

JORDAN INSURANCE COMPANY

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

30 SEPTEMBER 2022



**Building a better
working world**

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

Introduction

We have reviewed the accompanying interim condensed financial statements of Jordan Insurance Company a public shareholding company (“the company”) as at 30 September 2022, comprising of the interim condensed statement of financial position as at 30 September 2022 and the related interim condensed income statement, interim condensed statement of comprehensive income, interim condensed statement of changes in equity, and interim condensed statement of cash flows for the nine months period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard (34) (Interim Financial Reporting). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard (34).

Other matter

The Company’s financial statements for the year ended 31 December 2021 and the interim condensed financial statements for the period ended 30 September 2021 were audited and reviewed by another auditor who issued an unqualified opinion for the year ended 31 December 2021 and an unqualified conclusion for the period ended 30 September 2021 on 28 February 2022 and 31 October 2021 respectively.

Emphasis of a Matter

Without qualifying our conclusion, we draw attention to note (28) to the interim condensed financial statements, which describes the solvency ratio of the Company that reached 190% as of 30 September 2022, which is less than the determined rate by the Insurance management of 200%.

Amman – Jordan
31 October 2022

ERNST & YOUNG
Amman - Jordan

JORDAN INSURANCE COMPANY PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	Notes	30 September 2022 JD (Unaudited)	31 December 2021 JD (Audited)
<u>Assets</u>			
Investments -			
Bank deposits	3	26,411,946	26,654,164
Financial assets at fair value through profit or loss	4	2,745,751	2,748,881
Financial assets at fair value through other comprehensive income	5	17,830,681	27,866,076
Investment properties	6	15,509,663	15,512,881
Life policyholder's loans	7	35,539	35,539
Total Investments		62,533,580	72,817,541
Other Assets -			
Cash on hand and at banks	8	4,275,446	3,536,478
Notes receivable and checks under collection	9	1,993,054	3,075,583
Accounts receivable, net	10	20,481,877	16,415,063
Reinsurance receivables, net	11	3,941,400	5,831,044
Deferred tax assets	12/D	2,450,185	2,844,555
Property and equipment, net	13	1,047,939	990,374
Intangible assets, net		257,139	239,895
Other assets	14	2,838,152	2,558,359
Total Assets		99,818,772	108,308,892
<u>Liabilities and Equity</u>			
Insurance contract liabilities -			
Unearned premiums reserve, net		13,415,196	11,365,857
Outstanding claims reserve, net		16,308,661	15,622,637
Mathematical reserve, net	15	1,481,079	1,417,919
Premiums deficiency reserve		174,579	83,177
Total Insurance contract liabilities		31,379,515	28,489,590
Other liabilities -			
Due to banks	16	11,444,032	17,763,534
Accounts payable		2,560,011	3,129,023
Reinsurance payable	17	9,251,192	5,254,165
Other provisions		1,331,970	1,174,191
Income tax provision	12/A	533,129	85,021
Deferred tax liabilities	12/D	299,559	1,446,798
Other liabilities	18	810,657	707,047
Total insurance contract liabilities and other liabilities		57,610,065	58,049,369
Equity -			
paid-in capital	19	30,000,000	30,000,000
Statutory reserve		7,500,000	7,500,000
Fair value reserve	20	(1,965,374)	6,823,258
Retained earnings	21	6,248,780	5,059,826
Profit for the period / year	21	425,301	876,439
Total Equity		42,208,707	50,259,523
Total Liabilities and Equity		99,818,772	108,308,892

The attached notes from 1 to 30 form part of these interim condensed financial statements

JORDAN INSURANCE COMPANY PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED INCOME STATEMENT
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2022 (UNAUDITED)

