

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

CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION FOR  
THE NINE MONTHS ENDED  
SEPTEMBER 30, 2022  
TOGETHER WITH THE REVIEW REPORT

FIRST INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – THE HASHEMITE KINGDOM OF JORDAN  
SEPTEMBER 30, 2022

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## Review Report

AM/ 012534

To the Chairman and Members of the Board of Directors  
First Insurance Company  
(A Public Shareholding Limited Company)  
Amman – The Hashemite Kingdom of Jordan

### **Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of First Insurance Company (A Public Shareholding Limited Company) as of September 30, 2022 and the related condensed consolidated interim statements of policyholders revenue and expenses, profit or loss and comprehensive income, for the three-months and nine-months ended September 30, 2022, and condensed consolidated interim statements of changes in owners' equity, changes in policyholders' equity, and cash flows for the nine-months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial information in accordance with International Accounting Standard (34) related to Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed consolidated interim financial information based on our review.

### **Scope of Review**

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

### **Conclusion**

Based on our review, nothing has come to our attention that the accompanying condensed consolidated interim financial information are not prepared in accordance with International Accounting Standard No. (34) related to Interim Financial Reporting.

Amman – The Hashemite Kingdom of Jordan  
October 25, 2022

  
Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)  
ديلويت أند توش (الشرق الأوسط)  
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**FIRST INSURANCE COMPANY**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AMMAN - THE HASHEMITE KINGDOM OF JORDAN**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**

| <u>ASSETS</u>  | <u>Note</u> | September 30, 2022<br>(Reviewed not Audited)<br>JD | December 31, 2021<br>(Audited)<br>JD |
|--|-------------|--|--------------------------------------|
| Investments:   |             |  |                                      |
| Deposits at banks - net  | 4           | 15,407,424   | 14,357,318                           |
| Financial assets at fair value through profit or loss                      | 26          | 371,140  | -                                    |
| Financial assets at fair value through other comprehensive income          | 26          | 1,890,907  | 1,481,398                            |
| Financial assets at amortized cost - net                                   | 5           | 4,526,673  | 4,044,134                            |
| Real estate investments - net  | 26          | 6,688,059  | 6,665,787                            |
| Total Investments  |             | <u>28,884,203</u>                                  | <u>26,548,637</u>                    |
| Cash on hand and at banks  | 6           | 1,573,283  | 1,735,700                            |
| Checks under collection - net  |             | 3,767,823  | 3,961,386                            |
| Receivables - net  | 7           | 17,034,009   | 11,133,877                           |
| Re-insurers' receivables - net   | 8           | 1,033,718  | 2,735,892                            |
| Deferred tax assets  | 9/d         | 1,191,555  | 942,636                              |
| Property and equipment - net   |             | 9,981,000  | 10,334,975                           |
| Intangible assets - net  |             | 811,312  | 856,118                              |
| Other assets   | 10          | 950,654  | 582,799                              |
| TOTAL ASSETS   |             | <u>65,227,557</u>                                  | <u>58,832,020</u>                    |
| <u>LIABILITIES AND POLICYHOLDERS' EQUITY AND OWNERS' EQUITY</u>            |             |  |                                      |
| <u>LIABILITIES:</u>  |             |  |                                      |
| Unearned contributions reserve - net                                       |             | 11,842,508   | 9,171,930                            |
| Premiums deficiency reserve  |             | 294,000  | 233,000                              |
| Outstanding claims reserve - net   |             | 4,855,464  | 4,803,151                            |
| Unallocated loss adjustment expense reserve                                |             | 274,435  | 200,000                              |
| Mathematical reserve - net   |             | 100,864  | 130,032                              |
| Total Insurance Contracts Liabilities                                      |             | <u>17,367,271</u>                                  | <u>14,538,113</u>                    |
| Payables   | 11          | 2,680,487  | 2,215,577                            |
| Re-insurers' payables  | 12          | 8,873,230  | 7,050,586                            |
| Accrued expenses   |             | 92,411   | 23,419                               |
| Various provisions   |             | 33,750   | 45,000                               |
| Income tax provision   | 9/a         | 385,903  | 44,500                               |
| Deferred tax liabilities   | 9/d         | 19,851   | 11,431                               |
| Other liabilities  | 13          | 1,767,333  | 840,137                              |
| TOTAL LIABILITIES  |             | <u>31,220,236</u>                                  | <u>24,768,763</u>                    |
| <u>POLICYHOLDERS' EQUITY:</u>  |             |  |                                      |
| Reserve to cover deficit (contingency provision)                           | 14          | -  | 14,160                               |
| Accumulated surplus (deficit) for policyholders' fund                      | 15          | -  | -                                    |
| Al-Qard Al-Hasan granted by owners' equity to cover policyholders' deficit | 16          | -  | -                                    |
| Total Policyholders' Equity  |             | <u>-</u>   | <u>14,160</u>                        |
| <u>OWNERS' EQUITY:</u>   |             |  |                                      |
| Authorized and paid-up capital   | 17          | 28,000,000   | 28,000,000                           |
| Statutory reserve  | 17          | 3,561,202  | 3,561,202                            |
| Financial assets valuation reserve - net after tax                         |             | (158,995)  | (239,071)                            |
| Retained earnings  | 18          | 1,218,817  | 2,726,966                            |
| Profit for the period  |             | 1,386,297  | -                                    |
| Total Owners' Equity - Company's Shareholders                              |             | <u>34,007,321</u>                                  | <u>34,049,097</u>                    |
| Total Policyholders' and Owners' Equity                                    |             | <u>34,007,321</u>                                  | <u>34,063,257</u>                    |
| TOTAL LIABILITIES AND POLICYHOLDERS' AND OWNERS' EQUITY                    |             | <u>65,227,557</u>                                  | <u>58,832,020</u>                    |

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED  
 INTERIM FINANCIAL INFORMATION AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING  
 REVIEW REPORT.

Chairman of the Board of Directors

Chief Executive Officer

FIRST INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - THE HASHEMITE KINGDOM OF JORDAN  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF POLICYHOLDERS' REVENUE AND EXPENSES  
(REVIEWED NOT AUDITED)

