

AL NISR AL ARABI INSURANCE COMPANY

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

30 JUNE 2023

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO
THE BOARD OF DIRECTORS OF
AL NISR AL ARABI INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
AMMAN - JORDAN**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Al Nisr Al Arabi Insurance Company (Public Shareholding Company) and its subsidiary (together “the Group”) as of 30 June 2023, comprising of the interim condensed consolidated statement of financial position as of 30 June 2023, the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-months period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with accounting policies described in note (2). Our responsibility is to express a conclusion on these interim condensed consolidated 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 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 consolidated financial statements are not prepared, in all material respects, in accordance with accounting policies described in note (2).

Emphasis of matter: Basis of accounting and restriction on use

We draw attention to note (2) to the interim condensed consolidated financial statements, which describes the basis of preparation. These interim condensed consolidated financial statements have been prepared for the purposes of compliance with the reporting requirements of the Insurance Management Department of the Central Bank of Jordan and therefore the financial statements may not be suitable for other purposes, this matter does not modify the conclusion that we reached on the accompanying interim condensed consolidated financial statements.

Amman – Jordan
31 July 2023

ERNST & YOUNG
Amman - Jordan

AL NISR AL ARABI INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2023

	<u>Notes</u>	30 June 2023 JD (Unaudited)	31 December 2022 JD (Audited)
<u>Assets</u>			
Investments-			
Deposits at banks	3	17,229,773	13,205,563
Financial assets at fair value through other comprehensive income	4	8,307,796	7,539,088
Financial assets at fair value through Income statement	5	356,029	271,089
Financial assets at amortized cost	6	78,424,023	79,947,679
Financial assets		3,053	-
Investment properties	7	940,001	940,001
Life policyholders' loans		14,723,446	13,493,697
Total Investments		119,984,121	115,397,117
Other Assets-			
Cash on hand and balances at banks	18	1,568,915	3,620,560
Checks under collection		505,449	565,960
Accounts receivable, net	8	10,654,211	5,069,482
Reinsurance receivables, net	9	177,658	1,095,999
Deferred tax assets	12	182,828	341,873
Property and equipment, net		2,686,602	2,679,651
Intangible assets, net		357,595	120,643
Other assets		2,082,711	2,288,900
Total Assets		138,200,090	131,180,185
<u>Liabilities and Equity</u>			
Technical reserves-			
Unearned premiums reserve, net		7,584,939	4,294,423
Outstanding claims reserve, net		1,864,269	896,968
Mathematical reserve, net		103,339,696	97,969,547
Mathematical reserve unit-link ,net		3,053	-
Total Technical Reserves		112,791,957	103,160,938
Other liabilities -			
Accounts payable	10	880,536	2,304,010
Accrued expenses		758,249	1,016,632
Reinsurance payables	11	2,164,070	1,956,038
Lawsuit provision	21	201,575	201,575
Income tax provision	12	320,830	503,308
Deferred tax liabilities	12	859	-
End of service provision		49,013	49,013
Other Liabilities		907,781	1,011,603
Total Technical Reserves and other Liabilities		118,074,870	110,203,117
Equity-			
Amortized and paid in capital	1, 13	10,000,000	10,000,000
Additional paid in capital		3,750,000	3,750,000
Statutory reserve	14	2,683,469	2,683,469
Voluntary reserve	14	1,326,652	1,326,652
Fair value reserve	15	(112,087)	(610,697)
Retained earnings		2,477,186	3,827,644
Total Shareholders' Equity		20,125,220	20,977,068
Total Liabilities and Shareholders' Equity		138,200,090	131,180,185

The attached notes from 1 to 24 form part of these interim condensed consolidated financial statements

AL NISR AL ARABI INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE AND SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2023	2022	2023	2022
		JD	JD	JD	JD
Revenues -					
Gross written premiums		11,717,209	10,596,887	26,417,049	23,348,931
Less: Reinsurance share		2,592,583	2,180,207	4,630,368	3,846,535
Net written premiums		<u>9,124,626</u>	<u>8,416,680</u>	<u>21,786,681</u>	<u>19,502,396</u>
Net change in unearned premiums reserve		383,634	730,396	(3,290,516)	(1,478,265)
Net change in mathematical reserve		(3,490,742)	(2,577,282)	(5,373,202)	(5,435,976)
Net earned premiums		<u>6,017,518</u>	<u>6,569,794</u>	<u>13,122,963</u>	<u>12,588,155</u>
Commissions income		90,593	90,624	183,621	192,926
Insurance policies issuance fees		224,938	221,761	494,016	493,829
Revenue related to underwriting accounts		1,407,231	1,095,358	2,747,155	2,169,793
Other revenue related to underwriting accounts		30,219	135,573	81,877	332,047
Interest income		259,847	249,931	513,473	498,817
Net gain from financial assets and investments	16	5,918	1,282	9,069	3,477
Other revenues, net		12,784	840	12,871	1,403
Total revenues		<u>8,049,048</u>	<u>8,365,163</u>	<u>17,165,045</u>	<u>16,280,447</u>
Claims, Losses and Expenses					
Paid claims		3,891,546	5,217,659	6,816,811	9,947,875
Maturity and surrender of insurance policies		2,188,141	2,441,750	5,735,064	4,507,736
Less: Recoveries		144,514	222,543	344,163	560,556
Less: Reinsurance share		1,018,023	1,888,849	1,755,281	3,543,806
Net paid claims		<u>4,917,150</u>	<u>5,548,017</u>	<u>10,452,431</u>	<u>10,351,249</u>
Net change in outstanding claims reserve		219,299	188,710	967,301	338,822
Allocated employees' expenses		1,024,144	970,197	1,897,554	1,832,281
Allocated administrative and general expenses		385,090	332,005	727,913	646,939
Excess of loss premium		-	-	25,810	24,450
Policies acquisition costs		524,935	544,349	1,061,883	1,088,277
Other expenses related to underwriting accounts		70,987	170,485	194,395	341,163
Net claims cost		<u>7,141,605</u>	<u>7,753,763</u>	<u>15,327,287</u>	<u>14,623,181</u>
Unallocated employee' expenses		27,672	25,831	55,317	49,745
Depreciation and amortization		62,865	58,705	117,641	118,888
Unallocated administrative and general expenses		33,783	34,666	66,906	64,077
Other expenses		21,216	20,079	51,962	57,033
Total expenses		<u>7,287,141</u>	<u>7,893,044</u>	<u>15,619,113</u>	<u>14,912,924</u>
Profit for the period before tax		<u>761,907</u>	<u>472,119</u>	<u>1,545,932</u>	<u>1,367,523</u>
Less: Income tax expense	12	212,807	140,798	396,390	351,254
Profit for the period		<u>549,100</u>	<u>331,321</u>	<u>1,149,542</u>	<u>1,016,269</u>
		<u>JD/Fils</u>	<u>JD/Fils</u>	<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted earnings per share (JD/Fils)	17	<u>0/055</u>	<u>0/033</u>	<u>0/115</u>	<u>0/102</u>