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2022	2021	2022	2021
		JD	JD	JD	JD
Revenues –					
Gross written premiums - general insurance		11,258,746	10,979,029	39,924,871	35,593,194
Gross written premiums - life		8,436,523	6,416,931	22,259,097	16,901,113
Less: reinsurance share - general insurance		4,117,657	4,450,839	19,167,937	16,929,066
Less: reinsurance share - life		5,584,419	4,244,887	14,526,003	10,793,175
Net written premiums		9,993,193	8,700,234	28,490,028	24,772,066
Net change in unearned premiums reserve		(596,696)	(543,129)	(2,049,339)	(616,068)
Net change in mathematical reserve		(91,916)	(39,750)	(63,160)	89,809
Net change in premiums deficiency reserve		81,688	5,340	(91,403)	31,228
Net earned premiums		9,386,269	8,122,695	26,286,126	24,277,035
Commissions received		446,252	364,429	2,163,598	1,909,026
Insurance policies issuance fees		465,855	425,385	1,332,309	1,169,658
Interest income		101,026	53,426	212,249	177,135
Net gain from financial assets and investments	22	156,762	468,251	953,303	1,237,071
Other revenues		(42,790)	199,037	140,222	634,981
Total revenues		10,513,374	9,633,223	31,087,807	29,404,906
Claims, losses and expenses –					
Paid claims		12,597,377	14,237,733	39,935,704	38,986,357
Less: recoveries		1,701,933	1,019,412	3,628,080	2,751,783
Add: Maturity and surrender of insurance policies		10,600	11,122	55,552	26,833
Less: reinsurance share		5,301,118	7,267,017	19,229,892	19,801,143
Net paid claims		5,604,926	5,962,426	17,133,284	16,460,264
Net change in outstanding claims reserve		576,374	5,436	686,023	701,481
Allocated employees' expenses		1,078,326	1,051,287	3,265,248	3,171,161
Allocated general and administrative expenses		681,474	568,233	2,037,400	1,626,918
Excess of loss premiums		140,889	144,035	443,066	432,104
Policies acquisition costs		846,432	632,079	2,319,306	2,076,043
Other expenses related to underwriting accounts		488,717	671,285	1,338,563	1,409,223
Net claims costs		9,417,138	9,034,781	27,222,890	25,877,194
Unallocated employees' expenses		190,069	185,365	579,797	560,866
Depreciation and amortization		115,760	63,117	255,916	187,105
Unallocated general and administrative expenses		122,522	109,830	386,107	303,858
Provision for expected credit losses	10,11	507,600	-	636,400	-
Bank interests and expenses		297,787	429,105	1,045,942	1,131,266
Other Expenses		30,690	34,725	95,299	110,552
Gross expenses		1,264,428	822,142	2,999,461	2,293,647
Total		10,681,566	9,856,923	30,222,351	28,170,841
Profit for the period before tax		(168,192)	(223,700)	865,456	1,234,065
Income tax expense	12/B	(125,132)	111,211	(440,155)	(199,673)
Profit for the period		(293,324)	(112,489)	425,301	1,034,392
Basic and diluted earnings per share for the period	23	(0.010)	(0.004)	0.014	0.034

The attached notes from 1 to 30 form part of these interim condensed financial statements

JORDAN INSURANCE COMPANY PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2022 (UNAUDITED)

	For the three months ended 30 September		For the nine months ended 30 September	
	2022	2021	2022	2021
	JD	JD	JD	JD
Profit for the period	(293,324)	(112,489)	425,301	1,034,392
Add: Other comprehensive income items after tax not to be reclassified to profit or loss in subsequent periods				
Gain from sale of financial assets at fair value through other comprehensive income	2,464	-	321,996	-
Change in fair value of financial assets through other comprehensive income	(3,378,960)	2,656,509	(8,798,113)	8,660,774
Total comprehensive income for the period	<u>(3,669,820)</u>	<u>2,544,020</u>	<u>(8,050,816)</u>	<u>9,695,166</u>

The attached notes from 1 to 30 form part of these interim condensed financial statements

JORDAN INSURANCE COMPANY PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022 (UNAUDITED)

	Paid-in capital	Statutory reserve	Fair value reserve	Retained earnings	Total
	JD	JD	JD	JD	JD
For the nine months ended 30 September 2022 -					
Balance as at 1 January 2022	30,000,000	7,500,000	6,823,258	5,936,265	50,259,523
Profit for the period	-	-	-	425,301	425,301
Other comprehensive income items for the period, net	-	-	(8,476,117)	-	(8,476,117)
Total other comprehensive income for the period	-	-	(8,476,117)	425,301	(8,050,816)
Transfers from fair value reserve to retained earnings	-	-	(312,515)	312,515	-
Balance as at 30 September 2022	30,000,000	7,500,000	(1,965,374)	6,674,081	42,208,707
For the nine months ended 30 September 2021 -					
Balance as at 1 January 2021	30,000,000	7,500,000	(2,736,253)	5,239,835	40,003,582
Profit for the period	-	-	-	1,034,392	1,034,392
Other comprehensive income items for the period, net	-	-	8,660,774	-	8,660,774
Total other comprehensive income for the period	-	-	8,660,774	1,034,392	9,695,166
Balance as at 30 September 2021	30,000,000	7,500,000	5,924,521	6,274,227	49,698,748

The attached notes from 1 to 30 form part of these interim condensed financial statements

JORDAN INSURANCE COMPANY PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022 (UNAUDITED)