|   |       | For the Three-Months Ended |                    | For the Nine-Months Ended |                     |
|---|-------|----------------------------|--------------------|---------------------------|---------------------|
|   |       | September 30,              |                    | September 30,             |                     |
|   | Note  | 2022                       | 2021               | 2022                      | 2021                |
|   |       | JD                         | JD                 | JD                        | JD                  |
| <u>Takaful Insurance Activities Revenue</u>                             |       |                            |                    |                           |                     |
| Gross written contributions   |       | 13,639,324                 | 11,625,255         | 42,564,390                | 35,776,520          |
| <u>Less:</u> Re-insurers' share   |       | <u>(7,709,383)</u>         | <u>(6,680,507)</u> | <u>(22,221,494)</u>       | <u>(21,480,695)</u> |
| Net Earned Contributions from Takaful Operations for Policyholders      |       | 5,929,941                  | 4,944,748          | 20,342,896                | 14,295,825          |
| Net change in unearned contribution reserve                             |       | 632,554                    | (77,447)           | (2,670,578)               | 207,891             |
| Net change in mathematical reserve                                      |       | <u>19,784</u>              | <u>15,104</u>      | <u>29,168</u>             | <u>17,760</u>       |
| Net Earned Contributions from Takaful Insurance for Policyholders       |       | <u>6,582,279</u>           | <u>4,882,405</u>   | <u>17,701,486</u>         | <u>14,521,476</u>   |
| Commissions' revenue  |       | 1,106,679                  | 1,050,580          | 3,305,328                 | 2,985,018           |
| Takaful policies issuance fees  |       | 629,095                    | 643,701            | 1,992,327                 | 1,858,150           |
| Policyholders' share of investment income                               | 21&20 | 40,007                     | 30,199             | 120,439                   | 93,357              |
| <u>Less:</u> Owners' Equity share for managing the investment portfolio | 21&20 | <u>(14,002)</u>            | <u>(10,570)</u>    | <u>(42,153)</u>           | <u>(32,675)</u>     |
| Total Revenue from Takaful Insurance for Policyholders'                 |       | <u>8,344,058</u>           | <u>6,596,315</u>   | <u>23,077,427</u>         | <u>19,425,326</u>   |
| <u>Claims, Losses and Expenses from Takaful Insurance Operations:</u>   |       |                            |                    |                           |                     |
| Paid claims   |       | 9,686,964                  | 8,970,701          | 28,172,412                | 28,397,725          |
| <u>Less:</u> Recoveries   |       | <u>(849,643)</u>           | <u>(704,261)</u>   | <u>(2,517,220)</u>        | <u>(1,880,504)</u>  |
| Re-insurers' share  |       | <u>(3,362,248)</u>         | <u>(3,597,192)</u> | <u>(10,253,866)</u>       | <u>(11,921,681)</u> |
| Net Paid Claims from Takaful Insurance Operations                       |       | <u>5,475,073</u>           | <u>4,669,248</u>   | <u>15,401,326</u>         | <u>14,595,540</u>   |
| Net change in outstanding claims reserve                                |       | 151,730                    | (335,491)          | 52,313                    | (1,859,281)         |
| Owners' equity share for managing the operations of takaful insurance   | 19    | 1,455,974                  | 1,565,293          | 5,756,563                 | 5,249,947           |
| Excess of loss contributions  |       | 62,915                     | 60,450             | 188,744                   | 181,200             |
| Takaful policies acquisition costs                                      |       | 215,032                    | 192,246            | 722,195                   | 608,201             |
| Other underwriting expenses   |       | <u>367,581</u>             | <u>277,232</u>     | <u>1,196,522</u>          | <u>907,632</u>      |
| Net Claims Costs  |       | <u>7,728,305</u>           | <u>6,428,978</u>   | <u>23,317,663</u>         | <u>19,683,239</u>   |
| <u>Less:</u> Policyholders' share of takaful Insurance:                 |       |                            |                    |                           |                     |
| Expected credit losses  | 7     | 50,000                     | 50,000             | 150,000                   | 150,000             |
| Depreciation and amortization   |       | 19,416                     | 19,203             | 57,360                    | 56,983              |
| Other expenses  |       | <u>26,510</u>              | <u>42,863</u>      | <u>92,993</u>             | <u>105,207</u>      |
| Total Policyholders' Share From Al-Takaful Insurance Operations         |       | <u>95,926</u>              | <u>112,066</u>     | <u>300,353</u>            | <u>312,190</u>      |
| (Deficit) in Policyholders' before Tax                                  |       | 519,827                    | 55,271             | (540,589)                 | (570,103)           |
| <u>Add:</u> Income tax refund for the period                            | 9/b   | <u>(133,179)</u>           | <u>(12,397)</u>    | <u>146,415</u>            | <u>154,082</u>      |
| (Deficit) in Policyholders' from Takaful Insurance Operations           |       | <u>386,648</u>             | <u>42,874</u>      | <u>(394,174)</u>          | <u>(416,021)</u>    |

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Chairman of the Board of Directors

Chief Executive Officer

FIRST INSURANCE COMPANY  
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AMMAN - THE HASHEMITE KINGDOM OF JORDAN  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS  
(REVIEWED NOT AUDITED)

|   | Notes | For the Three Months |                  | For the Nine Months |                  |
|---|-------|----------------------|------------------|---------------------|------------------|
|   |       | Ended September 30,  |                  | Ended September 30, |                  |
|   |       | 2022                 | 2021             | 2022                | 2021             |
|   |       | JD                   | JD               | JD                  | JD               |
| Owners' Equity Revenue from Al-Takaful insurance activities:          |       |                      |                  |                     |                  |
| Owners' Equity share of takaful insurance operations management       | 19    | 1,455,974            | 1,565,293        | 5,756,563           | 5,249,947        |
| Owners' Equity share of investment income                             | 20    | 121,457              | 101,481          | 354,626             | 318,980          |
| Owners' Equity share of financial assets and investments income       | 21    | 46,326               | 151,572          | 326,616             | 412,919          |
| Owners' Equity share for managing the investments portfolio           | 20&21 | 14,002               | 10,570           | 42,153              | 32,675           |
| Other income (expenses)   |       | <u>11,340</u>        | <u>838</u>       | <u>12,369</u>       | <u>(18,254)</u>  |
| Total Owners' Equity Revenues from Takaful Insurance Operations       |       | <u>1,649,099</u>     | <u>1,829,754</u> | <u>6,492,327</u>    | <u>5,996,267</u> |
| <u>Claims, losses and Expenses from General Insurance Activities:</u> |       |                      |                  |                     |                  |
| Paid claims   |       | -                    | -                | 333                 | 4,985            |
| <u>Less: Recoveries</u>   |       | -                    | -                | (3,732)             | (5,608)          |
| Reinsurers' share   |       | <u>-</u>             | <u>-</u>         | <u>(314)</u>        | <u>(4,767)</u>   |
| Net paid claims   |       | -                    | -                | (3,713)             | (5,390)          |
| Net change in outstanding claims reserve                              |       | <u>-</u>             | <u>80</u>        | <u>-</u>            | <u>(73)</u>      |
| Net Claims from General Insurance                                     |       | <u>-</u>             | <u>80</u>        | <u>(3,713)</u>      | <u>(5,463)</u>   |
| Employees' expenses   |       | 971,746              | 956,895          | 2,831,351           | 2,729,366        |
| General and administrative expenses                                   |       | 361,231              | 369,340          | 1,032,558           | 983,900          |
| Al Qard Al Hassan granted to policyholders' expense                   |       | (386,648)            | (42,874)         | 380,014             | 412,610          |
| Depreciation and amortization   |       | <u>116,188</u>       | <u>118,306</u>   | <u>345,298</u>      | <u>357,088</u>   |
| Total Expenses  |       | <u>1,062,517</u>     | <u>1,401,667</u> | <u>4,589,221</u>    | <u>4,482,964</u> |
| Total Claims, loss, expenses from General Insurance Activities        |       | <u>1,062,517</u>     | <u>1,401,747</u> | <u>4,585,508</u>    | <u>4,477,501</u> |
| Profit for the period before income tax                               |       | 586,582              | 428,007          | 1,906,819           | 1,518,766        |
| <u>Less: Income tax expense for the period</u>                        | 9/b   | <u>(39,866)</u>      | <u>(86,367)</u>  | <u>(520,522)</u>    | <u>(459,082)</u> |
| Profit for the period   |       | <u>546,716</u>       | <u>341,640</u>   | <u>1,386,297</u>    | <u>1,059,684</u> |
| Earnings per share for the period-(basic & diluted)                   | 22    | <u>0.020</u>         | <u>0.012</u>     | <u>0.050</u>        | <u>0.038</u>     |

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Chairman of the Board of Directors

Chief Executive Officer

FIRST INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - THE HASHEMITE KINGDOM OF JORDAN  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
(REVIEWED NOT AUDITED)

|   | For the Three-Months |                 | For the Nine-Months |                  |
|---|----------------------|-----------------|---------------------|------------------|
|   | Ended September 30,  |                 | Ended September 30, |                  |
|   | <u>2022</u>          | <u>2021</u>     | <u>2022</u>         | <u>2021</u>      |
|   | JD                   | JD              | JD                  | JD               |
| Profit for the period   | 546,716              | 341,640         | 1,386,297           | 1,059,684        |
| <u>Add:</u> Other comprehensive income items after tax that hasn't been transferred   |                      |                 |                     |                  |
| to the profit or loss statement in subsequent periods:                                |                      |                 |                     |                  |
| (Loss) from sale of financial assets at fair value through other comprehensive income | -                    | (4,718)         | -                   | (4,718)          |
| Owners' Equity share from the change in fair value of financial assets at             |                      |                 |                     |                  |
| fair value through other comprehensive income   | <u>(42,055)</u>      | <u>(91,675)</u> | <u>80,076</u>       | <u>214,206</u>   |
| Total Comprehensive Income for the Period   | <u>504,661</u>       | <u>245,247</u>  | <u>1,466,373</u>    | <u>1,269,172</u> |