The attached notes from 1 to 24 form part of these interim condensed consolidated financial statements

AL NISR AL ARABI INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

	For the three months ended 30 June		For the six months ended 30 June	
	2023	2022	2023	2022
	JD	JD	JD	JD
Profit for the period	549,100	331,321	1,149,542	1,016,269
Add: Other comprehensive income items after tax that will not to be reclassified to profit or loss in subsequent periods:				
Change in fair value of financial assets at fair value through other comprehensive income	221,365	(821,413)	498,610	(1,318,921)
Total comprehensive income for the period	770,465	(490,092)	1,648,152	(302,652)

The attached notes from 1 to 24 form part of these interim condensed consolidated financial statements

AL NISR AL ARABI INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

	Authorized and paid-in capital	Additional paid-in capital	Statutory reserve	Voluntary reserve	Fair value reserve	Retained earnings	Profit for the period	Total
	JD	JD	JD	JD	JD	JD	JD	JD
30 June 2023 -								
Balance as at 1 January 2023	10,000,000	3,750,000	2,683,469	1,326,652	(610,697)	3,827,644	-	20,977,068
Total comprehensive income for the period	-	-	-	-	498,610	-	1,149,542	1,648,152
Dividends paid (Note 23)	-	-	-	-	-	(2,500,000)	-	(2,500,000)
Balance as at 30 June 2023	<u>10,000,000</u>	<u>3,750,000</u>	<u>2,683,469</u>	<u>1,326,652</u>	<u>(112,087)</u>	<u>1,327,644</u>	<u>1,149,542</u>	<u>20,125,220</u>
30 June 2022 -								
Balance as at 1 January 2022	10,000,000	3,750,000	2,663,351	1,326,652	570,252	4,538,200	-	22,848,455
Total comprehensive income for the period	-	-	-	-	(1,318,921)	-	1,016,269	(302,652)
Loss on sale of financial assets through other comprehensive income	-	-	-	-	401	(401)	-	-
Dividends paid (Note 23)	-	-	-	-	-	(3,000,000)	-	(3,000,000)
Balance as at 30 June 2022	<u>10,000,000</u>	<u>3,750,000</u>	<u>2,663,351</u>	<u>1,326,652</u>	<u>(748,268)</u>	<u>1,537,799</u>	<u>1,016,269</u>	<u>19,545,803</u>

The attached notes from 1 to 24 form part of these interim condensed consolidated financial statements

AL NISR AL ARABI INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

	Notes	For the six months ended 30 June	
		2023 JD	2022 JD
<u>OPERATING ACTIVITIES</u>			
Profit for the period before tax		1,545,932	1,367,523
Adjustments for non-cash items			
Depreciation and amortization		117,641	118,888
Loss on disposal of property and equipment		87	432
Net change in unearned premiums reserve		3,290,516	1,478,266
Net change in mathematical reserve		5,370,149	5,435,976
Net change in outstanding claims reserve		967,301	338,821
Bank Interest income		(408,628)	(254,897)
Net change in Financial assets at fair value through income statement		(84,940)	29,910
Interest income from financial assets at amortized cost		(2,505,396)	(2,282,331)
Cash flows from operating activities before changes in working capital		<u>8,292,662</u>	<u>6,232,588</u>
Purchase of financial assets at fair value through income statement			-
Checks under collection		60,511	(263,322)
Accounts receivable		(5,584,729)	1,162,779
Reinsurance receivables		918,341	311,861
Other assets		212,703	(54,468)
Accounts payable		(1,423,474)	310,642
Reinsurance payables		208,032	(1,494,557)
Other liabilities and accrued expenses		(423,684)	4,521
Net cash flows from operating activities before tax paid		<u>2,260,362</u>	<u>6,210,044</u>
Income tax paid	12	(575,320)	(685,298)
Net cash flows from operating activities		<u>1,685,042</u>	<u>5,524,746</u>
<u>Investing Activities</u>			
Purchase of financial assets at fair value through other comprehensive income		(113,742)	(420,260)
Proceeds from sale of financial assets at fair value through other comprehensive income		-	354,999
Financial assets at amortized cost		1,523,656	28,550
Life policies holders' loans		(1,229,749)	(1,035,508)
Purchase of property and equipment		(88,070)	(10,338)
Proceeds from sale of property and equipment		175	259
Purchase of intangible assets		(273,736)	(12,837)
Bank deposits (Maturity date more than 3 months)		1,775,000	(511,210)
Interest received		2,907,510	2,536,622
Net cash flows from investing activities		<u>4,501,044</u>	<u>930,277</u>
<u>Financing Activities</u>			
Cash dividends paid		(2,438,521)	(2,929,730)
Net cash flows used in financing activities		<u>(2,438,521)</u>	<u>(2,929,730)</u>
Net increase in cash and cash equivalent		3,747,565	3,525,293
Cash and cash equivalent, at the beginning of the period		<u>14,251,123</u>	<u>12,822,457</u>
Cash and cash equivalent, at the end of the period	18	<u><u>17,998,688</u></u>	<u><u>16,347,750</u></u>

The attached notes from 1 to 24 form part of these interim condensed consolidated financial statements

AL NISR AL ARABI INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDER WRITING REVENUES FOR THE LIFE INSURANCE
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

	Life	
	For the six months ended 30 June	
	2023	2022
	JD	JD
Written premiums		
Direct insurance	13,948,102	12,680,526
Total premiums	<u>13,948,102</u>	<u>12,680,526</u>
Less:		
Foreign reinsurance share	1,883,423	1,525,893
Net Written premiums	<u>12,064,679</u>	<u>11,154,633</u>
Add:		
Unearned premium reserve at the beginning of the period	302,614	308,958
Less: Reinsurance share	141,440	135,246
Net unearned premium reserve at the beginning of the period	<u>161,174</u>	<u>173,712</u>
Add:		
Mathematical reserve at the beginning of the period	97,969,547	86,714,442
Net mathematical reserve at the beginning of the period	<u>97,969,547</u>	<u>86,714,442</u>
Less:		
Unearned premium reserve at the end of the period	485,657	408,155
Less: Reinsurance share	273,009	224,046
Net unearned premium reserve at the end of the period	<u>212,648</u>	<u>184,109</u>
Less:		
Mathematical reserve at the end of the period	103,339,696	92,150,418
Mathematical reserve unit-link	3,053	-
Less: Reinsurance share	-	-
Net mathematical reserve at the end of the period	<u>103,342,749</u>	<u>92,150,418</u>
Net earned revenues from the written premiums	<u><u>6,640,003</u></u>	<u><u>5,708,260</u></u>