	Notes	For the nine months ended 30	
		September	
		2022	2021
		JD	JD
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Profit for the period before tax -		865,456	1,234,065
Adjustments:			
Depreciation and amortization		255,916	187,105
Provision for expected credit losses	10,11	636,400	48,014
Gain from change in fair value of financial assets at fair value through profit or loss		(176,448)	(733,740)
Gain from sale of financial assets at fair value through profit or loss		(185,880)	-
Gain from sale of Investment properties		-	(191,193)
Gain from sale of Property and equipment		(14,000)	-
Dividends Income		(310,975)	-
Net change in unearned premiums reserve		2,049,339	616,068
Net change in outstanding claims reserve		686,023	701,481
Net change in mathematical reserve		63,160	(89,809)
Net change in premiums deficiency reserve		91,403	(31,228)
Cash flows from operating activities before change in working capital		3,960,394	1,740,763
Notes receivable and checks under collection		1,232,529	(510,078)
Accounts receivable		(4,753,214)	(1,997,953)
Reinsurance receivables		1,789,644	(1,490,891)
Other assets		(284,145)	(839,031)
Accounts payable		(569,012)	434,601
Reinsurance payable		3,997,027	(1,404,607)
Other provisions		157,779	(66,261)
Other liabilities		103,610	694,369
Cash flows from (used in) operating activities before income tax paid		5,634,612	(3,439,088)
Income tax paid	12/A	(51,892)	(371,993)
Net cash flows from (used in) operating activities		5,582,720	(3,811,081)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Bank deposits mature after three months		390,110	(42,000)
Life policyholder's loans		-	6,000
Purchase of property and equipment and intangible assets		(243,075)	(142,334)
Purchase of investment properties		(80,081)	(60,326)
Proceeds from sale of investment properties		-	1,200,000
Proceeds from sale of property and equipment		14,000	-
Proceeds from sale of financial assets at fair value through profit or loss		365,458	-
Proceeds from sale of financial assets at fair value through other comprehensive income		866,255	-
Dividends distribution received		310,975	-
Net cash flows used in investing activities		1,623,642	961,340
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>			
Due to banks	16	(6,319,502)	6,946,669
Net cash flows (used in) from financing activities		(6,319,502)	6,946,669
Net increase in cash and cash equivalents		886,860	4,096,928
Cash and cash equivalents at the beginning of the period		27,704,532	23,586,890
Cash and cash equivalents at the end of the period	24	28,591,392	27,683,818

The attached notes from 1 to 30 form part of these interim condensed financial statements

(1) GENERAL

Jordan Insurance Company was established in 1951 and registered as a Jordanian public shareholding limited Company under number (11) with an authorized capital of JD 100 thousand, On 12 July 1981, the Company's capital was increased to JD 1,1 million. On 1 May 1988, General Insurance Society for Near East Company (Al - Ittihad Al - Watani) in Jordan was merged with Jordan Insurance Company after revaluating both companies' assets, Consequently, the Company's capital was increased to JD 5 million, divided into 5 million shares at JD 1 per share. Furthermore, the Company's capital was increased in stages, the latest of which was during the year 2006. Accordingly, the Company's authorized and paid-up capital was increased by JD 10 million to become JD 30 million, divided into 30 million shares of JD 1 per share, The Company's address is Amman - Prince Mohammed Street, P,O, Box 279 Amman 11118, The Hashemite Kingdom of Jordan.

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

The interim condensed financial statements were approved for issuance by the board of directors in its meeting held on 26 October 2022.

(2) BASIS OF PREPARATION

The interim condensed financial statements for the nine months period ended 30 September 2022 were prepared in accordance with International Accounting Standard (34) (Interim Financial Reporting).

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

The interim condensed financial statements have been prepared on historical cost convention, except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss that have been measured at fair value at the date of the interim condensed financial statement.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group annual report as of 31 December 2021. In addition, results for the nine - months period ended 30 September 2022 are not necessarily indicative to the results that may be expected for the financial year ending 31 December 2022.

(2-1) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2021 except for the adoption of new standards effective as of 1 January 2022 shown below:

Reference to the Conceptual Framework – Amendments to IFRS (3)

In May 2020, the IASB issued Amendments to IFRS (3) Business Combinations - Reference to the Conceptual Framework, the amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirement.

The Board also added an exception to the recognition principle of IFRS (3) to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS (37) or IFRIC (21) Levies, if incurred separately,

At the same time, the Board decided to clarify existing guidance in IFRS (3) for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

These amendments had no material impact on the interim condensed financial statements of the Company.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued amendments on the IAS (16) Property, Plant and Equipment: Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no material impact on the interim condensed financial statements of the Company.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS (37)

In May 2020, the IASB issued amendments to IAS (37) to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making,

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no material impact on the interim condensed financial statements of the Company.

IFRS (9) Financial Instruments – Fees in the “10 %” test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS (9). The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

These amendments had no material impact on the interim financial statements of the Company.

(2-2) MOST SIGNIFICANT INTERNATIONAL FINANCIAL REPORTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach).
- A simplified approach (the premiums allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

The Company is assessing the impact of the application of this standard on the Company's financial statements, which is expected to be completed during the fourth quarter of 2022.