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FIRST INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - THE HASHEMITE KINGDOM OF JORDAN  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY  
(REVIEWED NOT AUDITED)

|   | Financial Assets   |                      |                      |                        |                          |                       |
|---|--------------------|----------------------|----------------------|------------------------|--------------------------|-----------------------|
|   | Paid-up<br>Capital | Statutory<br>Reserve | Valuation<br>Reserve | Retained<br>Earnings * | Profit for<br>the Period | Net Owners'<br>Equity |
|   | JD                 | JD                   | JD                   | JD                     | JD                       | JD                    |
| <u>For the Nine Months Ended September 30, 2022</u> |                    |                      |                      |                        |                          |                       |
| Balance at the beginning of the period              | 28,000,000         | 3,561,202            | (239,071)            | 2,726,966              | -                        | 34,049,097            |
| Prior years adjustments                             | -                  | -                    | -                    | (388,149)              | -                        | (388,149)             |
| Total comprehensive income for the period           | -                  | -                    | 80,076               | -                      | 1,386,297                | 1,466,373             |
| Distributed Dividend **                             | -                  | -                    | -                    | (1,120,000)            | -                        | (1,120,000)           |
| Balance at the end of the period                    | <u>28,000,000</u>  | <u>3,561,202</u>     | <u>(158,995)</u>     | <u>1,218,817</u>       | <u>1,386,297</u>         | <u>34,007,321</u>     |
| <u>For the Nine Months Ended September 30, 2021</u> |                    |                      |                      |                        |                          |                       |
| Balance at the beginning of the period              | 28,000,000         | 3,494,290            | (1,917,805)          | 3,522,266              | -                        | 33,098,751            |
| Total comprehensive income for the period           | -                  | -                    | 214,206              | (4,718)                | 1,059,684                | 1,269,172             |
| Distributed Dividend **                             | -                  | -                    | -                    | (980,000)              | -                        | (980,000)             |
| Balance at the end of the period                    | <u>28,000,000</u>  | <u>3,494,290</u>     | <u>(1,703,599)</u>   | <u>2,537,548</u>       | <u>1,059,684</u>         | <u>33,387,923</u>     |

\* An amount equivalent to the negative financial assets valuation reserve as of September 30, 2022 is restricted from the retained earnings according to related regulations.

\*\* Under the decision of the general assembly at its meeting held on April 25, 2022, cash dividends were distributed to the shareholders at a percentage of 4% of paid up capital for the year 2021 profits with an amount of JD 1,120,000 (JD 980,000 with a percentage of 3.5% from paid up capital for the year of 2020 profits).

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FIRST INSURANCE COMPANY  
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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN POLICYHOLDERS' EQUITY  
(REVIEWED NOT AUDITED)

|   | Reserve to<br>Cover Deficit<br>(Contingency<br>provision) | Accumulated Deficit |                  | Al Qard Al Hasan<br>from Owners' Equity<br>to Cover the<br>Policyholders'<br>Deficit | Net<br>Policyholders'<br>Equity |
|---|---|---------------------|------------------|--|---------------------------------|
|   | JD  | Realized<br>JD      | Unrealized<br>JD | JD   | JD                              |
| <u>For the Nine Month Ended September 30, 2022</u>                        |   |                     |                  |  |                                 |
| Balance at the beginning of the period                                    | 14,160  | -                   | -                | -  | 14,160                          |
| (Deficit) in policyholders' for the period                                | -   | (394,174)           | -                | -  | (394,174)                       |
| Transfers from reserve to cover the deficit (contingency provision)       | (14,160)  | -                   | -                | 14,160   | -                               |
| Al Qard Al Hasan granted by owners' equity to cover policyholders deficit | -   | -                   | -                | 380,014  | 380,014                         |
| Transfers to policyholders deficit  | -   | 394,174             | -                | (394,174)  | -                               |
| Balance at the End of the Period  | -   | -                   | -                | -  | -                               |
| <u>For the Nine Month Ended September 30, 2021</u>                        |   |                     |                  |  |                                 |
| Balance at the beginning of the period                                    | 3,411   | -                   | -                | -  | 3,411                           |
| (Deficit) in policyholders' for the period                                | -   | (416,021)           | -                | -  | (416,021)                       |
| Transfers from reserve to cover the deficit (contingency provision)       | (3,411)   | -                   | -                | 3,411  | -                               |
| Al Qard Al Hasan granted by owners' equity to cover policyholders deficit | -   | -                   | -                | 412,610  | 412,610                         |
| Transfers to policyholders deficit  | -   | 416,021             | -                | (416,021)  | -                               |
| Balance at the End of the Period  | -   | -                   | -                | -  | -                               |

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FIRST INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - THE HASHEMITE KINGDOM OF JORDAN  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
(REVIEWED NOT AUDITED)

|  |      | For The Nine Months<br>Ended September 30, |             |
|--|------|--|-------------|
|  | Note | 2022                                       | 2021        |
|  |      | JD   | JD          |
| CASH FLOWS FROM OPERATING ACTIVITIES:  |      |  |             |
| Profit for the period before tax income  |      | 1,366,230                                  | 948,663     |
| Adjustments:   |      |  |             |
| Depreciation and amortization  |      | 402,658                                    | 414,071     |
| Expected credit losses   | 7    | 150,000                                    | 150,000     |
| Net change in unearned contributions reserve   |      | 2,670,578                                  | (207,891)   |
| Net change in outstanding claims reserve   |      | 52,313                                     | (1,859,354) |
| Net change in mathematical reserve   |      | (29,168)                                   | (17,760)    |
| Change in fair value of financial assets at fair value through profit or loss                | 21   | (48,925)                                   | -           |
| Dividends income from financial assets at fair value through other comprehensive income      | 21   | (76,178)                                   | (59,182)    |
| Amortization of financial assets at amortized cost   |      | 135  | -           |
| Returns from Sukuk   | 21   | (169,867)                                  | (282,109)   |
| Gain from sale of financial assets at fair value through profit or loss                      | 21   | (55,126)                                   | -           |
| Gain from sale of sukuk - net of amortization  |      | -  | (44,620)    |
| Al Qard Al Hasan expenses granted to policyholders   |      | 380,014                                    | 412,610     |
| Net Cash Flows from (used in) Operating Activities before Changes in Working Capital         |      | 4,642,664                                  | (545,572)   |
| Decrease (increase) in checks under collection   |      | 193,563                                    | (643,032)   |
| (Increase) in receivables  |      | (6,050,132)                                | (2,469,690) |
| Decrease (increase) in re-insurers' receivables  |      | 1,702,174                                  | (381,903)   |
| (Increase) decrease in other assets  |      | (208,215)                                  | 228,817     |
| Increase in payables   |      | 464,910                                    | 274,492     |
| Increase in re-insurance payables  |      | 1,822,644                                  | 1,215,642   |
| Increase in accrued expenses   |      | 68,992                                     | 41,772      |
| Increase in other liabilities  |      | 1,068,137                                  | 1,998,477   |
| (Decrease) in various provisions   |      | (11,250)                                   | (45,550)    |
| Net Cash Flows from (used in) Operating Activities before Income Tax Paid                    |      | 3,693,487                                  | (326,547)   |
| Income tax paid  | 9/a  | (142,883)                                  | (574,883)   |
| Net Cash Flows from (used in) Operating Activities   |      | 3,550,604                                  | (901,430)   |
| CASH FLOWS FROM INVESTING ACTIVITIES:  |      |  |             |
| Decrease in deposits at banks  |      | 6,834,740                                  | 4,477,988   |
| (Purchase) of financial assets at amortized cost   |      | (482,404)                                  | (888,607)   |
| Proceeds from sale and amortization of financial assets at amortized cost                    |      | -  | 2,212,421   |
| Proceeds of dividends from financial assets at fair value through other comprehensive income |      | 76,178                                     | 59,182      |
| Change in property and equipment and intangible assets                                       |      | (56,360)                                   | (95,029)    |
| Proceeds from sale of financial assets at fair value through other comprehensive income      |      | -  | 47,964      |
| Proceeds from sale of financial assets at fair value through profit or loss                  |      | 214,248                                    | -           |
| (Purchase) of financial assets at fair value through other comprehensive Income              |      | (323,744)                                  | -           |
| (Purchase) of financial assets at fair value through profit or loss                          |      | (481,337)                                  | -           |
| Change in real-estate  |      | 39,884                                     | 38,739      |
| Proceeds from Sukuk returns  |      | 169,867                                    | 282,109     |
| Net Cash Flows From Investing Activities   |      | 5,991,072                                  | 6,134,767   |
| CASH FLOWS FROM FINANCING ACTIVITIES:  |      |  |             |
| Cash dividends   |      | (1,019,247)                                | (219,363)   |
| Net Cash (used in) Financing Activities  |      | (1,019,247)                                | (219,363)   |
| Net Increase in Cash and Cash Equivalents  |      | 8,522,429                                  | 5,013,974   |
| Cash and cash equivalents at the beginning of the Period                                     |      | 2,657,561                                  | 2,353,036   |
| Cash and Cash Equivalents at the End of the Period   | 23   | 11,179,990                                 | 7,367,010   |
| <u>Non-Cash Transactions</u>   |      |  |             |
| Unreceived distributed dividends   | 13   | 462,728                                    | 760,637     |

