Less): Expected credit losses provision*	(1,751,001)	(1,601,001)
	11,133,877	13,477,876

- The Company measures the loss allowance for receivables at an amount equal to the expected credit losses over the life of the receivable using the simplified methodology. The expected credit losses on accounts receivable are estimated using Provision matrix with reference to past experiences with customers and an analysis of the current financial position of debtors, with Adjustments according to factors specific to the debtors, the general economic conditions of the field in which the debtors operate and an assessment of the current trend as well as the expected trend of the conditions at the date of the report.

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

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
	JD	JD
Balance at the beginning of the year	1,601,001	1,151,001
Add: additions during the year – Note (33)	150,000	450,000
Balance at the end of the year	1,751,001	1,601,001

- The table below shows the aging of receivables:

December 31, 2021	Undue receivables	1-90 Days	91-180 Days	181-360 Days	More than 361 Days	Total
	JD	JD	JD	JD	JD	JD
Policyholders receivable	4,979,842	3,353,848	1,471,107	1,244,335	1,697,067	12,746,199
Brokers' receivable	-	2,291	1,063	5,686	8,857	17,897
Employees' receivable	73,422	-	-	-	-	73,422
Owners' Equity receivable	-	6,520	70	-	-	6,590
Other	-	37,007	811	2,159	793	40,770
Receivables	5,053,264	3,399,666	1,473,051	1,252,180	1,706,717	12,884,878

December 31, 2020	Undue receivables	1-90 Days	91-180 Days	181-360 Days	More than 361 Days	Total
	JD	JD	JD	JD	JD	JD
Policyholders receivable	5,458,853	4,053,989	1,942,071	1,999,456	1,416,385	14,870,754
Brokers' receivable	-	1,560	1,177	11,752	4,480	18,969
Employees' receivable	98,103	3,125	-	-	-	101,228
Owners' Equity receivable	-	2,275	12,413	3,320	-	18,008
Other	-	53,614	2,965	11,380	1,959	69,918
Receivables	5,556,956	4,114,563	1,958,626	2,025,908	1,422,824	15,078,877

Noting that total scheduled and un-due debts amounted to JD 5,053,264 as of December 31, 2021.

12. Reinsurance Receivables - Net

This item consists of the following:

	December 31, 2021	December 31, 2020
	JD	JD
Local insurance companies	1,312,885	1,734,596
Foreign reinsurance companies	1,593,007	727,382
Total reinsurance receivables	2,905,892	2,461,978
(Less): Expected credit losses provision*	(170,000)	(170,000)
	2,735,892	2,291,978

The table below shows the aging of reinsurance receivables:

	Undue receivables	1-90 days	91-180 days	181-360 days	More than 361 days	Total
	JD	JD	JD	JD	JD	JD
December 31, 2021:						
Local insurance companies	481,419	172,093	108,344	400,803	150,226	1,312,885
Foreign reinsurance companies	-	730,987	757,271	89,976	14,773	1,593,007
Reinsurance receivables	481,419	903,080	865,615	490,779	164,999	2,905,892
December 31, 2020:						
Local insurance companies	1,101,794	271,082	135,744	104,912	121,064	1,734,596
Foreign reinsurance companies	11,638	466,318	152,764	61,684	34,978	727,382
Reinsurance receivables	1,113,432	737,400	288,508	166,596	156,042	2,461,978

13. Property and Equipment - net

The details of this item are as follows:

	Lands	Buildings	Offices	Equipment, and Furniture	Vehicles	Decorations	Total
For the Year 2021	JD	JD	JD	JD	JD	JD	JD
Cost:							
Balance at the beginning of the year	2,676,458	5,227,045	1,555,899	2,123,047	161,914	883,783	12,628,146
Additions	-	-	-	38,757	-	11,052	49,809
Disposals	-	-	-	2,649	-	-	2,649
Balance at the end of the year	2,676,458	5,227,045	1,555,899	2,159,155	161,914	894,835	12,675,306
Accumulated depreciation:							
Balance at the beginning of the year	-	395,881	160,505	839,095	91,434	443,059	1,929,974
Depreciation for the year	-	104,541	31,118	176,175	21,675	79,301	412,810
Disposals	-	-	-	(2,453)	-	-	(2,453)
Balance at the end of the year	-	500,422	191,623	1,012,817	113,109	522,360	2,340,331
Net book value at the end of the year	2,676,458	4,726,623	1,364,276	1,146,338	48,805	372,475	10,334,975
For the Year 2020							
Cost:							
Balance at the beginning of the year	2,676,458	1,461,649	1,555,899	999,975	161,914	523,556	7,379,451
Additions	-	-	-	67,279	-	13,068	80,347
Transfers from projects under construction	-	3,765,396	-	1,138,807	-	347,159	5,251,362
Disposals	-	-	-	(83,014)	-	-	(83,014)
Balance at the end of the year	2,676,458	5,227,045	1,555,899	2,123,047	161,914	883,783	12,628,146
Accumulated depreciation:							
Balance at the beginning of the year	-	341,603	129,302	811,880	67,111	385,105	1,735,001
Depreciation for the year	-	54,278	31,203	110,229	24,323	57,954	277,987
Disposals	-	-	-	(83,014)	-	-	(83,014)
Balance at the end of the year	-	395,881	160,505	839,095	91,434	443,059	1,929,974
Net book value at the end of the year	2,676,458	4,831,164	1,395,394	1,283,952	70,480	440,724	10,698,172
Depritiation Rate%	-	2	2	20 -10	15	20 -10	

- Fully depreciated property and equipment amounted to JD 945,089 as at 31 December 2021 (JD 937,809 as at 31 December 2020).
- The disposal resulted in a profits of JD 130 which were recorded in the Company's consolidated statement of profit or loss as of December 31, 2021 (JD 3,148, as of December 31, 2020)

14. Intangible Assets - net

This item consists of the following:

	Computer Software and Programs	
	December 31,	
	2021	2020
	JD	JD
Balance at the beginning of the year	933,802	939,698
Additions	57,106	124,119
Balance at the end of the year	990,908	1,063,817
Amortization	(134,790)	(130,015)
Net book value at the end of the year	856,118	933,802
Annual Amortization Rate	10% - 25%	10% - 25%

15. Other Assets

This item consists of the following:

	December 31, 2021			December 31, 2020		
	Policyholders	Owners' Equity	Total	Policyholders	Owners' Equity	Total
	JD	JD	JD	JD	JD	JD
Accrued and un-received revenue*	26,489	340,419	366,908	25,211	591,064	616,275
Prepaid expenses	-	176,436	176,436	-	193,138	193,138
Refundable insurance deposits	5,510	33,945	39,455	5,510	38,554	44,064
	31,999	550,800	582,799	30,721	822,756	853,477

* This item includes an amount of JD 231,513, which represents a lawsuit related to stamps with the Ministry of Finance, for which the final court decision was issued in favor of the Company during the year 2020, and it was collected during the year.