(2-3) BUSINESS SEGMENT

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

The geographic segment relates to providing products and services in a defined economic environment subject to risks and returns different from those of other economic environments.

(2-4) USE OF ESTIMATES

The preparation of the interim condensed financial statements requires company's management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions and the changes in fair value that shows in the equity section. Considerable judgment by groups' management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

The details of significant estimates made by management are as follows:

- A provision for expected credit losses is estimated by the Company's management based on their principles and assumptions according to IFRS "9".
- The financial year is charged with its related income tax in accordance with income tax laws and regulations.
- Management periodically reviews tangible assets' useful lives in order to calculate the depreciation amount depending on the status of these assets and expected future useful lives. The impairment loss (if any) appears on the interim condensed income statement.
- The outstanding claim reserve and technical reserve are estimated based on technical studies and according to Insurance Administration regulation, also mathematical reserve and IBNR are calculated based on actuarial studies.
- A provision on lawsuit against the Company is made based on the Company's lawyers' studies in which contingent risk is determined, review of such study is performed periodically.

(3) BANK DEPOSITS

This item consists of the following:

	30 September 2022				31 December 2021
	Deposits mature during one month	Deposits mature during a period between 1 - 3 months	Deposits mature during more than one year	Total	Total
	JD	JD	JD	JD (Unaudited)	JD (Audited)
Inside Jordan -					
Arab Jordan Invest Bank	1,985,194	-	-	1,985,194	1,256,944
Jordan commercial bank	-	203,565	-	203,565	201,075
Arab Bank*	-	-	800,000	800,000	495,821
Ahli Bank	-	-	-	-	34,401
Societe Generale Bank	33,382	-	-	33,382	33,194
Blom Bank	1,183,963	-	-	1,183,963	601,916
Jordan Kuwait Bank	5,458	-	-	5,458	5,452
Total banks deposits inside Jordan	3,207,997	203,565	800,000	4,211,562	2,628,803
Outside Jordan -					
Arab Bank - UAE	-	9,268,416	1,296,000	10,564,416	12,011,904
Mashreq Bank	-	4,646,400	-	4,646,400	4,185,600
First Abu Dhabi Bank	-	6,989,568	-	6,989,568	6,989,568
National Bank of Kuwait	-	-	-	-	838,289
Total bank deposits outside Jordan	-	20,904,384	1,296,000	22,200,384	24,025,361
Total Bank deposits	3,207,997	21,107,949	2,096,000	26,411,946	26,654,164

* Deposits pledged in favor of insurance administration general manager amounted to JD 800,000 as of 30 September 2022 (JD 495,821 as of 31 December 2021) and mature after more than a year.

- Interest rates on bank deposit balances in Jordanian Dinars ranges from 2% - 4% and US Dollar from 0,05% - 0,25% as of 30 September 2022 (31 December 2021: Interest rates on bank deposit balances in Jordanian Dinars ranges from 2% - 4% and US Dollar from 0,05% to 0,25%).

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

This item consists of the following:

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Quoted shares	<u>2,745,751</u>	<u>2,748,881</u>

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

This item consists of the following:

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Inside Jordan -		
Quoted shares	6,953,273	4,911,088
Unquoted shares	<u>30,209</u>	<u>29,825</u>
	<u>6,983,482</u>	<u>4,940,913</u>
Outside Jordan -		
Quoted shares	6,119,502	18,197,466
Unquoted shares *	<u>4,727,697</u>	<u>4,727,697</u>
	<u>10,847,199</u>	<u>22,925,163</u>
Total Financial assets at fair value through other comprehensive income	<u>17,830,681</u>	<u>27,866,076</u>

- * This item includes an amount of JD 4,680,750 (31 December 2021: JD 4,680,750) which represent the investment in Asia Insurance Company's shares (Iraq). The shares registered in the Company's name amounted to 5,925,000,000 Share / Iraqi Dinar equivalent to 19,75% of the Company's paid in capital as of 30 September 2022 and 31 December 2021.

(6) INVESTMENT PROPERTIES

This item consists of the following:

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Land	11,947,104	11,946,304
Buildings – net after depreciation	3,562,559	3,566,577
	<u>15,509,663</u>	<u>15,512,881</u>

The additions to the investment properties during the nine-months period ended 30 September 2022 were JD 80,081 (30 September 2021: JD 60,326).

The fair value of investment property has been determined by real estate experts as of 31 December 2021 to be JD 25,910,404. In Management's opinion, the fair value of the investment properties exceeds its carrying value as of 30 September 2022.