AL NISR AL ARABI INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CLAIMS COST FOR THE LIFE INSURANCE
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

	Life	
	For the six months ended 30 June	
	2023	2022
	JD	JD
Paid claims	1,724,873	1,455,919
Maturity and Surrender of Policies	5,735,064	4,507,736
Less: Foreign reinsurance share	1,564,953	1,211,113
Net Paid Claims	5,894,984	4,752,542
Add:		
Outstanding Claims Reserve at the end of the period		
Reported	2,266,614	2,680,659
Unreported	350,000	350,000
Less:		
Reinsurance share	2,277,069	2,577,705
Net Outstanding Claims Reserve at the end of the period	339,545	452,954
Reported	279,545	392,954
Unreported	60,000	60,000
Less:		
Outstanding Claims Reserve at the beginning of the period		
Reported	1,780,120	1,891,323
Unreported	350,000	350,000
Less:		
Reinsurance share	1,861,962	1,941,227
Net Outstanding Claims Reserve at the beginning of the period	268,158	300,096
Net Claims Cost	5,966,371	4,905,400

AL NISR AL ARABI INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING PROFITS FOR THE LIFE INSURANCE
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

	Life	
	For the six months ended 30 June	
	2023	2022
	JD	JD
Net earned revenues from written premiums	6,640,003	5,708,260
Less:		
Net claims cost	5,966,371	4,905,400
Add:		
Commission received	15,467	14,053
Insurance policies issuance fees	77,035	66,428
Investment income related to underwriting accounts	2,747,155	2,169,793
Other revenue related to underwriting accounts	62,240	114,706
Total revenues	2,901,897	2,364,980
Less:		
Policies acquisition cost	848,172	831,554
General and administrative expenses related to underwriting accounts	1,597,139	1,552,842
Other expenses related to underwriting accounts	23,294	21,197
Total Expenses	2,468,605	2,405,593
Underwriting profit	1,106,924	792,247

AL NISR AL ARABI INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDER WRITING REVENUES FOR THE GENERAL INSURANCE
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

	Motor		Marine and transportations		Fire and property		Liability		Medical		Personal accidents		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Written Premiums														
Direct insurance	-	-	183,228	197,006	2,025,565	1,791,674	892,005	703,992	9,279,310	7,891,686	83,427	78,216	12,463,535	10,662,574
Facultative inward reinsurance business	-	-	-	-	3,516	3,935	1,896	1,896	-	-	-	-	5,412	5,831
Total Premiums	-	-	183,228	197,006	2,029,081	1,795,609	893,901	705,888	9,279,310	7,891,686	83,427	78,216	12,468,947	10,668,405
Less:														
Local reinsurance share	-	-	12,672	12,405	317,697	132,319	11,171	1,186	-	-	-	-	341,540	145,910
Foreign reinsurance share	-	-	132,799	134,042	1,470,824	1,424,488	748,315	592,279	-	(25,615)	53,467	49,538	2,405,405	2,174,732
Net Written Premiums	-	-	37,757	50,559	240,560	238,802	134,415	112,423	9,279,310	7,917,301	29,960	28,678	9,722,002	8,347,763
Add:														
Balance at the beginning of the period														
Unearned premiums reserve	-	-	88,131	86,178	1,511,657	1,543,871	738,667	555,778	3,761,053	7,782,178	89,065	67,990	6,188,573	10,035,995
Less: Reinsurance share	-	-	68,179	62,476	1,325,129	1,349,874	609,615	462,947	-	3,040,326	52,401	38,961	2,055,324	4,954,584
Net Unearned Premiums Reserve	-	-	19,952	23,702	186,528	193,997	129,052	92,831	3,761,053	4,741,852	36,664	29,029	4,133,249	5,081,411
Less:														
Balance at the end of the period														
Unearned premiums reserve	-	-	94,584	92,791	1,837,797	1,679,240	791,736	670,917	6,986,878	6,607,419	88,913	80,827	9,799,908	9,131,194
Less: Reinsurance share	-	-	74,625	69,039	1,630,247	1,450,351	669,342	565,190	-	448,473	53,403	48,862	2,427,617	2,581,915
Net unearned Premiums Reserve	-	-	19,959	23,752	207,550	228,889	122,394	105,727	6,986,878	6,158,946	35,510	31,965	7,372,291	6,549,279
Net earned revenues from written Premiums	-	-	37,750	50,509	219,538	203,910	141,073	99,527	6,053,485	6,500,207	31,114	25,742	6,482,960	6,879,895

AL NISR AL ARABI INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CLAIMS COST FOR THE GENERAL INSURANCE
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