16. Payables

This item consists of the following:

	December 31, 2021			December 31, 2020
	Policyholders	Owners' Equity	Total	Total
	JD	JD	JD	JD
Agents payable	154,114	-	154,114	180,009
Brokers payable	175,679	-	175,679	196,964
Employees payable	-	5,087	5,087	76,243
Suppliers payable	480,403	48,059	528,462	475,510
Other *	1,302,933	49,302	1,352,235	1,115,735
Total	2,113,129	102,448	2,215,577	2,044,461

* This item consists of amounts payable to customers, loss adjusters, lawyers, consultants, and medical network provider.

17. Reinsurers Payable

This item consists of the following:

	December 31, 2021			December 31, 2020
	Policyholders	Owners' Equity	Total	Total
	JD	JD	JD	JD
Local insurance companies	270,998	6,193	277,191	346,695
Foreign reinsurance companies	6,773,395	-	6,773,395	6,564,747
	7,044,393	6,193	7,050,586	6,911,442

18. Various provisions

This item consists of the following:

	December 31,	
	2021	2020
	JD	JD
Provision for operations inconsistent with the Islamic Sharia Law	-	2,258
Board of Directors Remuneration	45,000	45,000
	45,000	47,258

-The movement in various provisions is as follows:

	Balance Beginning of the Year	Added During the Year	Paid During the Year	December 31, 2021	December 31, 2020
	JD	JD	JD	JD	JD
Provision for operations inconsistent with the Islamic Sharia Law	2,258	-	2,258	-	2,258
Board of Directors Remuneration	45,000	45,000	45,000	45,000	45,000
	47,258	45,000	47,258	45,000	47,258

19. Income Tax

a. Income tax provision

Movement on the income tax provision is as follows:

	December 31, 2021			December 31, 2020		
	Policyholders	Owners' Equity	Total	Policyholders	Owners' Equity	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	156,208	354,657	510,865	41,498	367,683	409,181
Income tax paid	(5,477)	(572,083)	(577,560)	(3,858)	(501,932)	(505,790)
Accrued income tax for the year	2,268	108,927	111,195	118,568	488,906	607,474
Balance at the end of the year	152,999	(108,499)	44,500	156,208	354,657	510,865

b. Income tax in the consolidated statement of policyholders' revenue and expenses and the consolidated statement of profit or loss is as follows:

	December 31, 2021			December 31, 2020		
	Policyholders	Owners' Equity	Total	Policyholders	Owners' Equity	Total
	JD	JD		JD	JD	
Accrued income tax for the year profits	2,268	108,927	111,195	118,568	488,906	607,474
Deferred tax assets effect	(10,957)	-	(10,957)	(179,363)	-	(179,363)
(Surplus) Income tax expense	(8,689)	108,927	100,238	(60,795)	488,906	428,111

- The Company has obtained a final settlement from the Income and Sales Tax Department until the end of 2018.

- A tax return was submitted for the year 2019 and 2020 within the legal period and was not audited by the Income and Sales Tax Department, and no final decision was issued in this regard.

- In the management and the Company tax expert opinion, the income tax provision is considered appropriate as of December 31, 2021.

- The income tax provision was calculated for the parent Company in accordance with the Income Tax Law at a rate of 26% for balances inside the Kingdom while a rate of 10% for the balances outside the kingdom, and this is in according to the amended Income Tax Law (38/2018).

- The provision for income tax was calculated for subsidiaries in accordance with Income Tax Law (38/2018) with a percentage of 20%.

c. Deferred Tax Assets/Liabilities:

Deferred Tax Assets and Liabilities are a result of temporary differences in terms of items that appear in the Company's consolidated financial statements and details as follows:

	For the year ended December 31, 2021					For the year ended December 31, 2020
	Year Beginning Balance	Amounts added	Amounts released	Balance at the End of the Year	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Deferred Tax Assets:						
Expected Credit Losses – Receivables	1,601,001	150,000	-	1,751,001	455,260	416,260
Expected Credit Losses – Reinsurance Receivables	170,000	-	-	170,000	44,200	44,200
Expected Credit Losses –Banks deposits	85,494	-	-	85,494	22,228	22,228
Expected Credit Losses – Sukuk	6,355	-	-	6,355	1,652	1,652
Expected Credit Losses – Checks under collection	62,500	-	-	62,500	16,250	16,250
Cumulative change in fair value of financial assets through other comprehensive income	332,596	320,838	332,596	320,838	32,085	33,260
IBNR – net	1,101,631	-	107,857	993,774	258,381	286,424
Premium Deficiency Reserve*	-	233,000	-	233,000	60,580	-
Unallocated Loss Adjustment Expense Reserve*	-	200,000	-	200,000	52,000	-
	3,359,577	903,838	440,453	3,822,962	942,636	820,274
Deferred Tax Liabilities:						
Cumulative change in fair value of financial assets through comprehensive income	3,061	43,965	3,961	43,965	11,431	796
	3,061	43,965	3,061	43,965	11,431	796

- No deferred taxes have been calculated for the subsidiary Company, as the investment income in the shares is not taxable according to the Income Tax Law (38/2018).

- Additional technical reserves amount to JD 433K and deferred tax assets in the amounting to JD 112,580 were recorded and shown in net within the retained earnings.

20. Other Liabilities

This item consists of the following:

	December 31, 2021			December 31, 2020		
	Policyholders	Owners' Equity	Total	Policyholders	Owners' Equity	Total
	JD	JD	JD	JD	JD	JD
Various governmental deposits	238,698	48,456	287,154	173,469	75,559	249,028
Various deposits	146,436	406,547	552,983	910	404,423	405,333
	385,134	455,003	840,137	174,379	479,982	654,361

21. Policyholders' Surplus

Below is the movement summary of the policyholders' surplus:

	December 31,	
	2021	2020
	JD	JD
Balance at the beginning of the year	-	-
Policyholders' (deficit) surplus during the year	10,749	(141,865)
Transferred from deficit cover reserve (contingencies provision)	(10,749)	141,865
Balance at the end of the year	-	-

- An approval from Al-Sharia Supervisory Committee was taken to allocate the full surplus as the deficit coverage reserve in the fund.

22. Deficit Cover Reserve (Contingency Provision)

- The accumulative balances in the account represents what has been transferred from the policyholders' fund surplus during this year and previous years.

- Below is the movement summary of the cover deficit reserve (contingencies provision):

	December 31,	
	2021	2020
	JD	JD
Balance at the beginning of the year	3,411	145,276
Transfers from reserve to cover the policyholders' fund deficit	10,749	(141,865)
Balance at the end of the year	14,160	3,411

23. Capital

Authorized and paid up-capital amounted to JD 28 million as of December 31, 2021 and 2020 distributed over 28 million shares, with a par value of JD 1 per share.