(7) LIFE POLICYHOLDERS' LOANS

This item consists of the following:

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Life policyholders' Loans which do not exceed the policy liquidation value	<u>35,539</u>	<u>35,539</u>

(8) CASH ON HAND AND AT BANKS

This item consists of the following:

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Cash on hand	48,361	194,356
Cash at banks	<u>4,227,085</u>	<u>3,342,122</u>
	<u>4,275,446</u>	<u>3,536,478</u>

(9) NOTES RECEIVABLE AND CHECKS UNDER COLLECTION

This item consists of the following:

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Checks under collection*	2,137,854	3,220,383
Notes receivable	40,550	40,550
	2,178,404	3,260,933
Less: Expected credit losses**	185,350	185,350
	1,993,054	3,075,583

* The due date for checks under collection extends until 20 February 2024.

** The movement on the expected credit losses related to checks under collection is as follows:

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	185,350	166,050
Additions for the period / year	-	19,300
Balance at the end of the period / year	185,350	185,350

(10) ACCOUNTS RECEIVABLE, NET

This item consists of the following:

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Policyholders' receivables	19,544,423	15,773,322
Agents' receivables	3,761,862	2,841,349
Employees' receivables	100,470	115,790
Trade and other receivables	1,081,116	1,155,910
	24,487,871	19,886,371
Less: Expected credit losses *	4,005,994	3,471,308
	20,481,877	16,415,063

- The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers, and monitoring outstanding receivables, the following table represents the accounts receivable that are not impaired as at the date of the interim condensed financial statements:

	30 September 2022	31 December 2021
	JD (Unaudited)	JD (Audited)
Not due	2,422,331	2,766,845
Less than 60 days	8,595,595	7,721,434
From 61 - 90 days	821,934	1,180,587
From 91 - 180 days	4,471,918	2,069,354
From 181 - 360 days	8,176,093	6,148,151
	<u>24,487,871</u>	<u>19,886,371</u>

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

	30 September 2022	31 December 2021
	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period / year	3,471,308	3,428,412
Currency exchange differences	-	43,069
Adjusted balance	<u>3,471,308</u>	<u>3,471,481</u>
Additions during the period / year	536,400	-
Less: Written-off debts	<u>1,714</u>	<u>173</u>
Balance at the end of the period / year	<u>4,005,994</u>	<u>3,471,308</u>

- The Company's management believes that the expected credit losses provision for accounts receivable is sufficient after taking into account amounts due from related parties.

(11) REINSURANCE RECEIVABLES, NET

This item consists of the following:

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Local reinsurance companies*	3,457,492	2,875,278
Foreign reinsurance companies **	1,745,550	4,117,408
	5,203,042	6,992,686
Less: Expected credit losses***	1,261,642	1,161,642
	3,941,400	5,831,044

* The Company follows the settlement policy on local insurance companies' receivables within three months of the claim.

** The aging details for the foreign reinsurance receivables as of interim condensed financial statements date is as follows:

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Not due	38,097	2,498,438
Less than 60 days	1,388,257	181,320
From 61 - 90 days	409,075	1,932,474
From 91 - 180 days	816,161	781,058
From 181 - 360 days	2,551,452	1,599,396
	5,203,042	6,992,686

*** The movement on the expected credit losses related to reinsurance receivables is as follows:

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	1,161,642	961,642
Additions during the period / year	100,000	200,000
Balance at the end of the period / year	1,261,642	1,161,642

(12) INCOME TAX

A- Income tax provision

The movement on the income tax provision is as follows:

	<u>30 September</u> 2022	<u>31 December</u> 2021
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	85,021	255,662
Accrued income tax of the Profit for period / year	500,000	101,352
Accrued income tax for previous years	-	100,000
Income tax paid	<u>(51,892)</u>	<u>(371,993)</u>
	<u>533,129</u>	<u>85,021</u>

B- Income Tax Expense

The income tax expense stated in the interim condensed income statement represents the following:

	<u>30 September</u> 2022	<u>31 December</u> 2021
	(Unaudited)	(Unaudited)
Accrued income tax for the period	390,194	85,000
Deferred tax	<u>49,961</u>	<u>114,673</u>
Income tax expense for the period	<u>440,155</u>	<u>199,673</u>

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C- Reconciliation of accounting and tax profit

	For the nine-months period ended 30 September	
	2022	2021
	JD	JD
	(Unaudited)	(Unaudited)
Accounting profit - Jordan branches	1,475,935	979,415
Add: nondeductible expenses	692,476	332,221
Less: non- taxable profits	(336,064)	(1,114,256)
Taxable profit for the period	1,832,347	197,380
Income tax rate	26%	26%

- The accrued income tax for the period ended 30 September 2022 was calculated in accordance with the effective income tax law.