	Motor		Marine and transportations		Fire and property		Liability		Medical		Personal accidents		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	3,410	24,377	3,436	24,322	164,219	72,446	24,136	48,301	4,889,317	8,315,571	7,420	6,939	5,091,938	8,491,956
Less:														
Recoveries	2,172	1,859	3,019	21,862	20,854	17,359	-	150	318,118	519,326	-	-	344,163	560,556
Local reinsurance share	-	-	-	-	4,133	6,050	-	-	-	-	-	-	4,133	6,050
Foreign reinsurance share	-	8,464	313	1,932	135,977	(22,925)	23,976	43,636	22,561	2,292,036	3,368	3,500	186,195	2,326,643
Net Paid Claims	<u>1,238</u>	<u>14,054</u>	<u>104</u>	<u>528</u>	<u>3,255</u>	<u>71,962</u>	<u>160</u>	<u>4,515</u>	<u>4,548,638</u>	<u>5,504,209</u>	<u>4,052</u>	<u>3,439</u>	<u>4,557,447</u>	<u>5,598,707</u>
Add:														
Outstanding Claims Reserve at the end of the period														
Reported	39,833	47,649	91,453	130,502	5,326,085	3,673,870	1,517,989	1,801,420	1,260,657	773,544	60,753	40,986	8,296,770	6,467,971
Unreported	70,000	70,000	71,000	71,000	25,000	25,000	30,000	30,000	150,000	183,051	45,000	45,000	391,000	424,051
Less:														
Reinsurance share	54,530	56,355	119,090	129,587	5,322,577	3,647,318	1,501,459	1,777,574	-	246,601	73,916	59,622	7,071,572	5,917,057
Recoveries	31,723	31,344	59,710	58,063	40	69	-	-	1	1	-	-	91,474	89,477
Net Outstanding Claims Reserve at the end of the period	<u>23,580</u>	<u>29,950</u>	<u>(16,347)</u>	<u>13,852</u>	<u>28,468</u>	<u>51,483</u>	<u>46,530</u>	<u>53,846</u>	<u>1,410,656</u>	<u>709,993</u>	<u>31,837</u>	<u>26,364</u>	<u>1,524,724</u>	<u>885,488</u>
Reported	(6,420)	(50)	(31,347)	(1,148)	23,468	46,483	40,530	47,846	1,260,656	553,383	16,837	11,364	1,303,724	657,878
Unreported	30,000	30,000	15,000	15,000	5,000	5,000	6,000	6,000	150,000	156,610	15,000	15,000	221,000	227,610
Less:														
Outstanding Claims Reserve at the beginning of the period														
Reported	42,205	57,657	43,869	59,195	5,335,186	3,636,669	1,510,675	1,865,712	373,904	576,923	43,994	53,574	7,349,833	6,249,730
Unreported	70,000	70,000	71,000	71,000	25,000	25,000	30,000	30,000	150,000	208,245	45,000	45,000	391,000	449,245
Less:														
Reinsurance share	54,530	52,467	81,583	90,813	5,329,619	3,613,789	1,495,555	1,838,222	-	232,236	61,424	68,376	7,022,711	5,895,903
Recoveries	29,245	31,344	60,026	71,494	40	29	-	-	1	681	-	-	89,312	103,548
Net Outstanding Claims Reserve at the beginning of the period	<u>28,430</u>	<u>43,846</u>	<u>(26,740)</u>	<u>(32,112)</u>	<u>30,527</u>	<u>47,851</u>	<u>45,120</u>	<u>57,490</u>	<u>523,903</u>	<u>552,251</u>	<u>27,570</u>	<u>30,198</u>	<u>628,810</u>	<u>699,524</u>
Net Claims Cost	<u>(3,612)</u>	<u>158</u>	<u>10,497</u>	<u>46,492</u>	<u>1,196</u>	<u>75,594</u>	<u>1,570</u>	<u>871</u>	<u>5,435,391</u>	<u>5,661,951</u>	<u>8,319</u>	<u>(395)</u>	<u>5,453,361</u>	<u>5,784,671</u>

AL NISR AL ARABI INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING PROFITS FOR THE GENERAL INSURANCE
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

	Motor		Marine and transportations		Fire and property		Liability		Medical		Personal accidents		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net earned revenues from written premiums	-	-	37,750	50,509	219,538	203,910	141,073	99,527	6,053,485	6,500,207	31,115	25,742	6,482,961	6,879,895
Less:														
Net claims cost	(3,612)	158	10,497	46,492	1,190	75,594	1,570	871	5,435,393	5,661,951	8,319	(396)	5,453,357	5,784,670
	3,612	(158)	27,253	4,017	218,348	128,316	139,503	98,656	618,092	838,256	22,796	26,138	1,029,604	1,095,225
Add:														
Commissions received	-	-	44,287	46,312	102,944	105,341	20,355	26,731	-	-	568	489	168,154	178,873
Insurance policies issuance fees	-	-	10,650	12,930	67,174	69,197	30,467	27,037	232,169	248,945	76,521	69,292	416,981	427,401
Other revenue related to underwriting accounts	47	197	15,842	33,746	1,328	12,541	-	-	2,420	170,857	-	-	19,637	217,341
Total revenue	47	197	70,779	92,988	171,446	187,079	50,822	53,768	234,589	419,802	77,089	69,781	604,772	823,615
Less:														
Policies acquisition cost	-	-	10,246	10,648	42,668	31,484	24,793	18,479	108,022	164,493	27,983	31,619	213,712	256,723
Excess of loss premiums	-	-	2,750	2,500	15,500	14,750	-	-	-	-	7,560	7,200	25,810	24,450
General and administrative expenses related to underwriting accounts	1,199	1,129	31,979	27,400	203,244	188,637	85,469	73,213	699,704	660,637	6,734	5,360	1,028,329	956,376
Other expenses related to underwriting accounts	-	-	761	652	2,191	2,247	296	248	167,564	316,743	289	76	171,101	319,966
Total Expenses	1,199	1,129	45,736	41,200	263,603	237,118	110,558	91,940	975,290	1,141,873	42,566	44,255	1,438,952	1,557,515
Underwriting (loss) profit	2,460	(1,090)	52,296	55,805	126,191	78,277	79,767	60,484	(122,609)	116,185	57,319	51,664	195,424	361,325

(1) GENERAL

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

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

The Company is 50% owned by Arab Bank as of 30 June 2023.

The interim condensed consolidated financial statements were approved for issuance by the board of directors in its meeting No. (239) held on 31 July 2023

(2-1) BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months period ended 30 June 2023 were prepared in accordance with the insurance management department at the Central Bank of Jordan and the securities exchange commission promulgations No.17/1/12675 dated 20 July 2023. The Company did not apply standard No.17 which took effect on 1 January 2023 and has continued to prepare the consolidated financial statements in accordance with IFRS 4.

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

The interim condensed consolidated 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 income statement that have been measured at fair value at interim condensed consolidated the financial statement date.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full consolidated 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 2022. In addition, results for the six - months period ended 30 June 2023 are not necessarily indicative to the results that may be expected for the financial year ending 31 December 2023.

(2-2) BASIS OF CONSOLIDATION

The interim condensed consolidated financial statements comprise the financial statements of Al Niser Al Arabi Insurance Company (the “Company”), and its subsidiary (referred to together as the “Group”) as of 30 June 2023:

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

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

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

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

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the carrying amount of any non- controlling interests.
- Derecognizes the cumulative translation differences, recorded in equity.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any investment retained.
- Recognizes the gain or loss resulted from loss of control.
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

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

All intra-group transactions, balances, income, expenses between members of the Group are eliminated in full on consolidation.

(2-3) SIGNIFICANT ACCOUNTING POLICIES

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 in measured based on the reports used by the chief operating 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.

Financial assets date of recognition

Purchases and sales of financial assets are recognized on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Fair Value

For investments and derivatives quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities.

For financial instruments where there is no active market fair value is normally based on one of the following methods:

- Comparison with the current market value of a highly similar financial instrument.
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics.
- Option pricing models.

The objective of the valuation method is to show a fair value that reflects market expectations.

Where the fair value of an investment cannot be reliably measured, it is stated at cost less any impairment in the value.

A. Financial assets at amortized cost

Are the assets that the Group's management intends to hold for the purpose of collecting the contractual cash flows which represents the cash flows that are solely payments of principal and interest on the outstanding principal.

Financial assets are recorded at cost upon purchase plus acquisition expenses, Moreover the issue premium \ discount is amortized using the effective interest associated with the decline in value of these investments leading to the inability to recover the investment or parts thereof are deducted, any impairment is registered in the consolidated statement of income and should be presented subsequently at amortized cost less any impairment losses.