24. Statutory Reserve

The amounts in this account represent appropriations from the annual income before tax at 10% during the current and previous years according to the Companies Law and this reserve is not distributable to shareholders.

25. Financial Investments Valuation Reserve – net after tax

This item consists of the following:

	December 31,	
	2021	2020
	JD	JD
Balance at the beginning of the year	(1,917,805)	(1,715,994)
Unrealized (loss) gain for financial assets at fair value through comprehensive income	170,206	(201,881)
Losses resulted from the sale of a subsidiary Company	1,508,528	-
Balance at the end of the year	(239,071)	(1,917,805)

26. Retained Earnings

a. This item consists of the following:

	December 31,	
	2021	2020
	JD	JD
Balance at the beginning of the year	3,522,266	3,387,709
Prior years adjustments	(320,420)	-
Adjusted balance	3,201,846	3,387,709
Profit for the year	2,080,560	1,612,354
(Losses) resulted from a sale of a subsidiary Company	(1,508,528)	-
Transferred to statutory reserve	(66,912)	(217,797)
Profits distributed to shareholders	(980,000)	(1,260,000)
Balance at the end of the year	2,726,966	3,522,266

b. Proposed dividends:

In its meeting held on February 21, 2022, the Board of Directors decided to give a recommendation to the General Assembly which will be held on April 26 ,2022 to approve a distribution of 4% from the group's capital as cash dividends to shareholders for year 2021 profits.

27. Investments Income – Takaful Insurance

This item consists of the following:

	2021		2020	
	Policyholders	Owners' Equity	Policyholders	Owners' Equity
	JD	JD	JD	JD
Income from deposits	63,028	427,656	61,293	404,518
Shareholders share in return to managing the investments portfolio	(22,060)	22,060	(21,452)	21,452
Total	40,968	449,716	39,841	425,970

- The compensation for managing the investments is determined based on the Islamic principle Modaraba, which is based on the budgets prepared by the Company and on a fair basis to policyholders.

- The Company strictly separates the assets and liabilities of the policyholders and those of equity owners. Therefore, the investment returns of the assets of the policyholders are determined accurately.

- As for the investing policyholders' surplus, the contractual relation between the equity owners and policyholders is based on the Islamic principle Modaraba against a percentage from the investment's income.

- The Al-Sharia Supervisory Committee determined the owners' equity Mudaraba share in return to management for the years 2021 and 2020, the percentage from the investment's income was 35%.

28. Gains from financial assets and investments

This item consists of the following:

	2021			2020		
	Policyholders	Owners' Equity	Total	Policyholders	Owners' Equity	Total
	JD	JD	JD	JD	JD	
Rental income – net *	7,700	150,966	158,666	7,060	103,363	110,423
Dividends received from financial assets at fair value through comprehensive income	-	28,760	28,760	-	36,735	36,735
Returns on sukuk and wakala investments	55,975	228,347	284,322	56,017	273,747	329,764
Currency differences	-	-	-	1,170	-	1,170
Other income	-	103,268	103,268	-	219,809	219,809
Total gains from financial assets and investments	63,675	511,341	575,016	64,247	633,654	697,901
Shareholders' share in return of investment property portfolio management	(22,286)	22,286	-	(22,487)	22,487	-
	41,389	533,627	575,016	41,760	656,141	697,901

* After deduction the depreciation for the year amounted to JD 51,698 – Note (8).

** This item includes the profits generated from the sales of Sukkuk with a value of JD 54,131 – Note (7).

*** This item includes the revenue from the subsidiary with the value of JD 16,584.

29. Owners’ Share for Takaful Operations Activities Management

- The contractual relationship between owners’ equity and policyholders represents an agent relationship to manage the insurance business through a specialized staff appointed for this mission.

- Wakala fees determined for year 2021 a percentage of %17 for the motor departments (17% for 2020), 19% for the medical department deducted from it the management fees (22% for 2020), 25% for the marine department (25% for 2020), 7% for the aviation department (7% for 2020), 20% for the fire department and other damages (20% for 2020), 25% for the liability and other departments (25% for 2020), and 15.5% for Takaful insurance department – Life (22% for 2020). Moreover, Wakala fees were decreased to a percentage of 10% for the policies issued by the departments owned by policyholders from insurance contributions utilized against real estate rentals, except for the returned policies for which Wakala fees have been set at 100% optionally, and a percentage of 10% is charged on the insurance contributions for the policies issued by the said departments, provided that the value of this percentage does not exceed 90% of the reinsurance commission. As for the surplus of the bondholders’ funds, the contractual relationship between owners’ equity and policyholders is based on Islamic principle Mudabara against a share of the investment profits. In year 2021 it was set at 35% of the investment profits.

- Compensation for the investment management parties is based on the Islamic principles of (Modaraba & Wakala) and the Company’s budgets and is determined fairly for the policyholders. Moreover, the Company strictly separates the assets and liabilities of the policyholders from those of the equity owners. Therefore, the returns on the policyholders’ assets are determined accurately.

30. General and Administrative Expenses

This item consists of the following:

	2021	2020
	JD	JD
Stationery and printing	70,071	86,568
Advertisements	67,802	48,605
Sharia’ Supervisory Committee’s fees	30,900	30,900
Board of Directors' expenses	162,400	162,136
Water, electricity, and heating	77,437	66,324
Maintenance	17,543	43,078
Cleaning	46,724	40,355
Mail and communications	75,631	92,528
Rents	84,629	119,459
Technical consultations fees	109,985	139,293
Hospitality	27,089	23,703
Professional fees	96,421	83,262
Subscriptions and license fees	74,539	61,433
Tenders expenses and bank charges	5,001	8,120
Computer supplies	195,677	197,354
Legal and litigations expenses	2,564	1,223
Sales tax expenses	19,007	103,596
Other	108,648	95,269
	1,272,068	1,403,206

31. Employees Expenses

This item consists of the following:

	2021	2020
	JD	JD
Salaries and bonuses	3,063,722	3,100,249
Company's share from social security contributions	329,852	321,344
Company's Contribution in medical and takaful insurance	218,067	224,452
Travel and transportations	28,786	21,176
Staff training and developments	4,536	2,385
	3,644,963	3,669,606

32. Expected Credit Losses:

This item consists of the following:

	2021	2020
	JD	JD
Receivables - (Note 11)	150,000	450,000
	150,000	450,000

33. Earnings per Share

Earnings per share is calculated by dividing the net earnings for the year over the weighted average common stock as follows:

	For the Year Ended December 31,	
	2021	2020
	JD	JD
Profit for the year	2,085,308	1,612,354
	Share	Share
Weighted average of number of shares	28,000,000	28,000,000
	JD/Share	JD/Share
Earnings per share (basic & diluted)	0/075	0/058

34. Cash and Cash Equivalent

Cash and cash equivalent included in the consolidated statement of cash flows consists of the amounts shown in the consolidated statement of financial position as follows:

	December 31,	
	2021	2020
	JD	JD
Cash on hand and at banks	1,735,700	872,647
Add: Deposits at banks maturing within three months	921,861	1,480,389
Cash and cash equivalents at the end of the year	2,657,561	2,353,036

35. Related Party Balances and Transactions

The Group engaged in transactions with major shareholders, directors, and key management personnel according within normal business activities. All the insurance receivables granted to the related parties are considered to be active, and no provisions have been recorded.