D- Deferred Tax Assets and Liabilities

The movement on the deferred tax assets is as follows:

	30 September 2022 (Unaudited)					31 December 2021 (Audited)
	Balance at the beginning of the period	Additions	Released amounts	Balance at the end of the period	Deferred tax	Deferred tax
	JD	JD	JD	JD	JD	JD
Deferred tax assets includes the following accounts:						
Provision for Expected credit losses	3,451,624	200,000	-	3,651,624	949,422	897,422
Provision for End of service indemnity	258,998	29,948	40,061	248,885	64,710	67,339
Unreported outstanding claim reserve	3,175,303	-	203,868	2,971,435	772,573	825,578
Losses of valuation of financial assets at fair value through income statement	1,662,700	-	178,180	1,484,520	385,975	432,302
Losses of valuation of financial assets at fair value through comprehensive income	2,391,973	2,312,540	2,391,973	2,312,540	277,505	621,914
	10,940,598	2,542,488	2,814,082	10,669,004	2,450,185	2,844,555

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The movement on the deferred tax liabilities is as follows:

	30 September 2022 (Unaudited)					31 December 2021 (Audited)
Deferred tax liabilities includes the following accounts:	Beginning balance of the period	Additions	Released amounts	Balance at the end of period	Deferred tax	Deferred tax
	JD	JD	JD	JD	JD	JD
Gain of valuation of financial assets at fair value through income statement	2,291,518	-	-	2,291,518	274,982	274,982
Gain of valuation of financial assets at fair value through comprehensive income (In Jordan)	-	94,528	-	94,528	24,577	-
Gain of valuation of financial assets at fair value through comprehensive income (out of Jordan)	9,765,135	-	9,765,135	-	-	1,171,816
	12,056,653	94,528	9,765,135	2,386,046	299,559	1,446,798

- The movement on the deferred tax assets during the period / year is as follows:

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	2,844,555	3,167,997
Previous years adjustments	-	52,000
Additions	337,291	54,352
Released	(731,661)	(429,794)
Balance at the end of the period / year	2,450,185	2,844,555

E- Tax Status

- A final settlement of income tax has been reached in Jordan until the end of 2018, and the Company submitted its tax return and paid the declared tax for the years 2019, 2020 and 2021. The Company's returns are still under the review of the Income and Sales Tax Department.
- The Company's results of operation in its branches in the United Arab Emirates are not taxable. The Company's profit in Kuwait is subject to income tax at a rate of 10%, which has been settled and paid up to the end of 2018.

- The income tax provision for the nine months ended 30 September 2022 and 2021 has been calculated, in the opinion of the Company's management and tax advisor, the provision as of the interim condensed financial statements date is sufficient to mitigate any tax liabilities.

(13) PROPERTY AND EQUIPMENT, NET

The additions of the property and equipment during the nine-months period ended 30 September 2022 were JD 111,571 (30 September 2021: JD 116,009).

(14) OTHER ASSETS

This item consists of the following:

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Refundable deposits	1,345,473	1,390,928
Accrued revenues	76,030	65,638
Prepaid expenses	1,078,751	772,136
Other	337,898	329,657
	<u>2,838,152</u>	<u>2,558,359</u>

(15) MATHEMATICAL RESERVE, NET

This item consists of the following:

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Mathematical reserve, net	<u>1,481,079</u>	<u>1,417,919</u>

(16) DUE TO BANKS

This item consists of the following:

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Bank of Jordan *	5,000,000	5,000,000
Cairo Amman Bank **	5,195,759	8,301,715
Arab Bank ***	1,248,273	4,461,819
	<u>11,444,032</u>	<u>17,763,534</u>

* This item represents the utilized balance as of 30 September 2022 of the overdraft facilities granted by the Bank of Jordan at a ceiling of JD 5 million at an interest rate of 8%, calculated on a daily basis, credited monthly and is guaranteed by the Company's financial solvency. The main objective of these facilities is to finance the Company's activities.

** This item represents the utilized balance as of 30 September 2022 of the overdraft facilities granted by the Cairo Amman Bank at a ceiling of JD 6,9 million at an interest rate of 8%, calculated on a daily basis, credited monthly and is guaranteed by the Company's financial solvency. The main objective of these facilities is to finance the Company's activities.

*** This item represents the utilized balance as of 30 September 2022 of the overdraft facilities granted by the Arab bank at a ceiling of JD 5,5 million at an interest rate of 8,375%, calculated on a daily basis, credited monthly and is guaranteed by the Company's financial solvency. The main objective of these facilities is to finance the Company's activities.

(17) RE-INSURANCE PAYABLE

This item consists of the following:

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Local reinsurance companies	2,297,796	1,582,015
Foreign reinsurance companies	6,953,396	3,672,150
	<u>9,251,192</u>	<u>5,254,165</u>

(18) OTHER LIABILITIES

This item consists of the following:

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Unearned revenue	135,547	328,813
Accrued expenses	351,738	192,364
Ministry of finance deposits	254,724	99,320
Life deposits	14,520	14,654
Parking deposits	4,785	4,775
Outstanding visa deposits	2,408	6,436
Individual policy claims deposits	5,685	5,685
Board of directors' compensation	41,250	55,000
	<u>810,657</u>	<u>707,047</u>

(19) PAID-IN CAPITAL

The authorized and paid in capital amounted to JD 30,000,000 divided into 30,000,000 shares with a par value of JD 1 per each as of 30 September 2022 and 31 December 2021.