The amount of impairment loss recognized at amortized cost is the expected credit loss of the financial assets at amortized cost.

It is not allowed to reclassify any financial assets from/to this category except for certain cases that are specified by the International Financial Reporting Standards (And if in any cases these assets are sold before the maturity date the result of sale will be recorded in the consolidated statement of income in a separated disclosure and caption in according to the International Financial Reporting Standards in specific).

B. Financial assets at fair value through other comprehensive income

- Equity investments that are not held for sale in the near future.
- These financial instruments are initially measured at their fair value plus transaction costs. Subsequently, they are measured at fair value. Gains or losses arising on subsequent measurement of these equity investments including the change in fair value arising from non-monetary assets in foreign currencies are recognized in other comprehensive income in the consolidated statement of changes in equity. The gain or loss on disposal of these asset are reclassified from fair value reserve to retained earnings and not through consolidated income statement.
- These financial assets are not subject to impairment testing.
- Dividend income is recognized in the consolidated statement of income.

C. Debt instruments at FVOCI

The Group applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost. Where the Group holds more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss

Investment Properties

Investment properties are stated at cost less accumulated depreciation and are depreciated (excluding lands) using the straight-line depreciation method over its casted useful life.

Investment properties are revalued accordance to the Insurance Administration's instructions and the related fair value is disclosed in the related note. (Note 7)

Cash and Cash equivalents

For cash flow purpose cash and cash equivalents comprise cash on hand, cash balances with banks and deposit with financial institutions maturing within three months, less bank overdrafts and restricted balances.

Reinsurance Accounts

Reinsurers shares of insurance premiums, paid claims, technical reserve, and all other rights and obligations resulting are calculated based on signed contracts between the Group and reinsures are accounted for based on accrual basis.

Reinsurance

The Group engages within its normal activities a variety of inward and outward reinsurance operations with other insurance and reinsurance firms which involves different level of risks. The reinsurance operations include Quota share, excess of loss, facultative reinsurance, and other types of reinsurance. These reinsurance contracts do not eliminate the Group's liability towards policy holders, where in the case the reinsurance fails to cover its portion of total liability, the Group bears the total loss. Therefore, the Group provides for the un-recovered amounts. The estimation of amounts that are likely to be recovered from reinsurers is done according to the Group's portion of total liability for each claim.

Impairment in Reinsurance Assets

In case there is any indication as to the impairment of the reinsurance assets of the Group, which possesses the reinsured contract, the Group should reduce the present value of the contracts and record the impairment in the consolidated statement of income,

The impairment is recognized in the following cases only:

1. There is an objective evidence resulting from an event that took place after the recording of the reinsurance assets confirming the Group's inability to recover all the amounts under the contracts terms.
2. The event has a reliably and clearly measurable effect on the amounts that the Group will recover from reinsures.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Property and equipment (except lands) is depreciated when its ready for use.

AL NISR AL ARABI INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2023

Depreciation is computed on a straight-line over its expected useful life using the following depreciation rates, and the depreciation expense is recorded in the consolidated statement of income:

	<u>%</u>
Buildings	2
Furniture and fixtures	15 - 20
Elevators	10
Vehicles	15
Decoration & Painting	10 - 15
Lease improvement	20
Computers	20

Depreciation expense is calculated when property and equipment is ready for use, property and equipment under construction is stated at cost less impairment loss.

Property and equipment are written down to their recoverable amount, when its recoverable amounts less than the net book value. The impairment loss is recorded in the consolidated statement of income.

The useful lives are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Any gain or loss arising on the disposal or retirement of an item of property and equipment which represents the difference between the sales proceeds and the carrying amount of the asset is recognized in the Consolidated statement of income.

Any item of property and equipment derecognized upon disposal or when there is no future economic benefits are expected to arise from the continued use of the asset.

Intangible assets

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

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

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

Pledged financial assets

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

Provisions

Provisions are recognized when the Group has an obligation at the date of the financial statements as a result of past events, and the cost to settle the obligation are both probable and measured reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the preset obligation at the consolidated financial statements date, taking into account the risks and uncertainties surrounding the obligation where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of these cash flow.

When it is expected to recover some or all amounts due from other parties, the due amount will be recognized within the assets if the value can be measured reliably.

A- Technical Reserves

Technical reserves are provided for in accordance to the Insurance Administration's instructions, as follows:

1. Unearned premiums reserve is measured for general insurance business based on remaining days of the insurance policy of expiration, considering a period of 365 days except marine and transport insurance which is calculated based on written premiums for existing policies at the date of the financial statements in accordance with Laws, regulations and instructions issued pursuant there to.
2. Outstanding claims (Reported) provision is measured at the maximum value of the total expected loss for each claim separately.
3. Provision for the ultimate cost of claims incurred but not yet reported (IBNR) and unexpired risk is measured based on the estimates and the experience of the Group.
4. Unearned contributions and premiums reserve is measured based on the Group's experience and estimations.
5. Mathematical reserve is measured in accordance with the instruction and decisions issued by the Insurance Administration.

B- Provision for expected credit losses

The Group has applied the standard's simplified approach of International Financial Reporting Standard (IFRS 9) and has calculated the expected credit losses on all its financial instruments. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and economic environment.

C- End of service indemnity reserve

The end of service indemnity reserve for employees is calculated based on the Group's policy which in compliance with Jordanian labor law.

The paid amounts as end of service for resigned employees are debited to this account. The Group obligation for the end of service is recorded in the consolidated statement of income.

Liability adequacy test

At each statement of financial position date, the Group assesses whether its recognized insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts. If assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of estimated future cash flows, the deficiency is immediately recognized in the consolidated statement of income.

Income Tax

Income tax represents current and deferred income tax.

A- Accrued Income Tax

The accrued income tax expense is calculated based on taxable income. The taxable income differs from the actual income in the Consolidated statement of income because the accounting income contains nondeductible expenditures and nontaxable revenues in the current year but in the preceding years or the accepted accumulated losses or any other nontaxable or deductibles for tax purposes.

The taxes are calculated based on the laws and regulation in the countries where the Group carry on its operation.

B- Deferred Tax

Deferred taxes are taxes expected to be paid or recovered as a result of temporary differences between the time value of the assets or liabilities in the consolidated financial statements and the value that is calculated on the basis of taxable profit.

Deferred tax is provided using the liability method on temporary differences at the liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to allow all or part of deferred tax asset to be utilized.

Offsetting

Financial assets and financial liabilities are only off setted, and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Revenue recognition

A- Insurance policies

Insurance premiums are recorded as revenues (earned premiums) based on the accrual periods and policy covering period. Unearned premiums are recorded according to insurance policy periods at the date of Consolidated financial statements claims expenses are recognized in the consolidated statement of income based on the expected claim value to compensate the insurance policyholder or other parties.