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED  
INTERIM FINANCIAL INFORMATION AND SHOULD BE READ WITH THEM  
AND WITH THE ACCOMPANYING REVIEW REPORT.

FIRST INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – THE HASHEMITE KINGDOME OF JORDAN  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(REVIEWED NOT AUDITED)

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1. General

- a. First Insurance Company was established on December 28, 2006 and registered as a public shareholding limited company under license No. (424) with an authorized paid-up capital of JD 24 million of a par value of JD 1 per share.

On April 2, 2015, First Insurance Company acquired a percentage of 76.25% of the Yarmouk Insurance Company's capital (a Public Shareholding Limited Company), on November 2, 2015 a final approval took place on the merger between the Yarmouk Insurance Company and the First Insurance Company and the result of the merger will be the First Insurance Company with an authorized and paid up capital of JD 28 million at 1 JD per share.

According to the decisions of the General Assembly in its extraordinary meeting held on December 05, 2021, the sale of all their shares in the subsidiary "Baden Company for trading and investing L.L.C" was unanimously approved, this sale resulted in a realized loss of JD 1,508,528.

- b. The accompanying condensed consolidated interim financial information were approved by the Board of Directors on October 24, 2022.

2. Basis of preparation

a. Basis of preparation of the Condensed Consolidated Interim Financial Information.

- The accompanying condensed consolidated interim financial information and its subsidiary have been prepared in accordance with International Accounting Standard IAS (34) relating to (Interim Financial Reporting).
- The condensed consolidated interim financial information are stated in Jordanian Dinar. Which represents the functional currency for the Company and its subsidiaries.
- The consolidated condensed interim financial information are prepared in accordance with the historical cost except for the financial assets and financial liabilities, which are presented at their fair value as of the condensed consolidated interim financial information date.
- The condensed consolidated interim financial information do not include all information and disclosures required for the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read with the Company's annual report for the year ended December 31, 2021. Moreover, the results of operations for the nine-months period ended September 30, 2022 do not necessarily provide an indication of the apportionment results of operations for the year ending December 31, 2022. No appropriation occurred on the profit of the period ended September 30, 2022 which is performed at the end of the financial year.

Significant Accounting Policies

The accounting policies used in the preparation of the condensed consolidated interim financial information for the period ended on September 30, 2022 are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2021. However, the revised international financial reporting standards, which became effective for financial periods beginning on or after the first of January 2021, were followed in preparing the company's condensed consolidated interim financial information, which did not materially affect the amounts and disclosures in the condensed consolidated interim financial information for the period and prior years, which may have an impact on the accounting treatment of future transactions and arrangements.

**Amendments to IAS 1 – 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.

**Amendments to IFRS 3 – 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 recognise contingent assets acquired in a business combination.

**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 labour 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.

**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 recognises 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 recognise 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.

## **Annual improvements for the International Financial Reporting Standards 2018-2020**

### **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).

### **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.

### **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.

#### Basis of Preparation the consolidated condensed interim financial information

- The consolidated condensed interim financial information include the financial information of the Company and its subsidiaries under its control, Meanwhile, control exists when the Company has control over the investee company, or it is exposed to variable returns or holds rights for its participation in the investee company, and the Company is able to use its control over the investee company to affect those returns.
- The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.
- When the Company has less than the majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally, In this regard, the Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:
  - The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders,
  - Potential voting rights held by the Company, other vote holders or other parties,
  - Rights arising from other contractual arrangements.
  - Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee;
- Has the ability to use its power to affect the investee's returns,

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

When the Company has less than the majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally, In this regard, the Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

When it loses control of a subsidiary, the Company performs the following:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the book value of any non-controlling interests,
- Derecognizes transfer differences accumulated in Owners' Equity.
- Derecognizes the fair value to the next controlling party.
- Derecognizes the fair value of any investment retained.
- Derecognizes any gain or loss in the income statement.
- Reclassifies owners' equity already booked in other comprehensive income to the profit or loss statement as appropriate.

The subsidiaries' financial information are prepared under the same accounting policies adopted by the Company, If the subsidiaries apply different accounting policies than those used by the Company, the necessary modifications shall be made to the subsidiaries' financial information to make them comply with the accounting policies used by the Company.

The non-controlling interests represent the portion not owned by the Company relating to ownership of the subsidiaries.

- All balances, transactions, income, and expenses between the Company and its subsidiaries are eliminated,
- The subsidiaries financial information are prepared under the same accounting policies adopted by the Company, if the subsidiaries apply different accounting policies than those used by the Company, the necessary modifications shall be made to the subsidiaries' financial information to make them comply with the accounting policies used by the Company.
- The results of the subsidiaries' operations are consolidated in the consolidated statement of profit or loss effective from their acquisition date, which is the date on which control over subsidiaries is effectively transferred to the Company, Furthermore, the results of the disposed of subsidiaries are consolidated in the consolidated statement of profit or loss up to the date of their disposal, which is the date on which the Company loses control over the subsidiaries.
- The non-controlling interests represent the portion not owned by the Company in the subsidiaries, Non-controlling interests are shown in the subsidiaries' net assets as a separate line item within the Company's statement of shareholders' equity.
- The Company owned the following subsidiaries as of September 30, 2022 through direct or indirect methods:

| Company's Name                            | Principal Activity | Ownership Percentage | Capital | Year of Incorporation |
|---|--------------------|----------------------|---------|-----------------------|
| Mulkiyat for Investment and Trade Company | Investment         | 100%                 | 50,000  | 2010                  |

The most important financial information of the subsidiary companies for the period ended September 30, 2022 is as follows:

| Company's Name                            | Total Assets | Total Liabilities | Total Revenue | Total Expenses |
|---|--------------|-------------------|---------------|----------------|
|   | JD           | JD                | JD            | JD             |
| Mulkiyat for Investment and Trade Company | 2,897,146    | 2,690,734         | 235,578       | 68,472         |

### 3. Judgments, estimates and risk management

The preparation of the condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's annual consolidated financial statements for the year ended December 31, 2021.