Pricing policy and terms related to these transactions are approved by the Group's management.

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

	Major Shareholders, Board Members, and Sharia Supervisory Committee	Executive Management	Sister Company	2021	2020
	JD	JD	JD	JD	JD
Consolidated Statement of Financial Position Items					
Accounts receivable	6,590	31,279	-	37,869	62,017
Accounts payable	-	-	-	-	-
Deposit outside of Jordan	-	-	3,039,008	3,039,008	2,921,825
Consolidated Statement of profit or loss and Comprehensive Income Items					
Investments Income	-	-	116,511	116,511	131,118
Takaful Insurance contributions	952	-	-	952	1,992

Executive management salaries and rewards:

The salaries and bonuses of the Executive Management of the group amounted to JD 911,712 for the year ended December 31, 2021 (JD 1,051,481 for the year ended December 31, 2020).

36. Risk Management

First: Explanatory Disclosures:

The Group manages its risks in various ways through a comprehensive strategy to mitigate and minimize risks and establish the right control in order to ensure continuity of its effectiveness along with a risk control system to achieve the optimum risk-return balance. The process of risk management includes continuous identification, measurement, and control of financial and non-financial risks that might negatively affect the Company's performance and reputation, in addition to ensuring effective distribution of the Company's capital to achieve the optimum risk-return balance. The Company is exposed to the following risks: market risks, liquidity risks, insurance risks, return rate and commission risks.

Second: Quantitative Disclosures:

a. Insurance Risk

1. Insurance Risk

Risks of any insurance policy represents the probability of occurrence of the insured accident and the uncertainty of the related claim amount due to the nature of the insurance policy whereby the risks are volatile and unexpected in connection with insurance policies of a certain insurance class. As regards the application of the probability theory on pricing and the reserve, the primary risks facing the Company are that incurred claims and the related payments may exceed the book value of the insurance obligations. This may happen if the probability and risk of claims are greater than expected. As insurance accidents are unstable and vary from one year to another, estimates may differ from the related statistics.

Studies have shown that the more similar the insurance policies are, the nearer the expectations are to the actual loss. Moreover, diversifying the types of covered insurance risks decreases the probability of the overall insurance loss.

Through its staff, the Group provides the best service to its customers. Accordingly, a plan has been prepared to protect them against potential risks. This requires taking the necessary provisions and making available the technical staff necessary to maintain continuity of the Group.

The steps taken includes extending the assumptions to internal data derived from the quarterly claims reports and the insurance policies performed as at the balance sheet date to derive the existing insurance contracts. Selection of the applicable results for the year accidents for each insurance type is based on evaluating the most appropriate mechanism for monitoring the related development.

2. Claims Development

The schedules below show the actual claims (based on management's estimates at year-end) compared to the expectations for the past four years based on the year in which the accident took place for all insurance types as follows:

Motor Insurance for Takaful Insurance Activities:

Year in Which the Accident Occurred	2017 and Earlier	2018	2019	2020	2021	Total
	JD	JD	JD	JD	JD	JD
As at the end of the year	6,619,265	4,844,100	5,962,681	6,062,566	4,915,388	28,404,000
After one year	7,097,091	4,517,103	5,752,023	4,647,175	-	22,013,392
After two years	7,417,878	4,697,417	5,586,734	-	-	17,702,029
After three years	7,550,228	4,548,999	-	-	-	12,099,227
After four years	7,666,351	-	-	-	-	7,666,351
Current expectations of cumulative claims	7,666,351	4,548,999	5,586,734	4,647,175	4,915,388	27,364,647
Cumulative payments	8,713,437	4,253,898	5,210,787	3,231,784	4,915,388	26,325,294
Liabilities as stated in the consolidated statement of financial position	307,376	260,348	629,139	1,108,643	4,915,388	7,220,894
(Deficit) Surplus	(1,047,086)	295,101	375,947	1,415,391	-	1,039,353

Motor Insurance for General Insurance Activites:

Year in Which the Accident Occurred	2017 and Earlier	2018	2019	2020	2021	Total
	JD	JD	JD	JD	JD	JD
As at the end of the year	-	-	-	-	-	-
After one year	-	-	-	-	-	-
After two years	-	-	-	-	-	-
After three years	-	-	-	-	-	-
After four years	-	-	-	-	-	-
Current expectations of cumulative claims	-	-	-	-	-	-
Cumulative payments	-	-	-	-	-	-
Liabilities as stated in the consolidated statement of financial position	-	-	-	-	-	-
Deficit	-	-	-	-	-	-

Marine Insurance for Takaful Insurance Activities:

Year in Which the Accident Occurred	2017 and Earlier	2018	2019	2020	2021	Total
	JD	JD	JD	JD	JD	JD
As at the end of the year	87,439	51,909	161,483	33,498	43,036	377,365
After one year	80,160	55,365	16,595	15,025	-	167,145
After two years	99,082	53,492	6,945	-	-	159,519
After three years	94,395	53,492	-	-	-	147,887
After four years	95,724	-	-	-	-	95,724
Current expectations of cumulative claims	95,724	53,492	6,945	15,025	43,036	214,222
Cumulative payments	104,009	55,075	(147,593)	(3,448)	43,036	51,079
Liabilities as stated in the consolidated statement of financial position	1,470	10,000	-	-	43,036	54,506
Surplus (Deficit)	(8,285)	(1,583)	154,538	18,473	-	163,143

Marine Insurance for General Insurance Activities:

Year in Which the Accident Occurred	2017 and Earlier	2018	2019	2020	2021	Total
	JD	JD	JD	JD	JD	JD
As at the end of the year	-	-	-	-	-	-
After one year	-	-	-	-	-	-
After two years	-	-	-	-	-	-
After three years	-	-	-	-	-	-
After four years	-	-	-	-	-	-
Current expectations of cumulative claims	-	-	-	-	-	-
Cumulative payments	-	-	-	-	-	-
Liabilities as stated in the consolidated statement of financial position	-	-	-	-	-	-
Surplus	-	-	-	-	-	-