B- Dividend and interest revenue

The dividends revenues are realized when the shareholder has the right to receive the payment once declared by the General Assembly of Shareholders.

Interest revenues are recorded using the accrual basis based on the accrual periods, principle amount and earned interest rate.

C- Rental income

Rental income from investment properties is accounted for using the straight- line basis over the lease terms.

Expenses recognition

All commissions and other costs related to the new insurance contracts or renewed are recorded in the consolidated statement of income during the year which it occurred. And in all expenditures, are recognized using the accrual basis.

Insurance compensations

Insurance compensations represent paid claims during the year and change in outstanding claims reserve.

Insurance compensations includes payments made during the year even for the current or prior years. Outstanding claims represents the highest estimated amount to settle the claims resulting from events occurring before the date of Consolidated financial statements but not settled yet.

Outstanding claim reserve is recorded based on the best available information at the date of Consolidated financial statements and includes the IBNR.

Recoverable scraped value

Recoverable scraped value is considered when recording the outstanding claim amount.

General and administrative expenses

All distributable general and administrative expenses are allocated to the insurance branches separately according to the actual administrative expenses of each branch separately and in compliance with specific cost centers for various insurance departments. The remaining expenses are stated as unallocated expenses in the consolidated statement of income.

Employees' expenses

All distributable employee expenses are allocated to the insurance branches separately according to the expenditures of each branch in compliance with specific cost centers for various insurance departments. Moreover, the related employee expenses of the Group's subsidiary are stated as unallocated employee expenses.

Insurance policy acquisition cost

Acquisition cost represents the cost incurred by the Group for selling or underwriting or issuing new insurance contract, the acquisition cost is recorded in consolidated statement of income.

Foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the transactions dates. Monetary assets and liabilities in foreign currencies are translated into Jordanian Dinar at rates of exchange prevailing at the consolidated statement of financial position date as issued by Central Bank of Jordan.

Non-monetary assets and liabilities in foreign currencies are translated into respective functional currencies at fair value at the respective date.

Gains and losses resulting from foreign currencies translation shall be recorded in the consolidated statement of income.

Translation differences on non-monetary items carried at fair value (such as stocks) are included as part of the changes in fair value.

Use of estimates

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

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

- A provision for expected credit losses is estimated by the management based on their principles and assumptions according to IFRS 9.
- The financial year is charged with its related income tax in accordance with regulations.
- The management periodically reviews tangible and intangible assets useful life in order to calculate the depreciation and amortization amount depending on the status of these assets and future benefit. The impairment loss (if any) appears on the consolidated statement of income.
- 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 Group is made based on the Group's lawyers' studies in which contingent risk is determined, review of such study is performed periodically.
- The management periodically reviews the financial assets that appear at cost to estimate any impairment in their value, and this impairment is taken into the consolidated income statement for the year.

AL NISR AL ARABI INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2023

(3) DEPOSITS AT BANKS

This item represents the following:

	30 June 2023			31 December 2022
	Deposits maturing within one month	Deposits maturing between 1 month- 3 months	Deposits maturing after 3 months- 1 year	Total
	JD	JD	JD	JD
				(Unaudited)
Inside Jordan	10,615,613	4,700,000	-	15,315,613
Outside Jordan	1,914,160	-	-	1,914,160
	<u>12,529,773</u>	<u>4,700,000</u>	<u>-</u>	<u>17,229,773</u>
				(Audited)
				11,430,563
				1,775,000
				<u>13,205,563</u>

The annual interest rate on the deposits in Jordanian Dinar ranged between 6% to 6.25% and on the deposits in US Dollar ranged between 4.45% to 4.95% during the period ended 30 June 2023.(31 December 2022: from 5% to 5.25% and for US Dollar ranged 2.45%)

Deposits pledged in favor of the governor of the Central Bank of Jordan amounted to JD 800,000 for the period ended 30 June 2023 and 31 December 2022 at Invest Bank.

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

This item consists of the following:

	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Quoted shares & investment funds -		
Inside Jordan -		
Quoted shares	<u>46,522</u>	<u>48,970</u>
Outside Jordan -		
Quoted shares	4,978,462	4,269,566
Quoted investment funds *	<u>1,193,402</u>	<u>1,115,048</u>
	<u>6,171,864</u>	<u>5,384,614</u>
Bonds -		
Outside Jordan -		
Quoted bonds **	<u>2,089,410</u>	<u>2,105,504</u>
Total financial assets at fair value through other comprehensive income	<u>8,307,796</u>	<u>7,539,088</u>

* This item represents quoted investment funds with unguaranteed capital and it is presented at fair value as of the date of interim condensed consolidated financial statements.

- Interest rates on bonds outside Jordan ranged between 3.875% to 6.875%.

AL NISR AL ARABI INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2023

** This item consists of the following:

	From 3 to 6 months	From 6 to 9 months	From 9 to one year	More than one year	Total
	JD	JD			JD
<u>Outside Jordan</u>					(Unaudited)
Quoted Bonds	-	-	-	2,089,410	2,089,410
Total	-	-	-	2,089,410	2,089,410

- The bonds have fixed rates.

(5) FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME STATEMENT

This item consists of the following:

	30 June 2023	31 December 2022
	JD (Unaudited)	JD (Audited)
Outside Jordan -		
Quoted investment funds	356,029	271,089
	<u>356,029</u>	<u>271,089</u>

(6) FINANCIAL ASSETS AT AMORTIZED COST

This item consists of the following:

	Number of Bonds	30 June 2023	31 December 2022
		JD (Unaudited)	JD (Audited)
Inside Jordan -			
Unquoted bonds			
Governmental Bonds	43	75,434,896	76,955,797
Total		<u>75,434,896</u>	<u>76,955,797</u>
Outside Jordan			
Corporate Bonds	9	3,094,818	3,097,573
Less: Provision for impairment in financial assets at amortized cost		105,691	105,691
Total		<u>2,989,127</u>	<u>2,991,882</u>
Total financial assets at amortized cost		<u>78,424,023</u>	<u>79,947,679</u>

AL NISR AL ARABI INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2023

- The maturity of the bonds extends to the following dates:

	From month to 3 months	From 3 to 6 months	From 6 to 9 months	From 9 to one year	More than one year	Total
	JD	JD	JD	JD	JD	JD
						(Unaudited)

Inside Jordan

Government

Bonds	-	-	-	-	75,434,896	75,434,896
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Outside Jordan

Corporate Bonds	-	320,352	427,180	2,241,595	-	2,989,127
Total	-	320,352	427,180	2,241,595	75,434,896	78,424,023

- The interest rates on government and corporate bonds and bonds are denominated in Jordanian Dinar ranged from 5.058% to 7.999% and on foreign currency bonds ranged from 3.25% to 5.7% during the period ended 30 June 2023.
- The bonds have fixed rates.