(20) FAIR VALUE RESERVE

The movement on this item during the period / year is as follows:

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Balance at beginning of the period / year	6,823,258	(2,736,253)
Net change in fair value	(8,476,117)	9,559,511
Transferred from fair value reserve to retained earnings	(312,515)	-
Balance at the end of the period / year	<u>(1,965,374)</u>	<u>6,823,258</u>

(21) RETAINED EARNINGS

The movement on this item during the period / year is as follows:

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Balance at beginning of the period / year	5,936,265	5,239,835
Prior year adjustments	-	(200,000)
Adjusted balance	5,936,265	5,039,835
Profit for the period / year	425,301	876,439
Transferred from fair value reserve to retained earnings	312,515	19,991
Balance at the end of the period / year	6,674,081	5,936,265

- A- Retained earnings balance includes a restricted amount of JD 2,172,681 as of 30 September 2022 (31 December 2021: JD 2,222,643) related to deferred tax assets.
- B- Retained earnings balance includes an amount of JD 720,507 as of 30 September 2022 that represents the difference between the deficit in the fair value reserve amounted to JD 1,965,374 and the impact of the early application of International Financial Reporting Standard "IFRS" (9) amounted to JD 1,244,867 which represents unrealized revaluation differences that are prohibited from being used until it is realized under the instructions of the Securities and Exchange Commission.

(22) NET GAIN FROM FINANCIAL ASSETS AND INVESTMENTS

This item consists of the following:

	For the nine-months period ended 30 September	
	2022	2021
	JD	JD
	(Unaudited)	(Unaudited)
Dividends income from financial assets at fair value through profit or loss	310,975	448,238
Gain from sale of financial assets at fair value through profit or loss	185,880	-
Gain from revaluation of financial assets at fair value through profit or loss	176,448	366,872
Gains from investment properties	-	191,193
Net rental income	280,000	230,768
Total	953,303	1,237,071

(23) BASIC AND DILUTED EARNINGS PER SHARE FOR THE PERIOD

Earnings per share is calculated by dividing the profit for the period by the weighted average number of shares during the period as follows:

	For the nine-months period ended 30 September	
	2022	2021
	JD	JD
	(Unaudited)	(Unaudited)
Profit for the period	425,301	1,034,392
Weighted average number of shares	Share 30,000,000	Share 30,000,000
	JD / Share	JD/Share
Earnings per share (Basic and diluted)	0.014	0.034

(24) CASH AND CASH EQUIVALENTS

This item consists of the following:

	For the nine-months period ended 30 September	
	2022	2021
	JD	JD
	(Unaudited)	(Unaudited)
Cash on hand (Note 8)	48,361	57,023
Current accounts at banks (Note 8)	4,227,085	3,793,940
Deposits maturing within three months (Note 3)	24,315,946	23,832,855
	28,591,392	27,683,818

(25) BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related parties represent the shareholders and the companies in which they are considered major shareholders and the, subsidiaries, and the key management personnel of the company, pricing policies and terms of transactions are approved by the Company's management.

- The following represent summary of related parties' transactions for the period / year:

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
<u>Interim condensed statement of financial position items</u>		
Accounts receivable	1,643,421	634,472
Accounts payable	14,496	39,282
	For the nine-months period ended 30 September	
	2022	2021
	JD	JD
	(Unaudited)	(Unaudited)
<u>Interim condensed income statement items</u>		
Insurance premiums	650,371	860,533
Payments to Reinsurance shares - net paid	1,066,494	742,635

All transactions with related parties are related to the Board of Directors and parties related to them.

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

	For the nine-months period ended 30 September	
	2022	2021
	JD	JD
	(Unaudited)	(Unaudited)
Salaries and other benefits	322,383	451,250

(26) LAWSUITS BY AND AGAINST THE COMPANY

The Company is a defendant in several lawsuits related to different accidents claims. Management and legal consultant believe that the lawsuit provision of JD 2,225,737 as of 30 September 2022 (31 December 2021: JD 2,004,103) is sufficient to meet obligations that may arise from the lawsuits and there will be no need for additional provision more than what has been recorded in the outstanding claims reserve.

(27) CONTINGENT LIABILITIES

As of the date of the interim condensed financial statements, the Company had contingent liabilities represented in bank guarantees in an amount of JD 3,039,121 and it is guaranteed by the Company's financial solvency as of 30 September 2021 (JD 3,185,185 as of 31 December 2021).