Fire and Other Damages to Property for Takaful Insurance Actvities:

Year in Which the Accident Occurred	2017 and Earlier	2018	2019	2020	2021	Total
	JD	JD	JD	JD	JD	JD
As at the end of the year	853,696	832,116	148,237	552,809	2,597,458	4,984,316
After one year	755,036	699,326	81,749	503,665	-	2,039,776
After two years	727,119	703,809	87,357	-	-	1,518,285
After three years	684,529	704,574	-	-	-	1,389,103
After four years	682,023	-	-	-	-	682,023
Current expectations of cumulative claims	682,023	704,574	87,357	503,665	2,597,458	4,575,077
Cumulative payments	510,350	577,032	26,477	454,521	2,597,458	4,165,838
Liabilities as stated in the consolidated statement of financial position	52,997	1,079	2,050	4,077	2,597,458	2,657,661
Surplus	171,673	127,542	60,880	49,144	-	409,239

Fire and Other Damages to Property for General Insurance Activities:

Year in Which the Accident Occurred	2017 and Earlier	2018	2019	2020	2021	Total
	JD	JD	JD	JD	JD	JD
As at the end of the year	61,026	-	-	-	-	61,026
After one year	39,338	-	-	-	-	39,338
After two years	39,338	-	-	-	-	39,338
After three years	39,338	-	-	-	-	39,338
After four years	39,338	-	-	-	-	39,338
Current expectations of cumulative claims	39,338	-	-	-	-	39,338
Cumulative payments	17,650	-	-	-	-	17,650
Liabilities as stated in the consolidated statement of financial position	2,291	-	-	-	-	2,291
Surplus	21,688	-	-	-	-	21,688

Liability Insurance for Al-Takaful Insurance Activities:

Year in Which the Accident Occurred	2017 and Earlier	2018	2019	2020	2021	Total
	JD	JD	JD	JD	JD	JD
As at the end of the year	159,332	14,265	263,954	147,704	27,200	612,455
After one year	119,791	8,702	292,068	135,072	-	555,633
After two years	102,546	8,701	323,480	-	-	434,727
After three years	104,287	11,688	-	-	-	115,975
After four years	114,313	-	-	-	-	114,313
Current expectations of cumulative claims	114,313	11,688	323,480	135,072	27,200	611,753
Cumulative payments	69,294	9,111	383,006	122,440	27,200	611,051
Liabilities as stated in the consolidated statement of financial position	12,678	-	397,400	134,955	27,200	572,233
Surplus (Deficit)	45,019	2,577	(59,526)	12,632	-	702

Liability Insurance for the General Insurance Activities:

Year in Which the Accident Occurred	2017 and Earlier	2018	2019	2020	2021	Total
	JD	JD	JD	JD	JD	JD
As at the end of the year	33,888	-	-	50,232	-	84,120
After one year	33,888	-	-	50,000	-	83,888
After two years	33,888	-	-	-	-	33,888
After three years	33,888	-	-	-	-	33,888
After four years	33,888	-	-	-	-	33,888
Current expectations of cumulative claims	33,888	-	-	50,000	-	83,888
Cumulative payments	33,888	-	-	49,768	-	83,656
Liabilities as stated in the consolidated statement of financial position	16,000	-	-	-	-	16,000
Surplus	-	-	-	232	-	232

Other General Accident Insurance for Takaful Insurance Activities:

Year in Which the Accident Occurred	2017 and Earlier	2018	2019	2020	2021	Total
	JD	JD	JD	JD	JD	JD
As at the end of the year	104,246	62,944	205,897	113,208	144,996	631,291
After one year	79,860	39,643	238,965	92,000	-	450,468
After two years	68,364	39,643	264,666	-	-	372,673
After three years	69,524	53,191	-	-	-	122,715
After four years	76,209	-	-	-	-	76,209
Current expectations of cumulative claims	76,209	53,191	264,666	92,000	144,996	631,062
Cumulative payments	48,172	43,438	323,435	70,792	144,996	630,833
Liabilities as stated in the consolidated statement of financial	45,801	12,500	102,500	88,710	144,996	394,507
Surplus (Deficit)	28,037	9,753	(58,769)	21,208	-	229

Other General Accident Insurance for General Insurance Activities:

Year in Which the Accident Occurred	2016 and Earlier	2018	2019	2020	2021	Total
	JD	JD	JD	JD	JD	JD
As at the end of the year	-	-	-	-	-	-
After one year	-	-	-	-	-	-
After two years	-	-	-	-	-	-
After three years	-	-	-	-	-	-
After four years	-	-	-	-	-	-
Current expectations of cumulative claims	-	-	-	-	-	-
Cumulative payments	-	-	-	-	-	-
Liabilities as stated in the consolidated statement of financial	-	-	-	-	-	-
Surplus	-	-	-	-	-	-

Medical Insurance for Al-Takaful Insurance Activities:

Year in Which the Accident Occurred	2017 and Earlier	2018	2019	2020	2021	Total
	JD	JD	JD	JD	JD	JD
As at the end of the year	1,332,301	1,344,378	1,476,657	1,336,286	1,746,819	7,236,441
After one year	1,277,868	1,250,000	1,238,220	1,277,971	-	5,044,059
After two years	1,277,868	1,250,000	1,238,220	-	-	3,766,088
After three years	1,277,868	1,250,000	-	-	-	2,527,868
After four years	1,277,868	-	-	-	-	1,277,868
Current expectations of cumulative claims	1,277,868	1,250,000	1,238,220	1,277,971	1,746,819	6,790,878
Cumulative payments	1,223,435	1,155,622	999,783	1,219,656	1,746,819	6,345,315
Liabilities as stated in the consolidated statement of financial	-	-	-	-	1,746,819	1,746,819
Surplus	54,433	94,378	238,437	58,315	-	445,563

Medical Insurance for the General Insurance Activities:

Year in Which the Accident Occurred	2017 and Earlier	2018	2019	2020	2021	Total
	JD	JD	JD	JD	JD	JD
As at the end of the year	-	-	-	-	-	-
After one year	-	-	-	-	-	-
After two years	-	-	-	-	-	-
After three years	-	-	-	-	-	-
After four years	-	-	-	-	-	-
Current expectations of cumulative claims	-	-	-	-	-	-
Cumulative payments	-	-	-	-	-	-
Liabilities as stated in the consolidated statement of financial position	-	-	-	-	-	-
Surplus	-	-	-	-	-	-

Social Takaful Insurance (Life Insurance Activities):