(7) INVESTMENT PROPERTIES

This item consists of the following:

	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Land investment *	940,001	940,001

- * The fair value of investment properties has been determined by real estate experts as of 31 December 2021 to be JD 1,074,087.

AL NISR AL ARABI INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2023

(8) ACCOUNTS RECEIVABLE, NET

This item consists of the following:

	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Policy holders' receivables	10,991,477	5,406,678
Others	4,621	4,621
	10,996,098	5,411,299
Less: Provision for expected credit losses *	(341,887)	(341,817)
	10,654,211	5,069,482

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

	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/year	341,817	343,557
Additions	-	25,030
Transfer from (to) provision for the doubtful debt of reinsurance receivables	204	(204)
Written-off bad debts during the period/ year	(134)	(26,566)
Balance at the end of the period/year	341,887	341,817

AL NISR AL ARABI INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2023

(9) REINSURANCE RECEIVABLES, NET

This item consists of the following:

	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Local reinsurance companies	61,665	116,720
Foreign reinsurance companies	167,913	1,031,403
	229,578	1,148,123
Less: Provision for doubtful debt of reinsurance receivables*	(51,920)	(52,124)
Net reinsurance receivables	177,658	1,095,999

* The movement on the provision for the doubtful debt of reinsurance receivables is as follows:

	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	52,124	51,920
Transfer (to) from accounts receivable provision for expected credit losses	(204)	204
Balance at the end of the period / year	51,920	52,124

(10) ACCOUNTS PAYABLE

This item consists of the following:

	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Policy holder's payables	644,610	2,060,229
Brokers payable	232,242	240,497
Others	3,284	3,284
	880,536	2,304,010

AL NISR AL ARABI INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2023

(11) REINSURANCE PAYABLES

The item consists of the following:

	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Local insurance Companies	7,205	5,376
Foreign reinsurance Companies	1,689,590	1,488,182
Reinsurance refundable deposits	467,275	462,480
	<u>2,164,070</u>	<u>1,956,038</u>

(12) INCOME TAX

A- Income tax provision

The movement on the income tax provision is as follows:

	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Balance at beginning of the period/ year	503,308	624,973
Income tax paid	(575,320)	(848,438)
Income tax expense for the period/ year	392,842	726,773
Balance at end of the period/ year	<u>320,830</u>	<u>503,308</u>

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

	30 June 2023	30 June 2022
	JD	JD
	(Unaudited)	(Unaudited)
Income tax for the period	392,842	354,834
Amortized Deferred tax assets	2,689	(3,580)
Deferred tax Liabilities	859	-
	<u>396,390</u>	<u>351,254</u>

AL NISR AL ARABI INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2023

Income tax

A final settlement was reached with the Income and Sales Tax Department until the end of 2020. All outstanding balances have been paid as of 22 August 2022.

Income tax return was submitted for 2022 and 2021 it has not been reviewed by Income and Sales Tax Department up to the date of these consolidated financial statements.

Sales Tax

A final settlement was reached with the Income and Sales Tax Department until the end of December 2020. All outstanding balances have been paid.

Income tax for Al Ameen Al Arabi Real Estate Company (Subsidiary)

A final settlement was reached with the Income and Sales Tax Department until the end of 2020.

B- Deferred tax assets and liabilities

This item consists of the following:

	30 June 2023			31 December 2022		
	Balance at the beginning of the period	Amounts released	Amounts added	Balance at the end of the period	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
					(Unaudited)	(Audited)
Deferred tax Assets						
Provision for expected credit losses	393,941	133	-	393,808	102,390	102,425
End of service provision	201,575	-	-	201,575	52,410	52,410
Lawsuits provision	49,013	-	-	49,013	12,743	12,743
Unrealized loss - financial assets at fair value through income statement	22,117	22,117	-	-	-	2,654
Unrealized loss - financial assets at fair value through other comprehensive income	1,430,353	1,430,353	127,374	127,374	15,285	171,641
	<u>2,096,999</u>	<u>1,452,603</u>	<u>127,374</u>	<u>771,770</u>	<u>182,828</u>	<u>341,873</u>
Deferred tax Liabilities						
Unrealized profit - financial assets at fair value through other comprehensive income	-	-	7,161	7,161	859	-
	<u>-</u>	<u>-</u>	<u>7,161</u>	<u>7,161</u>	<u>859</u>	<u>-</u>

AL NISR AL ARABI INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2023

Movement on deferred tax assets and deferred tax liabilities is as follows:

	Liabilities		Assets	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	JD (Unaudited)	JD (Audited)	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period/ year	341,873	166,328	-	77,762
Additions	15,285	175,954	859	-
Releases	(174,330)	(409)	-	(77,762)
Balance at the end of the period/ year	182,828	341,873	859	-

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

	30 June 2023	30 June 2022
	JD (Unaudited)	JD (Unaudited)
Accounting profit	1,545,932	1,367,523
Gain from sale of financial assets at fair value through other comprehensive income	-	(401)
Nontaxable income	(330,927)	(335,037)
Nondeductible expenses	295,926	332,661
Taxable profit	1,510,931	1,364,746
Income Tax expense	392,842	354,834
Effective tax rate	25%	25,9%
Statutory tax rate and national contribution rate	26%	26%

(13) PAID-IN CAPITAL

The authorized and paid in capital amounted to JD 10,000,000 divided into 10,000,000 shares, the par value of each is JD 1.

* A quarter of a share was distributed free of charge for each share of the Company's capital on 09/06/2005. The Company's capital is 2.5 million shares / one dinar out of 2 million shares / dinars, and in 2006 one million shares / dinars, and an issuance premium of 8,750,000 dinars per share free of charge for each share of the Company's capital on 6/6/2007, by capitalizing 5,000,000 dinars from the upper box. The Company's capital is 10 million shares / dinars, a share of 5 million shares / dinars, and an issuance premium amounted to 3,750,000 dinars

(14) LEGAL RESERVES

The Group did not deduct the legal reserves and fees in accordance with the provisions of the Companies Law, as these are an interim financial statement.