(28) CAPITAL MANAGEMENT

The capital requirements are regulated by the insurance authority. These requirements have been established to ensure an appropriate margin. Additional objectives were set by the company to maintain strong credit ratings and high capital ratios in order to support its business and maximize shareholders' equity.

The Company manages the capital structure and makes the necessary adjustments in light of changes in working conditions. The company has made no changes to the objectives, policies and procedures relating to capital structure during the current period and the previous year.

In the opinion of the management, regulatory capital is sufficient to meet future risks or liabilities.

The details of the capital and solvency ratio are as follows:

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Total available capital	52,659,449	60,657,046
Capital requirements		
Capital requirement against asset risks	18,373,998	19,234,766
Capital requirement against underwriting liabilities	4,022,619	3,798,152
Capital requirement against the reinsurance risk	267,175	834,909
Capital requirement against life insurance risk	5,042,488	4,629,364
Total required capital	27,706,280	28,497,191
Solvency margin ratio	190%	213%

The Company's solvency ratio reached 190% as of 30 September 2022 which is less than the determined rate by Insurance Management which is 200%.

(29) FAIR VALUE MEASUREMENT

A- FAIR VALUE OF FINANCIAL ASSETS FOR THE COMPANY AND DETERMINED BY THE FAIR VALUE CONTINUOUSLY

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether this price can be observed directly or estimated using another evaluation technique. When estimating the fair value of the asset or the obligation, the Company takes into account the characteristics of the asset or the obligation if market participants take those characteristics into account when pricing the asset or obligation on the measurement date.

Some of the Company's financial assets are valued at fair value at the end of each financial period, and the following table shows information on how to determine the fair value of these financial assets (valuation methods and inputs used).

	Fair Value		Fair value level	Evaluation methods and inputs used	Important intangible inputs	Relationship between the important intangible inputs method and fair value
	30 September 2022 JD	31 December 2021 JD				
Financial assets						
Financial assets at fair value through profit or loss						
Shares	2,745,751	2,748,881	1 st level	Quoted prices in Financial Markets	N/A	N/A
Financial assets at fair value through other comprehensive income:						
Quoted shares	13,072,775	23,108,554	1 st level	Quoted prices in Financial Markets	N/A	N/A
Unquoted Shares	4,757,906	4,757,522	2 nd level	Equity method based on last audited financial statements	N/A	N/A
	17,830,681	27,866,076				
Total Financial assets at fair value	20,576,432	30,614,957				

There were no transfers between level 1 and level 2 during each of the nine months ended 30 September 2022 and the year ended 31 December 2021.

B- FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES FOR THE COMPANY AND NOT DETERMINED BY THE FAIR VALUE CONTINUOUSLY

Except what described in the table below, we believe that the book value of the financial assets and financial liabilities shown in the Company's financial statements is approximately its fair value:

	30 September 2022		31 December 2021		
	Book value	Fair value	Book value	Fair value	Fair value level
	JD	JD	JD	JD	
Financial assets with undetermined fair value					
Bank Deposits	26,411,946	26,940,185	26,654,164	27,187,247	2 nd level
Policyholder's loans	35,539	36,250	35,539	36,250	2 nd level
Investment's property	15,509,663	15,803,063	15,512,881	25,910,404	2 nd level
Total financial assets with undetermined fair value	41,957,148	42,779,498	42,202,584	53,133,901	

The fair value of the financial assets included in the second level category above is determined in accordance with the pricing models adopted and accepted based on the discounting of cash flows, taking into account the interest rate as the most important entry into the calculation.

(30) ANALYSIS OF MAIN SECTORS

A. Information about the Company's operational sectors:

For management purposes, the Company was organized to include the general insurance sectors, which include fire, accidents, motor, marine, liability and medical insurance, the transactions between sectors are based on estimated market price basis under the same conditions for others.

B. Information about the geographical distribution:

This note represents the geographical distribution of the Company's operations, the Company mainly conducts its activities in the Kingdom, which represents the local operations, The Company also has international operations through its branches in UAE and Kuwait.

The geographic distribution of the Company's revenues, assets, and the capital expenditures are as follows:

	Inside Jordan		Outside Jordan		Total	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	JD	JD	JD	JD	JD	JD
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Total revenues	27,227,995	25,135,177	3,859,812	4,269,729	31,087,807	29,404,906

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	Inside Jordan		Outside Jordan		Total	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	JD (Unaudited)	JD (Audited)	JD (Unaudited)	JD (Audited)	JD (Unaudited)	JD (Audited)
Total assets	<u>71,973,315</u>	<u>85,816,986</u>	<u>27,845,457</u>	<u>22,491,906</u>	<u>99,818,772</u>	<u>108,308,892</u>