Year in Which the Accident Occurred	2017 and Earlier	2018	2019	2020	2021	Total
	JD	JD	JD	JD	JD	JD
As at the end of the year	990,525	268,791	612,830	1,851,629	802,081	4,525,856
After one year	985,672	295,063	654,034	1,690,961	-	3,625,730
After two years	977,672	150,000	482,361	-	-	1,610,033
After three years	977,672	192,706	-	-	-	1,170,378
After four years	977,672	-	-	-	-	977,672
Current expectations of cumulative claims	977,672	192,706	482,361	1,690,961	802,081	4,145,781
Cumulative payments	964,819	116,621	351,892	1,530,293	802,081	3,765,706
Liabilities as stated in the consolidated statement of financial position	-	42,706	19,651	98,336	802,081	962,774
(Deficit)	12,853	76,085	130,469	160,668	-	380,075

Life Insurance for General Insurance Activities:

Year in Which the Accident Occurred	2017 and Earlier	2018	2019	2020	2021	Total
	JD	JD	JD	JD	JD	JD
As at the end of the year	-	-	-	-	-	-
After one year	-	-	-	-	-	-
After two years	-	-	-	-	-	-
After three years	-	-	-	-	-	-
After four years	-	-	-	-	-	-
Current expectations of cumulative claims	-	-	-	-	-	-
Cumulative payments	-	-	-	-	-	-
Liabilities as stated in the consolidated statement of financial	-	-	-	-	-	-
Surplus	-	-	-	-	-	-

3. Concentration of Insurance Risk:

Concentration of assets and liabilities according to Takaful Insurance type is as follows:

For the Year Ended December 31, 2021:

	Motor	Marine	Aviation	Fire and other damages	Liability	Medical	Other branches	Takaful Insurance (Life)	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Gross	14,539,475	330,645	456,393	5,955,347	622,646	8,911,929	1,161,081	1,204,831	33,182,247
Net	10,142,622	42,089	-	126,936	24,642	3,749,561	129,640	316,368	14,531,860

For the Year Ended December 31, 2020:

	Motor	Marine	Aviation	Fire and other damages	Liability	Medical	Other branches	Takaful Insurance (Life)	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Gross	15,607,430	214,376	271,039	4,548,530	569,110	8,007,489	1,277,875	2,356,671	32,852,520
Net	11,660,100	33,498	-	91,511	29,466	3,605,673	99,172	499,290	16,018,710

- Concentration of Insurance Risk:

Concentration of assets and liabilities according to general insurance type is as follows:

For the Year Ended December 31, 2021:

	Motor	Marine	Aviation	Fire and other Damages	Liability	Medical	Other branches	Takaful Insurance (Life)	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Gross	-	-	-	2,291	16,000	-	-	-	18,291
Net	-	-	-	178	6,075	-	-	-	6,253

For the Year Ended December 31, 2020:

	Motor	Marine	Aviation	Fire and other Damages	Liability	Medical	Other branches	Takaful Insurance (Life)	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Gross	10,000	-	-	2,291	109,483	-	-	4,200	125,974
Net	10,000	-	-	178	6,715	-	-	4,200	21,093

The concentration in assets and liabilities related to insurance contracts according to geographical sectors is as follows:

	December 31, 2021		December 31, 2020	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
According to geographical area:				
Inside the kingdom	49,913,930	19,674,553	49,202,829	18,682,084
Other Middle Eastern countries *	7,759,127	1,237,615	9,910,426	5,798,527
Europe	1,158,963	3,856,595	252,780	1,783,262
	58,832,020	24,768,763	59,366,035	26,263,873

* This item includes all Asian countries excluding the Hashemite Kingdom of Jordan and the Middle East countries.

4. Reinsurance Risk

As with other insurance companies and for the purpose of reducing exposure to financial losses that may arise from major insurance claims, the Company, within the normal course of its operations, enters reinsurance contracts with other parties.

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

In order to reduce exposure to the financial losses that may arise from the major insurance claims, the Group enters into reinsurance agreements with other parties.

5. Sensitivity of Insurance Risks

	December 31, 2021		December 31, 2020	
	Consolidated profit or loss Statement	Owners' Equities and Policyholders’	Consolidated profit or loss Statement	Owners' Equities and Policyholders’
	JD	JD	JD	JD
Consolidated profit or loss / Consolidated Owners’ Equity	2,085,308	34,049,097	1,612,354	33,098,751
Impact of decrease of gross premiums by 5% while holding other variables constant	(2,330,228)	(2,330,228)	(2,274,513)	(2,274,513)
Total	(244,920)	31,718,869	(662,159)	30,824,238
Consolidated income / Consolidated Owners’ Equity	2,085,308	34,049,097	1,612,354	33,098,751
Impact of increase in gross claims by 5% while holding other variables constant	(1,860,209)	(1,860,209)	(1,503,225)	(1,503,225)
Total	(225,099)	(32,188,888)	(109,129)	31,595,526

b. Financial Risk

The Group follows financial policies to manage the various risks within a predefined strategy. Moreover, Group monitors and controls the risks and perform the optimal strategic allocation of both financial assets and financial liabilities. Risks include interest rate risks, credit risks, foreign currencies risks, and market risks.

Moreover, the Group follows the financial hedge policy for both financial assets and financial liabilities whenever the need arises. This hedge relates to the expected future risks.

1. Market Risks

Market risks is the potential losses that may arise from the volatility of the fair value or cash flows from financial instruments according to the changes in market prices. Market risks arise as a result of the existence of open positions in return rates, foreign currency exchange rates, and stocks investments prices. These risks are monitored according to specific policies and procedures through specialized committees and responsible workshops. Market risks also include return rate risks, exchange rate risks, and equity instrument risks.

The following table illustrates the effect of a 5% increase (decrease) in Amman Stock Exchange index on financial assets at fair value through other comprehensive income statement reflected in the consolidated statement of equity as of the consolidated statement of financial position date. The sensitivity analysis has been prepared on the assumption that share prices move at the same rate of market index change:

	+ 5%		(5%)	
	December 31,		December 31,	
	2021	2020	2021	2020
	JD	JD	JD	JD
Consolidated owners' equity	71,559	57,358	(71,559)	(57,358)

The group is not exposed to exchange rate risks, as the financial reconciliations with clients or reinsurers are in local currency. The Company's management believes that the foreign currency risk related to the USD is immaterial since the Jordanian Dinar (the Company's functional currency) and Bahraini Dinar are pegged to the USD.

2. Return Rate Risks

Return rate risk represents the risks resulting from changes in the value of financial management as a result of the change in average return rates prevailing in the market.

Moreover, Group continually manage their exposure to return risk, and varied considerations such as financing and the renewal of the current positions are revalued continually.

The sensitivity analysis below is determined according to the exposure to return rates related to banking sensitivity as of the date of the consolidated statement of financial position. Furthermore, the analysis was prepared on the assumption that the outstanding amount as of the date of the consolidated statement of financial position was outstanding during the whole year. An increase or decrease of 0/5%, which represents the Company's and its subsidiaries management's assessment of the likely and acceptable change in return rates, is used.