(15) FAIR VALUE RESERVE

This represents the fair value for financial assets through other comprehensive income as follow:

	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period/year	(610,697)	570,252
Changes during the period / year	654,966	(1,430,353)
Deferred tax liabilities	(156,356)	249,404
Ending balance for the period/year	<u>(112,087)</u>	<u>(610,697)</u>

(16) NET GAIN FROM FINANCIAL ASSETS AND INVESTMENTS

This item consists of the following:

	30 June 2023	30 June 2022
	JD	JD
	(Unaudited)	(Unaudited)
Cash dividends received (financial assets at fair value through other comprehensive income)	157,696	159,305
Net change in fair value for financial assets at fair value through income statement	<u>7,162</u>	<u>(29,910)</u>
Total	164,858	129,395
Less: transfers to underwriting accounts	<u>155,789</u>	<u>125,918</u>
	<u>9,069</u>	<u>3,477</u>

AL NISR AL ARABI INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2023

(17) BASIC AND DILUTED EARNINGS PER SHARE

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

	30 June 2023	30 June 2022
	(Unaudited)	(Unaudited)
Profit for the period/ JD	1,149,542	1,016,269
Weighted average number of shares/share	10,000,000	10,000,000
Basic and diluted profit earnings per share for the period	<u>JD/ Fils</u>	<u>JD/ Fils</u>
	<u>0/115</u>	<u>0/102</u>

The basic earnings per share is equal to the diluted profit earnings per share for the period.

(18) CASH AND CASH EQUIVALENTS

This item consists of the following:

	30 June 2023	30 June 2022
	JD	JD
	(Unaudited)	(Unaudited)
Cash on hand and at banks	1,568,915	4,565,025
Add: deposits at banks maturing within three months	17,229,773	12,582,725
Less: deposit pledged in favor of the governor of Central Bank of Jordan (Note 3)	800,000	800,000
Net Cash and cash equivalents	<u>17,998,688</u>	<u>16,347,750</u>

(19) RELATED PARTY TRANSACTIONS

The Group has entered into transactions with major shareholders, directors, senior management and sister companies within the normal business activities of the Group. All insurance receivables granted to related parties are considered to be operating and no provision has been made.

Prices policies and terms of the transactions with related parties are approved by the Group's management.

The following represent summary of related parties' transactions:

	Parent company	
	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
<u>Statement of financial position items</u>		
Deposits at Arab Bank	1,709,680	1,775,000
Current accounts at Arab Bank	247,408	2,327,613
Accrued Interest	14,839	29,429
Outstanding Claims	42,513	43,598
	30 June 2023	30 June 2022
	JD	JD
	(Unaudited)	(Unaudited)
<u>Statement of income items</u>		
Written premiums	17,776	9,054
Policies acquisition costs	146,586	150,578
Interest income	41,842	-

The following represent benefits summary (salaries and remunerations) for executive management:

	30 June 2023	30 June 2022
	JD	JD
	(Unaudited)	(Unaudited)
Salaries and remunerations	244,915	271,604
BOD transportation and accommodation	30,201	24,000
	275,116	295,604

(20) FAIR VALUE FOR FINANCIAL ASSETS

The Group uses the following arrangement of valuation methods and alternatives in determining and presenting fair value of financial instruments:

- Level 1: quoted market prices in active markets for the same assets and liabilities.
- Level 2: Other techniques where all inputs that have an important impact on fair value can be observable, directly or indirectly, from market information.
- Level 3: Other techniques where inputs are used that have an important impact on fair value but are not based on observable market information.

The following table shows the analysis of financial instruments recorded at fair value and in the above hierarchy:

	Level 1 JD	Level 2 JD	Total JD
30 June 2023 (Unaudited) -			
Financial assets			
Financial assets at fair value through other comprehensive income	8,307,796	-	8,307,796
Financial assets at fair value through income statement	356,029	-	356,029
31 December 2022 (Audited) -			
Financial assets			
Financial assets at fair value through other comprehensive income	7,539,088	-	7,539,088
Financial assets at fair value through income statement	271,089	-	271,089

(21) LAWSUITS RAISED BY AND AGAINST THE GROUP

The Group is a defendant in a number of lawsuits, the management believe that the lawsuit provision as of 30 June 2023 amounted to JD 2,681,090 (31 December 2022: JD 2,632,093) is sufficient to meet obligations that may arise from the lawsuits.

The value of the cases filed by the Group on others as of 30 June 2023 amounted to JD 645,829 (31 December 2022: JD 1,272,824) represented in accounts receivable to the Group and checks returned as a result of the Group's exercise of its normal activities.

(22) CONTINGENT LIABILITIES

As at the date of interim condensed consolidated financial statement, the Group has contingent liabilities which are represented in letter of guarantees as of 30 June 2023 amounted to JD 56,501 (31 December 2022: JD 55,901).

(23) DECLARED DIVIDENDS

The General Assembly of shareholders approved in its ordinary meeting on 30 April 2023 to distribute cash dividends amounted to JD 2,500,000 which is equivalent to 25% of paid-in capital.

Also, the General assembly in its ordinary meeting of shareholders on 21 April 2022 approved to distribute cash dividends amounted to JD 3,000,000 which is equivalent to 30% of paid-in capital.

AL NISR AL ARABI INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2023

(24) STATEMENT OF FINANCIAL POSITION FOR LIFE

	30 June 2023	31 December 2022
	JD (Unaudited)	JD (Audited)
Assets -		
Deposits at banks	14,308,237	10,624,432
Financial assets at fair value through other comprehensive income	6,899,099	6,065,514
Financial assets at amortized cost	65,126,192	64,321,279
Financial assets at fair value through income statement	295,660	218,103
Mathematical reserve unit-link ,net	3,053	-
Investment properties	780,611	756,270
Life policy holder loans	14,723,446	13,493,697
Total investments	102,136,298	95,479,295
Cash on hand and at banks	1,302,885	2,912,893
Checks under collection	419,743	455,339
Account receivable, net	2,181,001	1,456,649
Reinsurance receivables, net	44,415	274,000
Deferred tax assets	45,707	85,468
Property and equipment, net	671,651	669,913
Intangible assets, net	89,399	30,161
Other assets	1,457,898	1,602,231
Total assets	108,348,997	102,965,949
Liabilities and head office account		
Technical reserves-		
Unearned written premium, net	212,648	161,174
Outstanding claim reserve, net	339,547	268,158
Mathematical reserve, net	103,342,749	97,969,547
Total Liabilities and Technical Reserves	103,894,944	98,398,879
Other liabilities -		
Account payables	220,134	576,003
Reinsurance payables	541,018	489,010
Accrued expenses	379,125	508,316
Income tax provision	287,800	509,042
Lawsuit provisions	201,575	201,575
End of service provision	40,702	39,433
Deferred tax liabilities	215	-
Other liabilities	226,946	252,900
Total Liabilities	105,792,459	100,975,158
Head Office account		
Head Office current account	1,449,614	32,936
Profit for the year	1,106,924	1,957,855
Total liabilities and Head office equity	108,348,997	102,965,949