The company's policies and aims of risk management are consistent with the policies and aims disclosed in the financial statements for the year ended December 31, 2021.

#### 4. Deposits at Banks - Net

This item consists of the following:

|  | September 30, 2022 (Reviewed)      |                |  |                |   |                |                |                |            | December 31, 2021 (Audited) |                |            |
|--|------------------------------------|----------------|--|----------------|---|----------------|----------------|----------------|------------|-----------------------------|----------------|------------|
|  | Deposits maturing within one month |                | Deposits maturing within one to three months |                | Deposits maturing within three months to 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                            | 30,394                             | 46,279         | 2,185,948                                    | 7,399,998      | -   | 3,169,873      | 2,216,342      | 10,616,150     | 12,832,492 | 2,179,110                   | 9,224,693      | 11,403,803 |
| Outside Jordan                           | -                                  | -              | -  | -              | -   | 2,660,425      | -              | 2,660,425      | 2,660,425  | -                           | 3,039,008      | 3,039,008  |
| (Less): Expected credit losses provision | (249)                              | (235)          | (17,884)                                     | (37,544)       | -   | (29,581)       | (18,133)       | (67,360)       | (85,493)   | (18,133)                    | (67,360)       | (85,493)   |
|  | 30,145                             | 46,044         | 2,168,064                                    | 7,362,454      | -   | 5,800,717      | 2,198,209      | 13,209,215     | 15,407,424 | 2,160,977                   | 12,196,341     | 14,357,318 |

- Return rates on the deposits at banks in Jordanian Dinar range from 2% to 4%, while the return rates on the deposits outside Jordan in US Dollar range from 3.1% to 4%.
- The deposits restricted to the order of Central Bank of Jordan amounted to JD 800,000.



5. Financial assets at amortized cost - net

This item consists of the following:

|   | September 30, 2022 (Reviewed) |                  |                  | December 31, 2021 (Audited) |                  |                  |
|---|-------------------------------|------------------|------------------|-----------------------------|------------------|------------------|
|   | Policyholders                 | Owners' Equity   | Total            | Policyholders               | Owners' Equity   | Total            |
|   | JD                            | JD               | JD               | JD                          | JD               | JD               |
| Sukuk   | 993,574                       | 3,539,453        | 4,533,027        | 992,436                     | 3,058,052        | 4,050,488        |
| <u>(Less):</u> Expected credit losses provision | (790)                         | (5,564)          | (6,354)          | (790)                       | (5,564)          | (6,354)          |
|   | <u>992,784</u>                | <u>3,533,889</u> | <u>4,526,673</u> | <u>991,646</u>              | <u>3,052,488</u> | <u>4,044,134</u> |

The sukuk above is of fixed yield ranging between 3.88% to 6.26% annually.

6. Cash on Hand and at Banks

This item consists of the following:

|                           | September 30, 2022 (Reviewed) |                |                  | December 31, 2021 (Audited) |                |                  |
|---------------------------|-------------------------------|----------------|------------------|-----------------------------|----------------|------------------|
|                           | Policyholders                 | Owners' Equity | Total            | Policyholders               | Owners' Equity | Total            |
|                           | JD                            | JD             | JD               | JD                          | JD             | JD               |
| Cash on hand              | 70,753                        | 5,017          | 75,770           | 339,326                     | 3,852          | 343,178          |
| Current accounts at banks | <u>1,305,459</u>              | <u>192,054</u> | <u>1,497,513</u> | <u>1,277,749</u>            | <u>114,773</u> | <u>1,392,522</u> |
|                           | <u>1,376,212</u>              | <u>197,071</u> | <u>1,573,283</u> | <u>1,617,075</u>            | <u>118,625</u> | <u>1,735,700</u> |

## 7. Receivables - Net

This item consists of the following:

|  | September 30,<br>2022<br>(Reviewed) | December 31,<br>2021<br>(Audited) |
|--|-------------------------------------|-----------------------------------|
|  | JD                                  | JD                                |
| Policyholders' receivables                     | 18,764,336                          | 12,746,199                        |
| Brokers' receivables                           | 16,951                              | 17,897                            |
| Employees' receivables                         | 85,433                              | 73,422                            |
| Owners' equity receivables                     | 1,435                               | 6,590                             |
| Others   | 66,855                              | 40,770                            |
| Total  | 18,935,010                          | 12,884,878                        |
| <u>Less: Expected credit losses provision*</u> | <u>(1,901,001)</u>                  | <u>(1,751,001)</u>                |
|  | <u>17,034,009</u>                   | <u>11,133,877</u>                 |

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

|   | September 30,<br>2022<br>(Reviewed) | December 31,<br>2021<br>(Audited) |
|---|-------------------------------------|-----------------------------------|
|   | JD                                  | JD                                |
| Balance at the beginning of the period / year               | 1,751,001                           | 1,601,001                         |
| <u>Add: Expected credit losses during the period / year</u> | <u>150,000</u>                      | <u>150,000</u>                    |
| Balance at the end of the period / year                     | <u>1,901,001</u>                    | <u>1,751,001</u>                  |

The table below shows the aging of receivables:

|                           | Un-due<br>Receivables | Past Due Receivables |                  |                  |                       | Total             |
|---------------------------|-----------------------|----------------------|------------------|------------------|-----------------------|-------------------|
|                           |                       | 1-90 Days            | 91-180 Days      | 181-360<br>Days  | More than<br>361 Days |                   |
| <u>September 30, 2022</u> | JD                    | JD                   | JD               | JD               | JD                    | JD                |
| Policyholders receivable  | 10,259,470            | 3,973,073            | 1,338,683        | 1,326,349        | 1,866,761             | 18,764,336        |
| Brokers' receivable       | -                     | 686                  | 56               | 2,496            | 13,713                | 16,951            |
| Employee receivable       | 85,433                | -                    | -                | -                | -                     | 85,433            |
| Owners' equity receivable | -                     | 289                  | 810              | -                | 336                   | 1,435             |
| Other receivables         | -                     | 37,333               | 16,953           | 5,924            | 6,645                 | 66,855            |
| Account Receivables       | <u>10,344,903</u>     | <u>4,011,381</u>     | <u>1,356,502</u> | <u>1,334,769</u> | <u>1,887,455</u>      | <u>18,935,010</u> |

|                           | Un-due<br>Receivables | Past Due Receivables |                  |                  |                       | Total             |
|---------------------------|-----------------------|----------------------|------------------|------------------|-----------------------|-------------------|
|                           |                       | 1-90 Days            | 91-180 Days      | 181-360<br>Days  | More than<br>361 Days |                   |
| <u>December 31, 2021</u>  | 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 receivables         | -                     | 37,007               | 811              | 2,159            | 793                   | 40,770            |
| Account Receivables       | <u>5,053,264</u>      | <u>3,399,666</u>     | <u>1,473,051</u> | <u>1,252,180</u> | <u>1,706,717</u>      | <u>12,884,878</u> |

## 8. Reinsurance Receivables - Net

This item consists of the following:

|   | September 30,<br>2022<br>(Reviewed) | December 31,<br>2021<br>(Audited) |
|---|-------------------------------------|-----------------------------------|
|   | JD                                  | JD                                |
| Local insurance companies                 | 1,309,482                           | 1,312,885                         |
| Foreign reinsurance companies             | 283,326                             | 1,593,007                         |
| Total reinsurance receivables             | 1,592,808                           | 2,905,892                         |
| (Less): Expected credit losses provision* | (559,090)                           | (170,000)                         |
|   | <u>1,033,718</u>                    | <u>2,735,892</u>                  |