	2021		2020	
	0/5%	(0/5) %	0/5%	(0/5) %
	JD	JD	JD	JD
Consolidated profit for the year / Consolidated Owners' Equity	71,787	(71,787)	60,145	(60,145)

There is no material risk concerning sukuk as they have a fixed rate of return.

3. Liquidity Risk

Liquidity risk is the inability of the Group to provide the funding necessary to perform its obligations on the due dates. The risk management process includes the following:

- Maintaining highly marketable assets that can be easily liquidated in protection against any unforeseen shortage in liquidity.

- Monitoring liquidity indicators in accordance with the internal requirements and the requirements of regulatory authorities.

- Managing the concentrations and maturity dates of debts.

- The following table summarizes financial liabilities (based on the remaining period of the maturity from the date of the consolidated financial statements):

December 31, 2021	Less than One Month	More Than 1 Month to 3 Months	More Than 3 Month to 6 Months	More Than 6 Month to 1 year	More Than 1 year to 3 years	More Than 3 years	Without Maturity	Total
Liabilities:	JD	JD	JD	JD	JD	JD	JD	JD
Payables	2,215,577	-	-	-	-	-	-	2,215,577
Accrued expenses	23,419	-	-	-	-	-	-	23,419
Reinsures payables	1,198,851	-	2,682,712	-	3,169,023	-	-	7,050,586
Various provisions	-	-	45,000	-	-	-	-	45,000
Income tax provision	-	-	44,500	-	-	-	-	44,500
Deferred tax liabilities	-	-	-	-	-	-	11,431	11,431
Other liabilities	840,137	-	-	-	-	-	-	840,137
Total Liabilities	4,277,984	-	2,772,212	-	3,169,023	-	11,431	10,230,650
Assets	11,608,793	2,180,524	3,429,855	17,841,768	1,851,313	19,495,733	2,424,034	58,832,034

December 31, 2020	Less than One Month	More Than 1 Month to 3 Months	More Than 3 Month to 6 Months	More Than 6 Month to 1 year	More Than1 year to 3 years	More Than 3 years	Without Maturity	Total
Liabilities:	JD	JD	JD	JD	JD	JD	JD	JD
Payables	2,044,461	-	-	-	-	-	-	2,044,461
Accrued expenses	54,887	-	-	-	-	-	-	54,887
Reinsures payables	1,222,878	-	998,871	1,783,372	2,906,321	-	-	6,911,442
Various provisions	-	2,258	45,000	-	-	-	-	47,258
Income tax provision	100,000	-	410,865	-	-	-	-	510,865
Deferred tax liabilities	-	-	-	-	-	-	796	796
Other liabilities	249,028	405,333	-	-	-	-	-	654,361
Total Liabilities	3,671,254	407,591	1,454,736	1,783,372	2,906,321	-	796	10,224,070
Assets	13,283,142	2,681,426	13,066,333	6,150,523	1,801,224	20,278,865	2,104,522	59,366,035

4. Foreign Currency Risks

The Group's main operations are in Jordanian Dinar. Moreover, the foreign currency risk arises from the fluctuations in the exchange rates related to foreign currency payments. As for transactions denominated in US Dollar, the Company's management believes that the foreign currency risk related to the US Dollar is immaterial, as the Jordanian Dinar (functional Currency) and Bahraini Dinar are pegged to the US Dollar.

- The following is the net currency concentrations of the group's:

Type of Currency	Foreign Currency		Equivalent in JD	
	2021	2020	2021	2020
	JD	JD	JD	JD
US Dollar	8,599,522	11,705,034	6,097,061	8,298,869
Bahraini Dinar	1,865,780	1,862,270	992,436	990,569

5. Credit Risks

Credit risk is the risk of failure of the other party to fulfil its contractual obligations, causing losses to the Group. Moreover, the Group follows the policy of dealing with only creditworthy parties, to reduce the risk of financial losses resulting from failure to meet commitments. Furthermore, the Group does not take any guarantees for collecting trade receivables. Therefore, trade receivables are not guaranteed.

The Group's financial assets consist mainly of policyholders, checks under collection, deposits at banks, financial assets at fair value through comprehensive income, financial assets at amortized cost, and other debit balances. Moreover, policyholders' receivables consist of debts due from the locally insured, some governmental parties, large projects, and foreign clients. In the opinion of the Company's management, the percentage of uncollected receivables or part thereof is very low. These receivables represent important concentrations of credit risks in the clients' geographical areas. Moreover, a strict credit policy is maintained, whereby every client account is monitored separately. Client's concentration per geographical area is as follows:

Geographical Area	Indebtedness
	JD
Inside Jordan	28,694,276
Outside Jordan	9,108,621
	37,802,897

37. Main Segments Analysis

a. Information on the Company's Operating Segments

For managerial purposes, the Group was organized into sectors: The Life Insurance Sector; the General Insurance Sector, which includes, motor, marine, fire and other damages on properties, liability, medical, and others; the Investments Sector, which includes real-estate investments, financial assets at fair value comprehensive income. Moreover, transactions among business sectors are based on estimated market prices on the same terms used for others.

b. Information on Geographical Distribution

This note represents the geographical distribution of the Company's operations. Moreover, the Company conducts its operations mainly in the Kingdom, representing local operations. Moreover, the Group conduct international operations.

The following is the distribution of the Group subsidiaries revenues, assets and capital expenditures according to geographical sector:

	Inside Jordan		Outside Jordan		Total	
	Current Year Amounts	Comparative Amounts	Current Year Amounts	Comparative Amounts	Current Year Amounts	Comparative Amounts
	JD	JD	JD	JD	JD	JD
Total revenue	29,839,226	30,181,141	3,612,297	3,287,162	33,451,523	33,468,303
Capital expenditures	106,915	1,255,679	-	-	106,915	1,255,679

38. Management of Capital

- Achieve capital management goals:

  The Group aims to achieve capital management objectives through developing the Group's business, achieving surplus in operating revenues and other revenues, and optimally utilizing available fund resources, to achieve the targeted growth in owners' equity.

  The Group considers the appropriateness between capital size and the nature of risks that the Groups are exposed to, provided that this does not contradict with the prevailing laws and regulations. This is reflected in the Group's strategic plans and its estimated budget. The effects of participating in investments on capital adequacy ratio are taken into consideration, and capital and its adequacy are monitored continuously. In the opinion of the Board of Directors, the regulatory capital is adequate to achieve the objectives of the Group.