\* The following is the movement of expected credit losses:

|   | September 30,<br>2022<br>(Reviewed) | December 31,<br>2021<br>(Audited) |
|---|-------------------------------------|-----------------------------------|
|   | JD                                  | JD                                |
| Balance at the beginning of the period/year | 170,000                             | 170,000                           |
| Add: prior years adjustments                | 389,090                             | -                                 |
| Balance at the end of the period/year       | <u>559,090</u>                      | <u>170,000</u>                    |

The table below shows the aging of reinsurance receivables:

|                               | Un-due<br>Receivables | Past Due Receivables |                |                 |                  | Total            |
|-------------------------------|-----------------------|----------------------|----------------|-----------------|------------------|------------------|
|                               |                       | 1-90 Days            | 91-180<br>Days | 181-360<br>Days | More 361<br>Days |                  |
| <u>September 30, 2022</u>     | JD                    | JD                   | JD             | JD              | JD               | JD               |
| Local insurance companies     | 264,926               | 231,974              | 199,939        | 217,612         | 395,031          | 1,309,482        |
| Foreign reinsurance companies | 13,734                | 54,263               | 119,564        | 38,159          | 57,606           | 283,326          |
| Total reinsurance receivables | <u>278,660</u>        | <u>286,237</u>       | <u>319,503</u> | <u>255,771</u>  | <u>452,637</u>   | <u>1,592,808</u> |
| <u>December 31, 2021</u>      |                       |                      |                |                 |                  |                  |
| 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        |
| Total reinsurance receivables | <u>481,419</u>        | <u>903,080</u>       | <u>865,615</u> | <u>490,779</u>  | <u>164,999</u>   | <u>2,905,892</u> |

## 9. Income Tax

### a. Income tax provision

The movement on the income tax provision is as follows:

|   | September 30, 2022 (Reviewed) |                   |                | December 31, 2021 (Audited) |                   |               |
|---|-------------------------------|-------------------|----------------|-----------------------------|-------------------|---------------|
|   | Policyholders                 | Owners'<br>Equity | Total          | Policyholders               | Owners'<br>Equity | Total         |
|   | JD                            | JD                | JD             | JD                          | JD                | JD            |
| Balance at beginning of the period / year | 152,999                       | (108,499)         | 44,500         | 156,208                     | 354,657           | 510,865       |
| (Less): Income tax paid                   | (1,705)                       | (141,178)         | (142,883)      | (5,477)                     | (572,083)         | (577,560)     |
| Income tax expense for the period / year  | (36,236)                      | 520,522           | 484,286        | 2,268                       | 108,927           | 111,195       |
| Balance at end of the period / year       | <u>115,058</u>                | <u>270,845</u>    | <u>385,903</u> | <u>152,999</u>              | <u>(108,499)</u>  | <u>44,500</u> |

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

|   | September 30, 2022<br>(Reviewed) |                         | September 30, 2021<br>(Reviewed) |                         |
|---|----------------------------------|-------------------------|----------------------------------|-------------------------|
|   | Policyholders'<br>JD             | Owners'<br>Equity<br>JD | Policyholders'<br>JD             | Owners'<br>Equity<br>JD |
| Accrued income tax on the period profits    | (36,236)                         | 520,522                 | (106,214)                        | 459,082                 |
| Impact of deferred taxes                    | (110,179)                        | -                       | (47,868)                         | -                       |
| Income tax (surplus) expense for the period | <u>(146,415)</u>                 | <u>520,522</u>          | <u>(154,082)</u>                 | <u>459,082</u>          |

c. Tax status:

- The Company has obtained a final settlement with Income and Sales Tax Department until the end of year 2018. it has also submitted the tax return for the years 2019 - 2021 and paid the declared amount but it has not been reviewed yet.
- In the opinion of the management and the tax consultant, the income tax provision is sufficient as of September 30, 2022.

d. Deferred Tax:

The items of deferred tax assets are the result of temporary differences in terms of items that appear in the Company's condensed interim condensed financial information and details as follows:

|  | For the nine months ended on September 30, 2022 (Reviewed) |                     |                        |                      | For the year ended on December 31, 2021 (Audited) |                    |
|--|--|---------------------|------------------------|----------------------|---|--------------------|
|  | Beginning Balance<br>JD                                    | Added Amounts<br>JD | Released Amounts<br>JD | Ending Balance<br>JD | Deferred Tax<br>JD                                | Deferred Tax<br>JD |
| <b>Deferred Tax Assets:</b>  |  |                     |                        |                      |   |                    |
| Expected Credit Losses – Receivables   | 1,751,001  | 150,000             | -                      | 1,901,001            | 494,260   | 455,260            |
| Expected Credit Losses – Reinsurance Receivables                                       | 170,000  | 389,090             | -                      | 559,090              | 145,363   | 44,200             |
| Expected Credit Losses – Banks deposits  | 85,493   | -                   | -                      | 85,493               | 22,228  | 22,228             |
| Expected Credit Losses – Sukuk   | 6,354  | -                   | -                      | 6,354                | 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 | 320,838  | 344,488             | 320,838                | 344,488              | 34,449  | 32,085             |
| Outstanding Claims Provision IBNR – net  | 993,774  | 273,767             | -                      | 1,267,541            | 329,560   | 258,381            |
| Premium Deficiency Reserve   | 233,000  | 61,000              | -                      | 294,000              | 76,440  | 60,580             |
| Unallocated Loss Adjustment Expense Reserve  | 200,000  | 74,435              | -                      | 274,435              | 71,353  | 52,000             |
|  | <u>3,822,960</u>   | <u>1,292,780</u>    | <u>320,838</u>         | <u>4,794,902</u>     | <u>1,191,555</u>                                  | <u>942,636</u>     |
| <b>Deferred Tax Liabilities:</b>   |  |                     |                        |                      |   |                    |
| Cumulative change in fair value of financial assets through comprehensive income       | 43,965   | 119,305             | 43,965                 | 119,305              | 19,851  | 11,431             |
|  | <u>43,965</u>  | <u>119,305</u>      | <u>43,965</u>          | <u>119,305</u>       | <u>19,851</u>                                     | <u>11,431</u>      |

- Deferred tax assets were calculated at a rate of 26% for items in the Kingdom and 10% for items outside the Kingdom.
- The deferred taxes have not been calculated for the subsidiary, since the profits of investment in shares are not subject to tax according to the amended Income Tax Law for the year (38/2018).

**10. Other Assets**

This item consists of the following:

|                                 | September 30, 2022 |                |                | December 31, 2021 |                |                |
|---------------------------------|--------------------|----------------|----------------|-------------------|----------------|----------------|
|                                 | Policyholders      | Owners' Equity | Total          | Policyholders     | Owners' Equity | Total          |
|                                 | JD                 | JD             | JD             | JD                | JD             | JD             |
| Accrued and un-received revenue | 203,338            | 322,382        | 525,720        | 26,489            | 340,419        | 366,908        |
| Prepaid expenses                | 62,914             | 270,520        | 333,434        | -                 | 176,436        | 176,436        |
| Refundable insurance deposits   | 16,247             | 33,945         | 50,192         | 5,510             | 33,945         | 39,455         |
| Others                          | -                  | 41,308         | 41,308         | -                 | -              | -              |
|                                 | <u>282,499</u>     | <u>668,155</u> | <u>950,654</u> | <u>31,999</u>     | <u>550,800</u> | <u>582,799</u> |

**11. Payables:**

This item consists of the following:

|                    | September 30, 2022 (Reviewed) |                |                  | December 31, 2021 (Audited) |
|--------------------|-------------------------------|----------------|------------------|-----------------------------|
|                    | Policyholders                 | Owners' Equity | Total            | Total                       |
|                    | JD                            | JD             | JD               | JD                          |
| Agents' Payable    | 219,125                       | -              | 219,125          | 154,114                     |
| Brokers' Payable   | 138,885                       | -              | 138,885          | 175,679                     |
| Employees' Payable | 288                           | 4,865          | 5,153            | 5,087                       |
| Suppliers' Payable | 807,959                       | 64,876         | 872,835          | 528,462                     |
| Others*            | <u>1,410,725</u>              | <u>33,764</u>  | <u>1,444,489</u> | <u>1,352,235</u>            |
| Total              | <u>2,576,982</u>              | <u>103,505</u> | <u>2,680,487</u> | <u>2,215,577</u>            |

\* This item includes customer's receivables, losses adjuster, lawyers, advisors, and medical network provider.

**12. Reinsurance Payables:**

This item consists of the following:

|                                | September 30, 2022 (Reviewed) |                |                  | December 31, 2021 (Audited) |
|--------------------------------|-------------------------------|----------------|------------------|-----------------------------|
|                                | Policyholders                 | Owners' Equity | Total            | Total                       |
|                                | JD                            | JD             | JD               | JD                          |
| Local insurance companies      | 398,167                       | 6,193          | 404,360          | 277,191                     |
| Foreign re-insurance companies | <u>8,468,870</u>              | <u>-</u>       | <u>8,468,870</u> | <u>6,773,395</u>            |
|                                | <u>8,867,037</u>              | <u>6,193</u>   | <u>8,873,230</u> | <u>7,050,586</u>            |

**13. Other Liabilities:**

This item consists of the following:

|                               | September 30, 2022 (reviewed) |                |                  | December 31, 2021 (audited) |                |                |
|-------------------------------|-------------------------------|----------------|------------------|-----------------------------|----------------|----------------|
|                               | Policyholders                 | Owners' Equity | Total            | Policyholders               | Owners' Equity | Total          |
|                               | JD                            | JD             | JD               | JD                          | JD             | JD             |
| Various governmental deposits | 1,005,250                     | 60,015         | 1,065,265        | 238,698                     | 48,456         | 287,154        |
| Uncollected Dividends         | -                             | 462,728        | 462,728          | -                           | 361,975        | 361,975        |
| Various deposits              | <u>169,803</u>                | <u>69,537</u>  | <u>239,340</u>   | <u>146,436</u>              | <u>44,572</u>  | <u>191,008</u> |
|                               | <u>1,175,053</u>              | <u>592,280</u> | <u>1,767,333</u> | <u>385,134</u>              | <u>455,003</u> | <u>840,137</u> |

**14. Reserve to Cover Policyholders' Fund Deficit (Contingency Provision)**

- This account represents what has been transferred from the policyholders' fund surplus during this year and previous years.
- Below is a summary movement of the reserve to cover deficit (contingency provision):

|   | September 30, 2022<br>(Reviewed) | December 31, 2021<br>(Audited) |
|---|----------------------------------|--------------------------------|
|   | JD                               | JD                             |
| Balance at the beginning of the period / year                   | 14,160                           | 3,411                          |
| Transfers from reserve to cover the policyholders' fund deficit | <u>(14,160)</u>                  | <u>10,749</u>                  |
| Balance at the end of the period / year                         | <u>-</u>                         | <u>14,160</u>                  |

#### 15. Surplus (deficit) Policyholders Accumulated

This item consists of the following:

|   | September 30,<br>2022 (Reviewed) | December 31,<br>2021 (Audited) |
|---|----------------------------------|--------------------------------|
|   | JD                               | JD                             |
| Balance at the beginning of the period / year                                       | -                                | -                              |
| (Deficit) surplus Policyholders' during the period / year                           | (394,174)                        | 10,749                         |
| Transferred to reserve to cover policyholders' fund deficit (contingency provision) | 14,160                           | (10,749)                       |
| Al-Qard Al-Hasan granted by Owners' Equity to cover policyholders' deficit          | 380,014                          | -                              |
| Balance at the end of the period / year   | -                                | -                              |

#### 16. Al Qard Al Hasan Granted by the Owners Equity to Cover the Policyholders'

##### Fund Deficit

This item consists of the following:

|  | September 30,<br>2022 (Reviewed) | December 31,<br>2021 (Audited) |
|--|----------------------------------|--------------------------------|
|  | JD                               | JD                             |
| Balance at the beginning of the period / year                    | -                                | -                              |
| Al Qard Al Hassan granted by Owners' equity to cover the deficit | 380,014                          | -                              |
| Transferred to policyholders' fund deficit                       | (380,014)                        | -                              |
| Balance at the end of the period / year                          | -                                | -                              |

#### 17. Capital and Statutory Reserve

- The paid-up capital is JD 28 million as of September 30, 2022 and December 31, 2021 divided into 28 million shares, par value of each share is 1 JD.
- The amounts accumulated in the statutory reserve account represent the amounts transferred from profit before tax during the year and prior years at a rate of 10% of profit before tax in accordance with the Companies Law and is not distributable to shareholders.

#### 18. Retained Earnings

This item consists of the following:

|   | September 30, (reviewed) |             |
|---|--------------------------|-------------|
|   | 2022                     | 2021        |
|   | JD                       | JD          |
| Balance at the beginning of the year                    | 2,726,966                | 3,522,266   |
| Prior years' adjustments                                | (388,149)                | (320,420)   |
| Profit for the year                                     | -                        | 2,080,560   |
| (Losses) resulted from a sale of a subsidiary company * | -                        | (1,508,528) |
| Transferred to statutory reserve                        | -                        | (66,912)    |
| Profits distributed to shareholders                     | (1,120,000)              | (980,000)   |
| Balance at the end of the period / year                 | 1,218,817                | 2,726,966   |

- \* 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 Company for trading and investing L.L.C" was unanimously approved, the sale resulted in a realized loss of JD 1,508,528.

#### 19. Owners Equity Share for Takaful Operations Management

- The contractual relationship between owners' equity and policyholders represents an agent relationship to manage the insurance business through a specialized staff which were appointed for this mission.
- Wakala fees for the third quarter of the year 2022 were determined at 17% for Motors department (2021: 17%) and 19% for Medical department deducting the administrative fees (2021: 19%) and 25% for marine department (2021: 25%) and 7% for aviation department (2021: 7%) and 20% for fire department and other damages (2021: 20%) and 25% for the liability and other departments (2021: 25%) and 15.5% for Takaful insurance department - life (2021: 15.5%) and decreasing it to a rate of 10% for policies issued from the departments owned by policyholders from insurance contributions utilized against real estate rentals, except for 100% reinsured policies, 10% of the premium were deducted while it should not exceed 90% from the reinsurances commission. As for investing policyholders' surplus, the contractual relation between the shareholders and policyholders is based on the Islamic principles (Modaraba) against a percentage of 35% from the investments gain in 2022.
- The determined compensation for the investment management is based on the Islamic principles (Modaraba & Wakala) based on budgets prepared by the Company and on a fair basis to the policyholders. The Company has a strict separation between the assets and liabilities of the policyholders and shareholders and hence the investment returns of the assets of the policyholders are determined accurately.

#### 20. Investment Income – Takaful Insurance

This item consists of the following:

|  | For the year ended<br>September 30, 2022<br>(reviewed) |                   | For the year ended<br>September 30, 2021<br>(reviewed) |                   |
|--|--|-------------------|--|-------------------|
|  | Policyholders  | Owners'<br>Equity | Policyholders  | Owners'<br>Equity |
|  | JD   | JD                | JD   | JD                |
| Income from deposits   | 71,792   | 354,626           | 45,758   | 318,980           |
| Shareholders share in return<br>to managing the investments<br>portfolio | (25,127)   | 25,127            | (16,015)   | 16,015            |
| Total  | 46,665   | 379,753           | 29,743   | 334,995           |

- 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 Modaraba share in return to management for the years 2022 and 2021, the percentage from the investment's income was 35%.