  The solvency margin as of December 31, 2021 and 2020 is as follows:

	December 31,	
	2021	2020
	JD	JD
First: Available capital *	34,493,393	33,491,349
Second: Capital required:		
Capital required against assets risks	9,694,928	10,236,162
Capital required against underwriting liabilities	1,710,912	2,121,993
Capital required against reinsurance risks	1,359,808	163,745
Capital required against life insurance risks	1,748,994	2,386,254
Total Capital Required	14,514,642	14,908,154
Third: Solvency margin (Available capital / required capital)	238%	225%

* The following table shows the available capital:

	December 31	
	2021	2020
Primary Capital:	JD	JD
Paid - up Capital	28,000,000	28,000,000
Statutory reserve	3,561,202	3,494,290
Retained earnings	2,726,966	3,522,266
Investments inconsistent with the investment instructions:	-	-
Increase in real estate investment	444,296	392,598
Investments valuation reserve	(239,071)	(1,917,805)
Total Available Capital	34,493,393	33,491,349

39. The Maturity of Assets and Liabilities Analysis

The following table shows the analysis of assets and liabilities according to their expected period to recovery or settlement:

December 31, 2021	Within One Year JD	More than One Year JD	Total JD
Assets:			
Deposits at banks	14,357,318	-	14,357,318
Financial assets at fair value through comprehensive income	-	1,481,398	1,481,398
Financial assets at amortized cost	-	4,044,134	4,044,134
Property investments	51,840	6,613,947	6,665,787
Cash on hand and at banks	1,735,700	-	1,735,700
Checks Under Collection	3,933,514	27,872	3,961,386
Receivables - net	11,133,877	-	11,133,877
Reinsurance receivables	2,735,892	-	2,735,892
Deferred tax assets	-	942,636	942,636
Property and equipment - net	400,000	9,934,975	10,334,975
Intangible assets	130,000	726,118	856,118
Other assets	582,799	-	582,799
Total Assets	35,060,940	23,771,080	58,832,020
Liabilities:			
Unearned premiums provision - net	9,171,930	-	9,171,930
Outstanding Claims provision - net	4,803,151	-	4,803,151
Mathematical reserve - net	130,032	-	130,032
Accounts Payable	2,215,577	-	2,215,577
Accrued expenses	23,419	-	23,419
Reinsurance payables	3,881,563	3,169,023	7,050,586
Various provisions	45,000	-	45,000
Income tax provision	44,500	-	44,500
Deferred tax liabilities	-	11,431	11,431
Other liabilities	840,137	-	840,137
Total liabilities	21,155,309	3,180,454	24,335,763
Net	13,905,631	20,478,046	34,383,677

December 31, 2020	Within One Year JD	More than One Year JD	Total JD
Assets:			
Deposits at banks	12,029,008	-	12,029,008
Financial assets at fair value through comprehensive income	-	1,284,248	1,284,248
Financial assets at amortized cost	1,975,085	4,392,300	6,367,385
Property investments	51,840	6,665,645	6,717,485
Cash on hand and at banks	872,647	-	872,647
Checks Under Collection	2,999,513	20,170	3,019,683
Receivables - net	13,477,876	-	13,477,876
Reinsurance receivables	2,291,978	-	2,291,978
Deferred tax assets	-	820,274	820,274
Property and equipment - net	500,000	10,198,172	10,698,172
Intangible assets	130,000	803,802	933,802
Projects Under Construction	-	-	-
Other assets	853,477	-	853,477
Total Assets	35,181,424	24,184,611	59,366,035
Liabilities:			
Unearned premiums provision - net	8,671,680	-	8,671,680
Outstanding Claims provision - net	7,241,710	-	7,241,710
Mathematical reserve - net	126,413	-	126,413
Accounts Payable	2,044,461	-	2,044,461
Accrued expenses	54,887	-	54,887
Reinsurance payables	4,005,121	2,906,321	6,911,442
Various provisions	47,258	-	47,258
Income tax provision	510,865	-	510,865
Deferred tax liabilities	-	796	796
Other liabilities	654,361	-	654,361
Total liabilities	23,356,756	2,907,117	26,263,873
Net	11,824,668	21,277,494	33,102,162

40. Lawsuits against/raised by the Group

There are lawsuits filed against the Group for various types of claims. The lawsuits at courts totalled JD 1,265,770 as of December 31, 2021. In the management and the Group's legal advisors' opinion, they will not incur any claims that exceed the outstanding claims provision amount (JD 1,446,189 as of December 31, 2020). The lawsuits at courts filed by the Group against others amounted to JD 2,690,907 as of December 31, 2021 (JD 1,687,361 as of December 31, 2020).

41. Contingent Liabilities

The Company was contingently liable as of the consolidated statement of financial position date for bank guarantees amounted to JD 1,113,416 as of December 31, 2021 (JD 1,804,521 as of December 31, 2020).

42. Fair Value Hierarchy

a) The Fair value of the group's financial assets and financial liabilities determined at fair value on an ongoing basis:

Some of the group's financial assets and financial liabilities are valued at fair value at the end of each financial period.

The table below shows information on how to determine the fair value of financial assets and financial liabilities (valuation methods and inputs used):

Financial Assets/Financial Liabilities	Fair Value December 31, 2021	Fair Value December 31, 2020	Fair Value Hierarchy	Valuation Methods and Inputs Used	Significant Intangible Inputs	Relationship between Significant Intangible Inputs and Fair Value
	JD	JD				
Financial assets at fair value						
Financial assets at fair value through other comprehensive income						
Quoted Shares	1,431,188	1,147,150	Level 1	Prices published in financial markets	Not Applicable	Not Applicable
Un-Quoted Shares	50,210	137,098	Level 2	Based on the latest audited financial statements	Not Applicable	Not Applicable
Total	1,481,398	1,284,248				

There were no transfers between Level 1 and Level 2 during the year ended 31 December 2021 and 2020.

b) The fair value of the Group's financial assets and financial liabilities not determined on an ongoing basis:

Except as described in the table below, we believe that the carrying amounts of the financial assets and financial liabilities stated in the group's consolidated financial statements approximate their fair values because the Company's management believes that the carrying amounts of the items below approximate their fair value due either to their short-term maturity or interest rates being re-priced during the year.

	December 31, 2021		December 31, 2020		Fair Value
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Hierarchy
	JD	JD	JD	JD	
Financial assets not determined at fair value					
Deposits at banks	14,357,318	14,848,002	12,029,008	12,494,819	Level 2
Investment Property	6,665,787	7,110,083	6,717,485	7,110,083	Level 2
Financial assets at amortized cost	4,044,134	4,117,825	6,367,385	6,573,608	Level 2
Total Financial Assets Not Determined at Fair Value	25,067,239	26,075,910	25,113,878	26,178,510	

For the above items, the fair value of the second and third levels financial assets and liabilities has been determined in accordance with the agreed pricing models that reflect the credit risk of the parties dealt with.