## 21. Gains from Financial Assets and Investments

This item consists of the following:

|   | For the year ended September 30,<br>2022 (reviewed) |                |                | For the year ended September 30,<br>2021 (reviewed) |                |                |
|---|---|----------------|----------------|---|----------------|----------------|
|   | Policyholders                                       | Owners' Equity | Total          | Policyholders                                       | Owners' Equity | Total          |
|   | JD  | JD             | JD             | JD  | JD             |                |
| Rental income – net   | 6,776   | -              | 6,776          | 5,775   | 105,899        | 111,674        |
| Dividends received from financial assets at fair value through other comprehensive income | -   | 76,178         | 76,178         | -   | 59,182         | 59,182         |
| Change in fair value of financial assets through profit or loss                           | -   | 48,925         | 48,925         | -   | -              | -              |
| Returns on Sukuk and Wakala investments   | 41,871  | 127,996        | 169,867        | 41,824  | 240,285        | 282,109        |
| Gain on sale of financial assets through profit or loss                                   | -   | 55,126         | 55,126         | -   | -              | -              |
| Other revenues  | -   | 18,391         | 18,391         | -   | 7,553          | 7,553          |
| Total gains from financial assets and investments   | 48,647  | 326,616        | 375,263        | 47,599  | 412,919        | 460,518        |
| Shareholders' share of return from investment property portfolio management               | (17,026)  | 17,026         | -              | (16,660)  | 16,660         | -              |
|   | <u>31,621</u>                                       | <u>343,642</u> | <u>375,263</u> | <u>30,939</u>                                       | <u>429,579</u> | <u>460,518</u> |

## 22. Earnings per Share

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

|   | For the Nine Months<br>Ended September 30, |            |
|---|--|------------|
|   | 2022                                       | 2021       |
|   | JD   | JD         |
| Profit for the period                                 | 1,386,297                                  | 1,059,684  |
|   | Share                                      | Share      |
| Number of shares – Weighted average                   | 28,000,000                                 | 28,000,000 |
|   | JD / Share                                 | JD / Share |
| Earnings per share for the period - (basic & diluted) | 0.050                                      | 0.038      |

## 23. Cash and Cash Equivalents

Cash and cash equivalents in the concluded interim statement of cash flow consist of the amount shown in the condensed consolidated interim statement of financial position, which are detailed as follows:

|  | September 30,     |                  |
|--|-------------------|------------------|
|  | 2022              | 2021             |
|  | (Reviewed)        | (Reviewed)       |
|  | JD                | JD               |
| Cash on hand and at banks                          | 1,573,283         | 578,627          |
| Add: Bank deposits maturing within three months    | 9,606,707         | 6,788,383        |
| Cash and cash equivalents at the end of the period | <u>11,179,990</u> | <u>7,367,010</u> |



## 24. Related Party Balances and Transactions

- The Company engaged in transactions with major owners' equity and key management within the Company's normal business, All of the deferred insurance accounts receivables and financing due to the related parties are performing, and no provisions were recorded.
- The Company's management depends on the pricing policy and conditions for these transactions.
- Below is a summary of related parties' transactions during the period / year:

|   | Related Party                    |                  |                |                    | Total             |
|---|----------------------------------|------------------|----------------|--------------------|-------------------|
|   | Major Shareholders and Directors | Upper Management | Sister Company | September 30, 2022 | December 31, 2021 |
|   | JD                               | JD               |                | JD                 | JD                |
| <b><u>Condensed Consolidated Interim Statement of Financial Position Items</u></b>                      |                                  |                  |                |                    |                   |
| Accounts receivable   | 1,435                            | 41,245           | (16,497)       | 26,183             | 37,869            |
| Deposits at banks outside of Jordan   | -                                | -                | 2,660,426      | 2,660,426          | 3,039,008         |
| <b><u>Condensed Consolidated Interim Statement of Profit or Loss and Comprehensive Income Items</u></b> |                                  |                  |                |                    |                   |
| Investments revenue   | -                                | -                | 75,785         | 75,785             | 116,511           |
| Takaful Insurance contribution  | 520                              | 488              | -              | 1,008              | 952               |

Below is a summary of the executive management benefits (salaries, bonuses, and other benefits):

|                      | September 30,      |                    |
|----------------------|--------------------|--------------------|
|                      | 2022<br>(Reviewed) | 2021<br>(Reviewed) |
|                      | JD                 | JD                 |
| Salaries and bonuses | 727,697            | 691,628            |
|                      | <u>727,697</u>     | <u>691,628</u>     |

## 25. Lawsuits against the Company

There are lawsuits held against the Company for various types of claims, the determined lawsuits at courts is about JD 1,715,725 as of September 30, 2022 (JD 1,265,770 as of December 31, 2021), In the management and the legal advisors' opinion, the Company will not have claims that exceed the outstanding claims provision amount.

## 26. Fair Value Hierarchy

### a. Fair Value of Financial Assets and Financial Liabilities Continuously Determined at Fair Value

Fair value is the price that would be received to sell an asset or as a payment to transfer a liability in an organized transaction between market participants at the measurement date, regardless of whether if price can be directly observable or estimated using another valuation technique.

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

Some of the financial assets and financial liabilities of the Company are estimated at fair value at the end of each financial period, The following table provides information about the manner in which financial assets and financial liabilities are determined (Evaluation methods and input used):

| Financial assets / liabilities                              | Fair Value         |                   | Fair Value Level | Evaluation Method and Used Entries                  | Significant Intangible Entries | Relation between Significant Intangible Entries and Fair Value |
|---|--------------------|-------------------|------------------|---|--------------------------------|--|
|   | September 30, 2022 | December 31, 2021 |                  |   |                                |  |
|   | JD                 | JD                |                  |   |                                |  |
| Financial assets at fair value                              |                    |                   |                  |   |                                |  |
| Financial assets at fair value through profit or loss       | 371,140            | -                 | First Level      | Prices stated in financial markets                  | N/A                            | N/A  |
| Financial assets at fair value through comprehensive income |                    |                   |                  |   |                                |  |
| Shares with quoted prices                                   | 1,836,977          | 1,431,188         | First Level      | Prices stated in financial markets                  | N/A                            | N/A  |
| Shares with un-quoted prices                                | 53,930             | 50,210            | Third Level      | Based on the latest available financial information | N/A                            | N/A  |
| Total   | <u>2,262,047</u>   | <u>1,481,398</u>  |                  |   |                                |  |

There were no transfers between the first and third levels during the nine months ended September 30, 2022 and the ended year December 31, 2021.

**b. Fair Value of Financial Assets and Financial Liabilities Continuously Undetermined at Fair Value**

with the exception of what is stated in the schedule below, we believe that the carrying amount of the financial assets and financial liabilities stated in the Company's condensed consolidated interim financial information approximates their fair value. Moreover, the Company's management believes that the book value of the items below approximates their fair value due to either their short-term maturity or the re-pricing of interest rates during the period.

|   | September 30, 2022 |                   | December 31, 2021 |                   | Fair Value Level |
|---|--------------------|-------------------|-------------------|-------------------|------------------|
|   | Book Value         | Fair Value        | Book Value        | Fair Value        |                  |
|   | JD                 | JD                | JD                | JD                |                  |
| Financial assets of undetermined fair value       |                    |                   |                   |                   |                  |
| Deposits at banks                                 | 15,407,424         | 15,655,978        | 14,357,318        | 14,848,002        | Third Level      |
| Financial assets at amortized cost                | 4,526,673          | 4,609,817         | 4,044,134         | 4,117,825         | Third Level      |
| Total Financial assets of undetermined fair value | <u>19,934,097</u>  | <u>20,265,795</u> | <u>18,401,452</u> | <u>18,965,827</u> |                  |

For the items shown above, the fair value of assets and liabilities for the third level were determined according to agreed upon pricing models that reflect credit risks related to the parties that are being dealt with.